

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2016 - * 014	Amendment No. (req. for Amendments *)
Filing by NASDAQ 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 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"/>		
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposed rule change to amend the fee schedule under Exchange Rule 7018(a)."/>				
Contact Information				
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.				
First Name *	<input type="text" value="Jonathan"/>		Last Name *	<input type="text" value="Cayne"/>
Title *	<input type="text" value="Senior Associate General Counsel"/>			
E-mail *	<input type="text" value="jonathan.cayne@nasdaq.com"/>			
Telephone *	<input type="text" value="(301) 978-8493"/>	Fax	<input type="text" value="(301) 978-8472"/>	
Signature				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	<input type="text" value="02/29/2016"/>		<input type="text" value="Executive Vice President and General Counsel"/>	
By	<input type="text" value="Edward S. Knight"/>		<input type="text" value="edward.knight@nasdaq.com"/>	
(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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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

Add Remove View

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 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(a) with respect to execution and routing of orders in securities priced at \$1 or more per share.

This filing is being made for immediate effectiveness and will become operative March 1, 2016.

A notice of the proposed rule change for publication in the Federal Register is attached 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 1, 2015. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Jonathan F. Cayne
Senior Associate General Counsel
Nasdaq, Inc.
(301) 978-8493

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 the fee schedule under BX Rule 7018(a), relating to fees and credits provided for orders in securities priced and \$1 or more per share that execute on BX.

Under BX Rule 7018(a), the Exchange provides credits to member firms that access liquidity on BX. The Exchange is proposing to eliminate two credit tiers, as well as to amend the criteria of two other credit tiers, each for orders that access liquidity (excluding orders with midpoint pegging and excluding orders that receive price improvement and execute against an order with midpoint pegging).

Specifically, the first eliminated credit tier is for a member that adds and accesses liquidity equal to or exceeding 0.50% of total consolidated volume ("TCV") during a month to receive a credit of \$0.0017 per share executed. The second eliminated credit tier is for a member that accesses liquidity equal to or exceeding 0.05% of TCV during a month to receive a credit of \$0.0008 per share executed.

Members that previously would have qualified under the eliminated tiers may continue to qualify for and receive either an equal or higher credit. Specifically, members that previously qualified for the credit of \$0.0017 per share executed for adding and accessing liquidity equal to or exceeding 0.50% of TCV during a month may still receive the same credit, but for meeting the lower TCV threshold and through solely accessing liquidity (no longer includes adding liquidity) equal to or exceeding 0.20% of TCV during a month. Otherwise, members may receive a lower credit. For members that previously qualified for the credit of \$0.0008 per share executed for accessing

liquidity equal to or exceeding 0.05% of TCV during a month will receive a higher credit of \$0.0015 per share executed for meeting the same monthly threshold.

The first amended credit tier reduces the threshold to qualify for a credit of \$0.0016 per share executed. The current threshold requires a member to access liquidity equal to or exceeding 0.15% of TCV during a month. The proposed rule change lowers this threshold for a member to access liquidity equal to or exceeding 0.10% of TCV during a month.

The second amended credit tier reduces the threshold to qualify for a credit of \$0.0015 per share executed. The current threshold requires a member to access liquidity equal to or exceeding 0.09% of TCV during a month. The proposed rule change lowers this threshold for a member to access liquidity equal to or exceeding 0.05% of TCV during a month.

Additionally, the Exchange is proposing to eliminate the fee of \$0.0014 per share executed for displayed orders entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁴ 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 its facilities which the Exchange operates or controls, and is not designed to permit unfair discrimination

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(4) and (5).

between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”⁵ Likewise, in NetCoalition v. Securities and Exchange Commission⁶ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.⁷ As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”⁸

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market

⁵ Securities Exchange Act Release No. 34-51808 (June 9, 2005).

⁶ NetCoalition v. SEC 615 F.3d 525 (D.C. Cir. 2010).

⁷ Id. at 534-535.

⁸ Id. at 537.

share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'"⁹

The Exchange believes that the proposed rule change to eliminate two credit tiers, as well as to amend the criteria of two other credit tiers, each for orders that access liquidity (excluding orders with midpoint pegging and excluding orders that receive price improvement and execute against an order with midpoint pegging), are reasonable because they refine the opportunities for market participants to receive credits for participation on BX and are designed to incentivize changes in market participant behavior to the benefit of the market overall.

Specifically, the proposed rule change eliminates the credit tier for a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month to receive a credit of \$0.0017 per share executed. Additionally, the proposed rule change eliminates the credit tier for a member that accesses liquidity equal to or exceeding 0.05% of TCV during a month to receive a credit of \$0.0008 per share executed.

The proposed rule change to the criteria for a member that accesses liquidity to receive a credit of \$0.0016 per share executed, lowers the TCV threshold during a month from equal to or exceeding 0.15% to equal to or exceeding 0.10%. Similarly, the proposed rule change to the criteria for a member that accesses liquidity to receive a credit of \$0.0015 per share executed, lowers the TCV threshold during a month from equal to or exceeding 0.09% to equal to or exceeding 0.05%. The Exchange believes that the proposed rule change to lower the threshold in each of these instances is reasonable since it makes it easier for a member to qualify for the respective credit and will provide

⁹ Id. at 539 (quoting ArcaBook Order, 73 FR at 74782-74783).

the opportunity for more firms to attain the tier and further incentivize participation in the market.

The Exchange also believes that the proposed elimination of the two credit tiers, coupled with the amending of two other credit tiers as stated above, are reasonable because the overall effect is to improve market quality by providing better targeted incentives to market participants to access beneficial displayed liquidity. To achieve this, the Exchange must, from time to time, adjust the levels of credits and the related qualification requirements in reaction to market behavior. In the present case, the Exchange is proposing to eliminate two credit tiers and amend two other credit tiers. The Exchange believes that the proposed changes are reasonable because it is reflective of the Exchange's desire to make BX an attractive venue to any member organization that is willing to access displayed liquidity. BX wants to further incentivize member firms to participate in the Exchange by removing liquidity and believes these refinements are a means to that end.

The Exchange believes that the proposed elimination of the two credit tiers, coupled with the amending of the two other credit tiers as stated above, are consistent with an equitable allocation of fees and are not unfairly discriminatory because they apply to all members that access displayed liquidity through BX and meet the criteria of the credit tier. In addition, the Exchange believes the elimination of the two credit tiers is consistent with an equitable allocation of fees and are is not unfairly discriminatory because members that previously would have qualified under the eliminated tiers may continue to qualify for and receive either an equal or higher credit (although they may instead qualify for a lower credit as stated previously). Additionally, the Exchange will

provide the same credits to all similarly situated members that achieve the level of TCV required by the amended tiers.

BX believes that elimination of the fee of \$0.0014 per share executed for displayed orders entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month is reasonable because eliminating the fee may still allow a member the opportunity to qualify for this same fee if the displayed order is entered by a Qualified Market Maker (“QMM”) (as described in BX Rule 7018(a)). Also, even if the member is not a QMM, the member remains eligible to receive other fees lower than the base fee rate of \$0.0020 per share executed.

The Exchange also believes that this proposed rule change is an equitable allocation of fees and is not unfairly discriminatory because the removal of this fee will help the Exchange offset the payment of credits to other members and maintain an overall balance between the payment of credits and collection of fees, all in an effort to encourage liquidity on the market and to the benefit of market participants. BX also believes this proposed rule change is an equitable allocation of fees and is not unfairly discriminatory because the Exchange will apply the elimination of this fee equally to all similarly situated members. Additionally, the elimination of this fee combined with the elimination and amending of the credit tiers are evidence that the current fee and credit combinations did not have the intended effect of increasing activity so the Exchange is pursuing other avenues of credit and fee combinations.

Finally, BX notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or credit opportunities available at other venues to be more

favorable. In such an environment, BX must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. The changes reflect this environment because they are designed to incentivize changes in market participant behavior to the benefit of the market overall.

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

The Exchange does not believe that the proposed rule change will result in a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.¹⁰ In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the proposed eliminated and amended credit tiers, as well as the eliminated fee, are subject to extensive competition both from other exchanges and from off-exchange venues.

¹⁰ 15 U.S.C. 78f(b)(8).

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed 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,¹¹ 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.

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

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-BX-2016-014)

March __, 2016

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 7018

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 29, 2016, 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(a) with respect to execution and routing of orders in securities priced at \$1 or more per share.

This filing is being made for immediate effectiveness and will become operative March 1, 2016.

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.

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange is proposing to amend the fee schedule under BX Rule 7018(a), relating to fees and credits provided for orders in securities priced and \$1 or more per share that execute on BX.

Under BX Rule 7018(a), the Exchange provides credits to member firms that access liquidity on BX. The Exchange is proposing to eliminate two credit tiers, as well as to amend the criteria of two other credit tiers, each for orders that access liquidity (excluding orders with midpoint pegging and excluding orders that receive price improvement and execute against an order with midpoint pegging).

Specifically, the first eliminated credit tier is for a member that adds and accesses liquidity equal to or exceeding 0.50% of total consolidated volume ("TCV") during a month to receive a credit of \$0.0017 per share executed. The second eliminated credit tier is for a member that accesses liquidity equal to or exceeding 0.05% of TCV during a month to receive a credit of \$0.0008 per share executed.

Members that previously would have qualified under the eliminated tiers may continue to qualify for and receive either an equal or higher credit. Specifically,

members that previously qualified for the credit of \$0.0017 per share executed for adding and accessing liquidity equal to or exceeding 0.50% of TCV during a month may still receive the same credit, but for meeting the lower TCV threshold and through solely accessing liquidity (no longer includes adding liquidity) equal to or exceeding 0.20% of TCV during a month. Otherwise, members may receive a lower credit. For members that previously qualified for the credit of \$0.0008 per share executed for accessing liquidity equal to or exceeding 0.05% of TCV during a month will receive a higher credit of \$0.0015 per share executed for meeting the same monthly threshold.

The first amended credit tier reduces the threshold to qualify for a credit of \$0.0016 per share executed. The current threshold requires a member to access liquidity equal to or exceeding 0.15% of TCV during a month. The proposed rule change lowers this threshold for a member to access liquidity equal to or exceeding 0.10% of TCV during a month.

The second amended credit tier reduces the threshold to qualify for a credit of \$0.0015 per share executed. The current threshold requires a member to access liquidity equal to or exceeding 0.09% of TCV during a month. The proposed rule change lowers this threshold for a member to access liquidity equal to or exceeding 0.05% of TCV during a month.

Additionally, the Exchange is proposing to eliminate the fee of \$0.0014 per share executed for displayed orders entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁴ 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 its facilities which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”⁵ Likewise, in NetCoalition v. Securities and Exchange Commission⁶ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.⁷ As the court emphasized, the Commission “intended in Regulation NMS that

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(4) and (5).

⁵ Securities Exchange Act Release No. 34-51808 (June 9, 2005).

⁶ NetCoalition v. SEC 615 F.3d 525 (D.C. Cir. 2010).

⁷ Id. at 534-535.

‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.’⁸

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”⁹

The Exchange believes that the proposed rule change to eliminate two credit tiers, as well as to amend the criteria of two other credit tiers, each for orders that access liquidity (excluding orders with midpoint pegging and excluding orders that receive price improvement and execute against an order with midpoint pegging), are reasonable because they refine the opportunities for market participants to receive credits for participation on BX and are designed to incentivize changes in market participant behavior to the benefit of the market overall.

Specifically, the proposed rule change eliminates the credit tier for a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month to receive a credit of \$0.0017 per share executed. Additionally, the proposed rule change eliminates the credit tier for a member that accesses liquidity equal to or exceeding 0.05% of TCV during a month to receive a credit of \$0.0008 per share executed.

⁸ Id. at 537.

⁹ Id. at 539 (quoting ArcaBook Order, 73 FR at 74782-74783).

The proposed rule change to the criteria for a member that accesses liquidity to receive a credit of \$0.0016 per share executed, lowers the TCV threshold during a month from equal to or exceeding 0.15% to equal to or exceeding 0.10%. Similarly, the proposed rule change to the criteria for a member that accesses liquidity to receive a credit of \$0.0015 per share executed, lowers the TCV threshold during a month from equal to or exceeding 0.09% to equal to or exceeding 0.05%. The Exchange believes that the proposed rule change to lower the threshold in each of these instances is reasonable since it makes it easier for a member to qualify for the respective credit and will provide the opportunity for more firms to attain the tier and further incentivize participation in the market.

The Exchange also believes that the proposed elimination of the two credit tiers, coupled with the amending of two other credit tiers as stated above, are reasonable because the overall effect is to improve market quality by providing better targeted incentives to market participants to access beneficial displayed liquidity. To achieve this, the Exchange must, from time to time, adjust the levels of credits and the related qualification requirements in reaction to market behavior. In the present case, the Exchange is proposing to eliminate two credit tiers and amend two other credit tiers. The Exchange believes that the proposed changes are reasonable because it is reflective of the Exchange's desire to make BX an attractive venue to any member organization that is willing to access displayed liquidity. BX wants to further incentivize member firms to participate in the Exchange by removing liquidity and believes these refinements are a means to that end.

The Exchange believes that the proposed elimination of the two credit tiers, coupled with the amending of the two other credit tiers as stated above, are consistent with an equitable allocation of fees and are not unfairly discriminatory because they apply to all members that access displayed liquidity through BX and meet the criteria of the credit tier. In addition, the Exchange believes the elimination of the two credit tiers is consistent with an equitable allocation of fees and are is not unfairly discriminatory because members that previously would have qualified under the eliminated tiers may continue to qualify for and receive either an equal or higher credit (although they may instead qualify for a lower credit as stated previously). Additionally, the Exchange will provide the same credits to all similarly situated members that achieve the level of TCV required by the amended tiers.

BX believes that elimination of the fee of \$0.0014 per share executed for displayed orders entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month is reasonable because eliminating the fee may still allow a member the opportunity to qualify for this same fee if the displayed order is entered by a Qualified Market Maker (“QMM”) (as described in BX Rule 7018(a)). Also, even if the member is not a QMM, the member remains eligible to receive other fees lower than the base fee rate of \$0.0020 per share executed.

The Exchange also believes that this proposed rule change is an equitable allocation of fees and is not unfairly discriminatory because the removal of this fee will help the Exchange offset the payment of credits to other members and maintain an overall balance between the payment of credits and collection of fees, all in an effort to encourage liquidity on the market and to the benefit of market participants. BX also

believes this proposed rule change is an equitable allocation of fees and is not unfairly discriminatory because the Exchange will apply the elimination of this fee equally to all similarly situated members. Additionally, the elimination of this fee combined with the elimination and amending of the credit tiers are evidence that the current fee and credit combinations did not have the intended effect of increasing activity so the Exchange is pursuing other avenues of credit and fee combinations.

Finally, BX notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or credit opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. The changes reflect this environment because they are designed to incentivize changes in market participant behavior to the benefit of the market overall.

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

The Exchange does not believe that the proposed rule change will result in a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.¹⁰ In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits to remain competitive with other

¹⁰ 15 U.S.C. 78f(b)(8).

exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the proposed eliminated and amended credit tiers, as well as the eliminated fee, are subject to extensive competition both from other exchanges and from off-exchange venues.

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed 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 Act¹¹ and paragraph (f) of Rule 19b-4¹² 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

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2016-001 on the subject line.

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-2016-014. 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-2016-014 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.¹³

Robert W. Errett
Deputy Secretary

¹³ 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 Midpoint pegging:	\$0.0000 per share executed
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Order with Midpoint pegging that removes liquidity:	\$0.0000 per share executed
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Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that accesses liquidity equal to or exceeding 0.20% of total Consolidated Volume during a month:	\$0.0017 per share executed
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[Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month:]	[\$0.0017 per share executed]
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Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with	\$0.0016 per share executed
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Midpoint pegging) entered by a member that accesses liquidity equal to or exceeding 0.1[5]0% of total Consolidated Volume during a month:

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that accesses liquidity equal to or exceeding 0.0[9]5% of total Consolidated Volume during 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) entered by a member that accesses 0.05% of total Consolidated Volume during a month:] [\$0.0008 per share executed]

All other orders: \$0.0006 per share executed

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

Displayed order entered by a Qualified Market Maker: \$0.0014 per share executed

[Displayed order entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month:] [\$0.0014 per share executed]

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(b) – (d) No change.

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