Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2018 - * 040

Amendment No. (req. for Amendments *)

Filing by NASDAQ 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) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐

Date Expires *

19b-4(f)(1) ☐	19b-4(f)(4) ☐
19b-4(f)(2) ☐	19b-4(f)(5) ☐
19b-4(f)(3) ☐	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) * ☐

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ⊡

Exhibit 3 Sent As Paper Document ⊡

Description

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

Proposed rule change to provide new optional functionality to Minimum Quantity Orders.

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 * Sean	Last Name * Bennett

Title * Principal Associate General Counsel

E-mail * Sean.Bennett@nasdaq.com

Telephone * (301) 978-8499   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 08/20/2018	Executive Vice President and General Counsel
By Edward S. Knight	

(Name *)

edward.knight@nasdaq.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add   Remove   View

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 *

Add   Remove   View

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

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 the Proposed Rule Change

        (a)   Nasdaq BX, Inc. ("BX" or "Exchange"), pursuant to Section 19(b)(1) of

the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with

the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule

change to provide new optional functionality to Minimum Quantity Orders.

        A notice of the proposed rule change for publication in the Federal Register is

attached 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 September 19, 2017. 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:

T. Sean Bennett
Principal Associate General Counsel
Nasdaq, Inc.
(301) 978-8499

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[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 provide a new optional functionality to the

Minimum Quantity Order Attribute,[3] which is identical to the optional functionality

provided by The Nasdaq Stock Market LLC ("Nasdaq").[4]

         Current Functionality

An Order designated with the Minimum Quantity Order Attribute ("MQ") allows

a market participant to specify a minimum share amount at which it will execute. For

example, a market participant seeking to buy or sell a large position may desire to

execute only if a large quantity of shares can be traded to reduce the price impact of the

security being bought or sold. An Order with MQ will not execute unless the volume of

contra-side liquidity available to execute against the order meets or exceeds the

designated minimum. When an Order with MQ is received by the Exchange, it will

execute immediately[5] if there is sufficient liquidity available on the Exchange within the

limit price of the Order with MQ. Specifically, the Order with MQ will execute if the

sum of the shares of one or more resting Orders is equal to or greater than its minimum

quantity. In the case of multiple resting Orders being aggregated to meet the minimum

quantity, each contra-side order creates a separate execution and thus there can be

multiple executions that, in aggregate, equal or exceed the minimum quantity. If an

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[3]   Rule 4703(e).

[4]   See Nasdaq Rule 4703(e); see also Securities Exchange Act Release No. 73959
         (Dec. 30, 2014), 80 FR 582 (Jan. 6, 2015) (SR-NASDAQ-2014-95).

[5]   An Order with MQ would satisfy the requirements of Regulation NMS Rule 611
         and not trade through a protected quotation. See 17 CFR 242.611.

Order with MQ does not execute immediately due to lack of contra-side liquidity that is

equal to or greater than the designated minimum, the Order will post[6] to the Exchange

book as a Non-Displayed Order with the characteristics of its underlying Order Type.[7]

Once posted, an Order with MQ will execute only if an incoming Order is marketable

against the resting Order with MQ and is equal to or greater than the minimum quantity

set on the resting Order with MQ. Multiple potential executions cannot be aggregated to

meet the minimum quantity requirement of the posted Order with MQ. If an Order with

MQ executes partially and the number of shares remaining is less than the minimum

quantity of the Order, the minimum quantity of the Order is reduced to the remaining

share size. If an Order with MQ is received that is marketable against a resting contra-

side Order with size that does not meet the minimum quantity requirement, the Order

with MQ will be posted on the Exchange book as a Non-Displayed Order with the

characteristics of its underlying Order Type.[8] For example, if an Order with MQ is

received to buy 1,000 shares at $10 with a minimum quantity restriction of 500 shares

and there is a resting sell order for 300 shares at $10, the Order with MQ will be posted

as a Non-Displayed Order at $10. Furthermore, the Exchange notes that a subsequent

Order without a minimum quantity restriction that is marketable against the resting

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[6]   Orders post to the Exchange book only if they are designated with a time in force
        that allows for posting. For example, an IOC order never posts to the book.

[7]   A Non-Displayed Order is an Order Type that is not displayed to other
        Participants, but nevertheless remains available for potential execution against
        incoming Orders until executed in full or cancelled. See Rule 4702(b)(3). Orders
        with MQ are always Non-Displayed when posted on the Exchange book.

[8]   SEC Rule 610(d) under Regulation NMS restricts displayed quotations that lock
        or cross protected quotations in NMS stock, but does not apply to non-displayed
        trading interest, like a resting Order with MQ. See 17 CFR 242.610(d).

contra-side interest will result in an execution because the market participant entering the

Order with MQ has expressed its intention not to execute against liquidity below a certain

minimum size, and therefore cedes execution priority to any new Orders that would

otherwise have a lower priority.

Proposed Functionality

The Exchange is proposing to add a new optional functionality to further enhance

the utility of the Minimum Quantity Order Attribute to market participants.[9] As was

noted by Nasdaq in proposing the optional functionality proposed herein,[10] some market

participants have noted that they avoid sending large Orders with MQ to the Exchange

out of concern that such Orders may interact against small Orders entered by professional

traders. These market participants are concerned that such interaction may negatively

impact the execution of their larger Orders. Often institutional Orders are much larger in

size than the average Order in the marketplace. Furthermore, in order to facilitate the

liquidation or acquisition of a large position, multiple Orders are submitted into the

market, which although larger than the average Order in the market, only represent a

small proportion of the overall institutional position to be executed. The various

strategies used to execute large size are based on a desire to limit price movement of the

stock the institution is pursuing. Executing in small sizes, even if in aggregate it meets a

minimum quantity designation, may impact the market such that the additional Orders

that the institution has yet to submit to the market may be more costly to execute. If an

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[9]   The option is available at the port level. Accordingly, all Orders entered through
        a particular port will receive the selected functionality. All trading ports default
        to the current functionality.

[10]   See note 4, supra.

institution is able to execute in larger sizes, the contra-party to the execution is less likely

to be a participant that reacts to short term changes in the stock price and as such the

price impact to the stock could be less acute when larger individual executions are

obtained by the institution. [11] As a consequence of this concern, these Orders are often

executed away from the Exchange in dark pools, at least some of which have the

functionality proposed herein,[12] or via broker-dealer internalization.

Accordingly, to attract larger Orders with MQ to the Exchange, it is proposing

new optional functionality that will allow a market participant to designate a minimum

individual execution size, and thus allow users to avoid interaction with such smaller

Orders resting on the book. As discussed above, under the current rule, an incoming

Order with MQ will execute against any number of smaller contra-side Orders that, in

aggregate, meet the minimum quantity set by the market participant. For example, if a

market participant entered an Order with MQ to buy with a price of $10, a size of 1,000

and a minimum quantity of 500, and the order was marketable against two resting sell

orders for 300 and 400 shares, the System would aggregate both orders for purposes of

meeting the minimum quantity, thus resulting in executions of 300 shares and 400 shares

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[11]   The Commission has long recognized this concern: "Another type of implicit
         transaction cost reflected in the price of a security is short-term price volatility
         caused by temporary imbalances in trading interest. For example, a significant
         implicit cost for large investors (*who often represent the consolidated investments
         of many individuals*) is the price impact that their large trades can have on the
         market. Indeed, disclosure of these large orders can reduce the likelihood of their
         being filled." See Securities Exchange Act Release No. 42450 (Feb. 23, 2000),
         65 FR 10577, 10581 (Feb. 28, 2000) (SR-NYSE-99-48) (emphasis added)
         (internal citation omitted).

[12]   For example, the BIDS Alternative Trading System also has functionality that
         allows its subscribers to select a minimum size requirement, which prevents a
         subscriber's interest from interacting with contra-side interest if its size is less
         than the specified minimum. See http://www.bidstrading.com/solutions/faqs/.

respectively with the remaining 300 shares of the Order with MQ posting to the

Exchange book with a minimum quantity restriction of 300 shares. The proposed new

optional functionality will not allow aggregation of smaller executions to satisfy the

minimum quantity of an incoming Order with MQ. Using the same scenario as above,

but with the proposed new functionality and a minimum execution size requirement of

400 shares selected by the market participant, the Order with MQ would not execute

against the two sell orders because the order at the top of the Exchange book is less than

400 shares. The new functionality will reprice the Order with MQ to one minimum price

increment lower than (higher than) the lowest price (highest price) of the resting contra-

side Order, and post the Order to the Exchange book as a Non-Displayed Order when the

top of the Exchange book is of insufficient size to satisfy the minimum execution size

requirement. Applied to the example above, the Order would post to the Exchange book

as a Non-Displayed Order to buy 1,000 shares at $9.99. The Exchange notes that the

market participant entering the Order with MQ has expressed its intention not to execute

against liquidity below a certain minimum size, and therefore cedes execution priority

when it would lock or cross resting Orders against which it would otherwise execute if it

were not for the minimum execution size restriction.

The Exchange believes that it is appropriate to adjust the price one minimum

price increment lower than (higher than) the lowest price (highest price) of the resting

contra-side Order prior to posting on the Exchange book because, by using the minimum

execution size option, the submitter of the Order is choosing to reduce the number of

situations in which the Order could potentially execute. Thus, an Order without this

further restriction provides greater contribution to the price discovery process of the

market. All bona fide market participation that results in an execution on a data feed contributes to the price discovery process that is essential to a proper functioning market. However, there are different degrees to which activity within the market contributes to price discovery. A displayed Order at the NBBO of an Exchange, and the subsequent execution thereof, contributes significantly to price discovery because both the Displayed Order prior to execution, and the execution itself, provide a reference price to the market. Further, a non-displayed order on an exchange contributes to price discovery as it is part of the continuous auction on a market with publicly displayed orders and quotes - albeit the contribution of a non-displayed order on an exchange is less than the contribution of a displayed order on an exchange. Furthermore, a non-displayed order on a dark pool contributes less to price discovery because it is resting in a less transparent trading venue that is not part of the continuous auction of a lit exchange. If one were to rank the contribution to price discovery that different market activity provides, it would include the following (listed from least price discovery contribution to most):

- Order resting in dark pool (no contribution)

- Non-displayed order on exchange (no or very little contribution)

- Order execution in dark pool (some contribution, execution reported publicly via TRF)

- Non-displayed order execution on exchange (contribution as part of continuous auction, execution reported publicly, and priority is behind displayed – i.e., priority is ceded to orders that contribute more to price discovery)

- Displayed order on exchange (significant contribution)

- Displayed order execution on exchange (significant contribution, publicly displayed order + execution reported publicly)

In this sense, the proposed change continues to contribute more meaningfully to price discovery than an order in a dark pool because it is part of the continuous auction market on the exchange but, similar to a regular Non-Displayed Order ceding priority to Displayed Orders on the Exchange, the Order with MQ that uses the proposed functionality will cede price priority to Orders that do not contain the minimum execution size restriction. Also unlike the current process, the proposed new functionality will cancel the remainder of a marketable Order with MQ that is partially filled upon entry if the partially-executed Order with MQ would lock or cross resting contra-side liquidity that does not meet the minimum execution size requirement. Under the current process, an Order with MQ that receives a partial execution has the remainder of the Order posted to the Exchange book as a Non-Displayed Order. The proposed new functionality will, instead, cancel any shares not executed after a partial execution of an Order with MQ if there are more shares that remain resting on the Exchange book at a price that would satisfy the limit price of the Order with MQ but that are not executable against the incoming Order with MQ due to the minimum execution size set on the Order. For example, an Order with MQ to buy priced at $10 with a size of 1,000 and a minimum quantity of 500, that is marketable against two sell orders on the Exchange book, one for 500 shares and one for 400 shares, would result in the execution of 500 shares and the cancellation of the remaining 500 shares. Under the current process, the Order would receive two partial executions of 500 and 400 shares, and the remaining 100 shares would be posted to the Exchange book as a Non-Displayed Order to buy priced at $10.

The Exchange notes that when a non-IOC Order with MQ is partially executed and cancelled in this situation, the contra-side liquidity that is not executed may be Non-Displayed. If an Order with MQ is cancelled due to Non-Displayed contra-side liquidity, the submitter of the Order will know that there may be a resting Order or Orders at the price of the Order with MQ and also that the resting Order or Orders are for fewer shares than the minimum execution size required by the Order. The Exchange believes this is acceptable because the Order with MQ has already partially executed for a size of at least one round lot and thus the Order submitter has taken on risk due to the execution and therefore contributed to price discovery in the market place.

Under the proposed change, a resting Order with MQ will operate the same way as it does currently. When an Order with MQ is posted on the book, it will only execute against incoming Orders if the individual incoming Order is equal to or greater than the minimum designated on the Order. The primary difference between the current functionality and the proposed new functionality is that upon receipt, an incoming Order with MQ will only execute against individual resting Orders if the order at the top of the Exchange book meets or exceeds the minimum on the Order. The Exchange notes that this is no different than Nasdaq's Minimum Quantity Order Attribute, on which the proposed change is based, and is also similar to Cboe BZX Exchange, Inc.'s ("BZX") Minimum Quantity Order,[13] which allows BZX Users to specify that such an order will not execute against multiple aggregated orders simultaneously and that the minimum quantity condition be satisfied by each individual order resting on the BZX book.

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[13]   See BZX Rule 11.9(c)(5).

b.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the

Act,[14] in general, and furthers the objectives of Section 6(b)(5) of the Act,[15] 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. The proposal

will provide market participants, including institutional firms that *ultimately represent*

individual retail investors in many cases, with better control over their Orders, thereby

providing them with greater potential to improve the quality of their Order executions.

Currently, the rule allows the market participant to designate a minimum quantity on an

Order that, upon entry, may aggregate multiple executions to meet the minimum quantity

requirement. Once posted to the Exchange book, however, the minimum quantity

requirement is equivalent to a minimum execution size requirement. The Exchange is

now proposing to provide a market participant with control over the execution of their

Order with MQ by allowing them an option to designate the minimum individual

execution size *upon entry*. The control offered by the proposed change is consistent with

the various types of control currently provided by exchange order types. For example,

the Exchange, Nasdaq and other exchanges offer limit orders, which allow a market

participant control over the price it will pay or receive for a stock.[16] Similarly, exchanges

offer order types that allow market participants to structure their trading activity in a

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[14]   15 U.S.C. 78f(b).

[15]   15 U.S.C. 78f(b)(5).

[16]   See, e.g., Rule 4703(c).

manner that is more likely avoid certain transaction cost related economic outcomes.[17]

Moreover, and as discussed above, other trading venues provide the very functionality

that the Exchange is proposing, with the proposed rule text and operation of the

functionality identical to that of Nasdaq.

As discussed above, some market participants have requested the functionality

proposed herein so they may avoid transacting with smaller Orders that they believe

ultimately increase the cost of the transaction. Market participants, such as large

institutions that transact a large number of orders on behalf of retail investors, have noted

that because the Exchange does not have this functionality, they avoid sending large

orders to the Exchange to avoid potentially more expensive transactions.[18] In this regard,

the Exchange notes that proposed new optional functionality may improve the Exchange

market by attracting more Order flow, which is currently trading on less transparent

venues that contribute less to price discovery and price competition than executions and

quotes that occur on lit exchanges. Such new Order flow will further enhance the depth

and liquidity on the Exchange, which supports just and equitable principles of trade.

Furthermore, the proposed modification to the Minimum Quantity Order Attribute is

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[17]   See, for example, the Exchange's Post-Only Order. See Rule 4702(b)(4).

[18]   As noted, the proposal is designed to attract liquidity to the Exchange by allowing
        market participants to designate a minimum size of contra-side Order with which
        to interact, thus providing market participants with functionality that is otherwise
        available to them on another exchange (i.e., Nasdaq). The designation of a
        minimum size may reduce the interaction that such new Order flow would have
        with smaller contra-side Orders on the Exchange, some of which may be retail
        Order flow. The Exchange notes that since the Order flow attracted by this
        functionality may also represent retail investors and is in addition to the existing
        Order flow currently on the Exchange, market quality for retail investors
        ultimately should not be negatively impacted. Accordingly, the Exchange does
        not believe that retail Orders will be disadvantaged by the proposed change.

consistent with providing market participants with greater control over the nature of their executions so that they may achieve their trading goals and improve the quality of their executions.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Specifically, the proposed change allows market participants to condition the processing of their Orders based on a minimum execution size. The changes to the Minimum Quantity Order Attribute will enhance the functionality offered by the Exchange to its members, thereby promoting its competitiveness with other exchanges and non-exchange trading venues that already offer the same or similar functionality. As a consequence, the proposed change will promote competition among exchanges and their peers, which, in turn, will decrease the burden on competition rather than place an unnecessary burden thereon.

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)(iii)[19] of the Act and Rule 19b-4(f)(6) thereunder[20] in that it effects a change

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[19]   15 U.S.C. 78s(b)(3)(A)(iii).

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.

As discussed above, the proposed rule change does not significantly affect the protection of investors as it is copying functionality currently available on Nasdaq, which was deemed consistent with the Act.[21] The Exchange notes that the proposed functionality will help some market participants avoid transacting with smaller Orders, which they believe ultimately increase the cost of the transaction. The changes to the Minimum Quantity Order Attribute will not impose any significant burden on competition, but rather will promote competition because the changes will enhance the functionality offered by the Exchange to its members, thereby promoting its competitiveness with other exchanges and non-exchange trading venues that already offer the same or similar functionality.

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

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[20]   17 CFR 240.19b-4(f)(6).

[21]   See note 4, supra.

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.

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

The proposed change is based on Nasdaq Rule 4703(e), as well as the

functionality available to BZX Users in BZX Rule 11.9(c)(5).

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

Not applicable.

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

Not applicable.

11.   <u>Exhibits</u>

1.   Notice of Proposed Rule Change for publication in the <u>Federal Register</u>.

5.   Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No.   ; File No. SR-BX-2018-040)

August __, 2018

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate
Effectiveness of Proposed Rule Change to Provide New Optional Functionality to
Minimum Quantity Orders

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 August 20, 2018, Nasdaq 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 provide new optional functionality to Minimum

Quantity Orders.

The text of the proposed rule change is available on the Exchange's Website at

http://nasdaqbx.cchwallstreet.com/, at the principal office of the Exchange, and at the

Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning

the purpose of and basis for the proposed rule change and discussed any comments it

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange is proposing to provide a new optional functionality to the Minimum Quantity Order Attribute,[3] which is identical to the optional functionality provided by The Nasdaq Stock Market LLC ("Nasdaq").[4]

Current Functionality

An Order designated with the Minimum Quantity Order Attribute ("MQ") allows a market participant to specify a minimum share amount at which it will execute. For example, a market participant seeking to buy or sell a large position may desire to execute only if a large quantity of shares can be traded to reduce the price impact of the security being bought or sold. An Order with MQ will not execute unless the volume of contra-side liquidity available to execute against the order meets or exceeds the designated minimum. When an Order with MQ is received by the Exchange, it will execute immediately[5] if there is sufficient liquidity available on the Exchange within the limit price of the Order with MQ. Specifically, the Order with MQ will execute if the sum of the shares of one or more resting Orders is equal to or greater than its minimum

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[3]   Rule 4703(e).

[4]   See Nasdaq Rule 4703(e); see also Securities Exchange Act Release No. 73959 (Dec. 30, 2014), 80 FR 582 (Jan. 6, 2015) (SR-NASDAQ-2014-95).

[5]   An Order with MQ would satisfy the requirements of Regulation NMS Rule 611 and not trade through a protected quotation. See 17 CFR 242.611.

quantity. In the case of multiple resting Orders being aggregated to meet the minimum

quantity, each contra-side order creates a separate execution and thus there can be

multiple executions that, in aggregate, equal or exceed the minimum quantity. If an

Order with MQ does not execute immediately due to lack of contra-side liquidity that is

equal to or greater than the designated minimum, the Order will post[6] to the Exchange

book as a Non-Displayed Order with the characteristics of its underlying Order Type.[7]

Once posted, an Order with MQ will execute only if an incoming Order is marketable

against the resting Order with MQ and is equal to or greater than the minimum quantity

set on the resting Order with MQ. Multiple potential executions cannot be aggregated to

meet the minimum quantity requirement of the posted Order with MQ. If an Order with

MQ executes partially and the number of shares remaining is less than the minimum

quantity of the Order, the minimum quantity of the Order is reduced to the remaining

share size. If an Order with MQ is received that is marketable against a resting contra-

side Order with size that does not meet the minimum quantity requirement, the Order

with MQ will be posted on the Exchange book as a Non-Displayed Order with the

characteristics of its underlying Order Type.[8] For example, if an Order with MQ is

received to buy 1,000 shares at $10 with a minimum quantity restriction of 500 shares

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[6]   Orders post to the Exchange book only if they are designated with a time in force
        that allows for posting. For example, an IOC order never posts to the book.

[7]   A Non-Displayed Order is an Order Type that is not displayed to other
        Participants, but nevertheless remains available for potential execution against
        incoming Orders until executed in full or cancelled. See Rule 4702(b)(3). Orders
        with MQ are always Non-Displayed when posted on the Exchange book.

[8]   SEC Rule 610(d) under Regulation NMS restricts displayed quotations that lock
        or cross protected quotations in NMS stock, but does not apply to non-displayed
        trading interest, like a resting Order with MQ. See 17 CFR 242.610(d).

and there is a resting sell order for 300 shares at $10, the Order with MQ will be posted

as a Non-Displayed Order at $10. Furthermore, the Exchange notes that a subsequent

Order without a minimum quantity restriction that is marketable against the resting

contra-side interest will result in an execution because the market participant entering the

Order with MQ has expressed its intention not to execute against liquidity below a certain

minimum size, and therefore cedes execution priority to any new Orders that would

otherwise have a lower priority.

Proposed Functionality

The Exchange is proposing to add a new optional functionality to further enhance

the utility of the Minimum Quantity Order Attribute to market participants.[9] As was

noted by Nasdaq in proposing the optional functionality proposed herein,[10] some market

participants have noted that they avoid sending large Orders with MQ to the Exchange

out of concern that such Orders may interact against small Orders entered by professional

traders. These market participants are concerned that such interaction may negatively

impact the execution of their larger Orders. Often institutional Orders are much larger in

size than the average Order in the marketplace. Furthermore, in order to facilitate the

liquidation or acquisition of a large position, multiple Orders are submitted into the

market, which although larger than the average Order in the market, only represent a

small proportion of the overall institutional position to be executed. The various

strategies used to execute large size are based on a desire to limit price movement of the

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[9]   The option is available at the port level. Accordingly, all Orders entered through
        a particular port will receive the selected functionality. All trading ports default
        to the current functionality.

[10]   See note 4, supra.

stock the institution is pursuing. Executing in small sizes, even if in aggregate it meets a

minimum quantity designation, may impact the market such that the additional Orders

that the institution has yet to submit to the market may be more costly to execute. If an

institution is able to execute in larger sizes, the contra-party to the execution is less likely

to be a participant that reacts to short term changes in the stock price and as such the

price impact to the stock could be less acute when larger individual executions are

obtained by the institution. [11] As a consequence of this concern, these Orders are often

executed away from the Exchange in dark pools, at least some of which have the

functionality proposed herein,[12] or via broker-dealer internalization.

Accordingly, to attract larger Orders with MQ to the Exchange, it is proposing

new optional functionality that will allow a market participant to designate a minimum

individual execution size, and thus allow users to avoid interaction with such smaller

Orders resting on the book. As discussed above, under the current rule, an incoming

Order with MQ will execute against any number of smaller contra-side Orders that, in

aggregate, meet the minimum quantity set by the market participant. For example, if a

market participant entered an Order with MQ to buy with a price of $10, a size of 1,000

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[11]   The Commission has long recognized this concern: "Another type of implicit
         transaction cost reflected in the price of a security is short-term price volatility
         caused by temporary imbalances in trading interest. For example, a significant
         implicit cost for large investors (*who often represent the consolidated investments
         of many individuals*) is the price impact that their large trades can have on the
         market. Indeed, disclosure of these large orders can reduce the likelihood of their
         being filled." See Securities Exchange Act Release No. 42450 (Feb. 23, 2000),
         65 FR 10577, 10581 (Feb. 28, 2000) (SR-NYSE-99-48) (emphasis added)
         (internal citation omitted).

[12]   For example, the BIDS Alternative Trading System also has functionality that
         allows its subscribers to select a minimum size requirement, which prevents a
         subscriber's interest from interacting with contra-side interest if its size is less
         than the specified minimum. See http://www.bidstrading.com/solutions/faqs/.

and a minimum quantity of 500, and the order was marketable against two resting sell orders for 300 and 400 shares, the System would aggregate both orders for purposes of meeting the minimum quantity, thus resulting in executions of 300 shares and 400 shares respectively with the remaining 300 shares of the Order with MQ posting to the Exchange book with a minimum quantity restriction of 300 shares. The proposed new optional functionality will not allow aggregation of smaller executions to satisfy the minimum quantity of an incoming Order with MQ. Using the same scenario as above, but with the proposed new functionality and a minimum execution size requirement of 400 shares selected by the market participant, the Order with MQ would not execute against the two sell orders because the order at the top of the Exchange book is less than 400 shares. The new functionality will reprice the Order with MQ to one minimum price increment lower than (higher than) the lowest price (highest price) of the resting contra-side Order, and post the Order to the Exchange book as a Non-Displayed Order when the top of the Exchange book is of insufficient size to satisfy the minimum execution size requirement. Applied to the example above, the Order would post to the Exchange book as a Non-Displayed Order to buy 1,000 shares at $9.99. The Exchange notes that the market participant entering the Order with MQ has expressed its intention not to execute against liquidity below a certain minimum size, and therefore cedes execution priority when it would lock or cross resting Orders against which it would otherwise execute if it were not for the minimum execution size restriction.

The Exchange believes that it is appropriate to adjust the price one minimum price increment lower than (higher than) the lowest price (highest price) of the resting contra-side Order prior to posting on the Exchange book because, by using the minimum

execution size option, the submitter of the Order is choosing to reduce the number of situations in which the Order could potentially execute. Thus, an Order without this further restriction provides greater contribution to the price discovery process of the market. All bona fide market participation that results in an execution on a data feed contributes to the price discovery process that is essential to a proper functioning market. However, there are different degrees to which activity within the market contributes to price discovery. A displayed Order at the NBBO of an Exchange, and the subsequent execution thereof, contributes significantly to price discovery because both the Displayed Order prior to execution, and the execution itself, provide a reference price to the market. Further, a non-displayed order on an exchange contributes to price discovery as it is part of the continuous auction on a market with publicly displayed orders and quotes - albeit the contribution of a non-displayed order on an exchange is less than the contribution of a displayed order on an exchange. Furthermore, a non-displayed order on a dark pool contributes less to price discovery because it is resting in a less transparent trading venue that is not part of the continuous auction of a lit exchange. If one were to rank the contribution to price discovery that different market activity provides, it would include the following (listed from least price discovery contribution to most):

- Order resting in dark pool (no contribution)
- Non-displayed order on exchange (no or very little contribution)
- Order execution in dark pool (some contribution, execution reported publicly via TRF)
- Non-displayed order execution on exchange (contribution as part of continuous auction, execution reported publicly, and priority is behind

> displayed – i.e., priority is ceded to orders that contribute more to price
>
> discovery)
>
> ▪ Displayed order on exchange (significant contribution)
>
> ▪ Displayed order execution on exchange (significant contribution, publicly
>
> displayed order + execution reported publicly)

In this sense, the proposed change continues to contribute more meaningfully to price

discovery than an order in a dark pool because it is part of the continuous auction market

on the exchange but, similar to a regular Non-Displayed Order ceding priority to

Displayed Orders on the Exchange, the Order with MQ that uses the proposed

functionality will cede price priority to Orders that do not contain the minimum execution

size restriction. Also unlike the current process, the proposed new functionality will

cancel the remainder of a marketable Order with MQ that is partially filled upon entry if

the partially-executed Order with MQ would lock or cross resting contra-side liquidity

that does not meet the minimum execution size requirement. Under the current process,

an Order with MQ that receives a partial execution has the remainder of the Order posted

to the Exchange book as a Non-Displayed Order. The proposed new functionality will,

instead, cancel any shares not executed after a partial execution of an Order with MQ if

there are more shares that remain resting on the Exchange book at a price that would

satisfy the limit price of the Order with MQ but that are not executable against the

incoming Order with MQ due to the minimum execution size set on the Order. For

example, an Order with MQ to buy priced at $10 with a size of 1,000 and a minimum

quantity of 500, that is marketable against two sell orders on the Exchange book, one for

500 shares and one for 400 shares, would result in the execution of 500 shares and the

cancellation of the remaining 500 shares. Under the current process, the Order would

receive two partial executions of 500 and 400 shares, and the remaining 100 shares would

be posted to the Exchange book as a Non-Displayed Order to buy priced at $10.

The Exchange notes that when a non-IOC Order with MQ is partially executed

and cancelled in this situation, the contra-side liquidity that is not executed may be Non-

Displayed. If an Order with MQ is cancelled due to Non-Displayed contra-side liquidity,

the submitter of the Order will know that there may be a resting Order or Orders at the

price of the Order with MQ and also that the resting Order or Orders are for fewer shares

than the minimum execution size required by the Order. The Exchange believes this is

acceptable because the Order with MQ has already partially executed for a size of at least

one round lot and thus the Order submitter has taken on risk due to the execution and

therefore contributed to price discovery in the market place.

Under the proposed change, a resting Order with MQ will operate the same way

as it does currently. When an Order with MQ is posted on the book, it will only execute

against incoming Orders if the individual incoming Order is equal to or greater than the

minimum designated on the Order. The primary difference between the current

functionality and the proposed new functionality is that upon receipt, an incoming Order

with MQ will only execute against individual resting Orders if the order at the top of the

Exchange book meets or exceeds the minimum on the Order. The Exchange notes that

this is no different than Nasdaq's Minimum Quantity Order Attribute, on which the

proposed change is based, and is also similar to Cboe BZX Exchange, Inc.'s ("BZX")

Minimum Quantity Order,[13] which allows BZX Users to specify that such an order will

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13   See BZX Rule 11.9(c)(5).

not execute against multiple aggregated orders simultaneously and that the minimum

quantity condition be satisfied by each individual order resting on the BZX book.

>   2.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the

Act,[14] in general, and furthers the objectives of Section 6(b)(5) of the Act,[15] 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. The proposal

will provide market participants, including institutional firms that *ultimately represent*

individual retail investors in many cases, with better control over their Orders, thereby

providing them with greater potential to improve the quality of their Order executions.

Currently, the rule allows the market participant to designate a minimum quantity on an

Order that, upon entry, may aggregate multiple executions to meet the minimum quantity

requirement. Once posted to the Exchange book, however, the minimum quantity

requirement is equivalent to a minimum execution size requirement. The Exchange is

now proposing to provide a market participant with control over the execution of their

Order with MQ by allowing them an option to designate the minimum individual

execution size *upon entry*. The control offered by the proposed change is consistent with

the various types of control currently provided by exchange order types. For example,

the Exchange, Nasdaq and other exchanges offer limit orders, which allow a market

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[14]   15 U.S.C. 78f(b).

[15]   15 U.S.C. 78f(b)(5).

participant control over the price it will pay or receive for a stock.[16] Similarly, exchanges

offer order types that allow market participants to structure their trading activity in a

manner that is more likely avoid certain transaction cost related economic outcomes.[17]

Moreover, and as discussed above, other trading venues provide the very functionality

that the Exchange is proposing, with the proposed rule text and operation of the

functionality identical to that of Nasdaq.

As discussed above, some market participants have requested the functionality

proposed herein so they may avoid transacting with smaller Orders that they believe

ultimately increase the cost of the transaction. Market participants, such as large

institutions that transact a large number of orders on behalf of retail investors, have noted

that because the Exchange does not have this functionality, they avoid sending large

orders to the Exchange to avoid potentially more expensive transactions.[18] In this regard,

the Exchange notes that proposed new optional functionality may improve the Exchange

market by attracting more Order flow, which is currently trading on less transparent

venues that contribute less to price discovery and price competition than executions and

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[16]   See, e.g., Rule 4703(c).

[17]   See, for example, the Exchange's Post-Only Order. See Rule 4702(b)(4).

[18]   As noted, the proposal is designed to attract liquidity to the Exchange by allowing
         market participants to designate a minimum size of contra-side Order with which
         to interact, thus providing market participants with functionality that is otherwise
         available to them on another exchange (i.e., Nasdaq). The designation of a
         minimum size may reduce the interaction that such new Order flow would have
         with smaller contra-side Orders on the Exchange, some of which may be retail
         Order flow. The Exchange notes that since the Order flow attracted by this
         functionality may also represent retail investors and is in addition to the existing
         Order flow currently on the Exchange, market quality for retail investors
         ultimately should not be negatively impacted. Accordingly, the Exchange does
         not believe that retail Orders will be disadvantaged by the proposed change.

quotes that occur on lit exchanges. Such new Order flow will further enhance the depth

and liquidity on the Exchange, which supports just and equitable principles of trade.

Furthermore, the proposed modification to the Minimum Quantity Order Attribute is

consistent with providing market participants with greater control over the nature of their

executions so that they may achieve their trading goals and improve the quality of their

executions.

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

The Exchange does not believe that the proposed rule change will result in any

burden on competition that is not necessary or appropriate in furtherance of the purposes

of the Act, as amended. Specifically, the proposed change allows market participants to

condition the processing of their Orders based on a minimum execution size. The

changes to the Minimum Quantity Order Attribute will enhance the functionality offered

by the Exchange to its members, thereby promoting its competitiveness with other

exchanges and non-exchange trading venues that already offer the same or similar

functionality. As a consequence, the proposed change will promote competition among

exchanges and their peers, which, in turn, will decrease the burden on competition rather

than place an unnecessary burden thereon.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the

protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative for 30 days from the date on which it was filed,

or such shorter time as the Commission may designate, it has become effective pursuant

to Section 19(b)(3)(A)(iii) of the Act[19] and subparagraph (f)(6) of Rule 19b-4

thereunder.[20]

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.

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-

  2018-040 on the subject line.

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[19]   15 U.S.C. 78s(b)(3)(A)(iii).

[20]   17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory
         organization to give the Commission written notice of its intent to file the
         proposed rule change at least five business days prior to the date of filing of the
         proposed rule change, or such shorter time as designated by the Commission. The
         Exchange has satisfied this requirement.

Paper comments:

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

All submissions should refer to File Number SR-BX-2018-040. 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-2018-040 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.[21]

> Eduardo A. Aleman
> Assistant Secretary

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[21]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

Rules of Nasdaq BX

* * * * *

4703. Order Attributes.
As described in Rule 4702, the following Order Attributes may be assigned to those
Order Types for which they are available.

(a) – (d) No change.

(e) Minimum Quantity. Minimum Quantity is an Order Attribute that allows a Participant
to provide that an Order will not execute unless a specified minimum quantity of shares
can be obtained. An Order with a Minimum Quantity Order Attribute may be referred to
as a "Minimum Quantity Order." For example, a Participant could enter an Order with a
Size of 1000 shares and specify a Minimum Quantity of 500 shares. [In that case, upon
entry, the System would determine whether there were one or more posted Orders
executable against the incoming Order with an aggregate size of at least the minimum
quantity (500 shares in the above example). If there were not, the Order would post on
the Exchange Book in accordance with the characteristics of its underlying Order Type.
Once posted to the Exchange Book, the Minimum Quantity Order retains its Minimum
Quantity Order Attribute, such that the Order may execute only against incoming Orders
with a size of at least the minimum quantity condition. An Order that has a Minimum
Quantity Order Attribute and that posts to the Exchange Book will not be displayed.]

A Participant may specify two alternatives with respect to the processing of a Minimum
Quantity Order at time of entry:

• First, the Participant may specify that the minimum quantity condition may be
  satisfied by execution against multiple Orders. In that case, upon entry, the System
  would determine whether there were one or more posted Orders executable against
  the incoming Order with an aggregate size of at least the minimum quantity (500
  shares in the above example). If there were not, the Order would post on the
  Exchange Book in accordance with the characteristics of its underlying Order Type.

• Second, the Participant may specify that the minimum quantity condition must be
  satisfied by execution against one or more Orders, each of which must have a size
  that satisfies the minimum quantity condition. If there are such Orders but there are
  also other Orders that do not satisfy the minimum quantity condition, the Minimum
  Quantity Order will execute against Orders on the Exchange Book in accordance with
  Rule 4757 (pertaining to execution priority) until it reaches an Order that does not
  satisfy the minimum quantity condition, and then the remainder of the Order will be
  cancelled. For example, if a Participant entered an Order to buy at $11 with a size of

1,500 shares and a minimum quantity condition of 500 shares, and there were three Orders to sell at $11 on the Exchange Book, two with a size of 500 shares each and one with a size of 200 shares, with the 200 share Order ranked in time priority between the 500 share Orders, the 500 share Order with the first time priority would execute and the remainder of the Minimum Quantity Order would be cancelled. Alternatively, if the Order would lock or cross Orders on the Exchange Book but none of the resting Orders would satisfy the minimum quantity condition, an Order with a minimum quantity condition to buy (sell) will be repriced to one minimum price increment lower than (higher than) the lowest price (highest price) of such Orders. For example, if there was an Order to buy at $11 with a minimum quantity condition of 500 shares, and there were resting Orders on the Exchange Book to sell 200 shares at $10.99 and 300 shares at $11, the Order would be repriced to $10.98 and ranked at that price.

Once posted to the Exchange Book, a Minimum Quantity Order retains its Minimum Quantity Order Attribute, such that the Order may execute only against incoming Orders with a size of at least the minimum quantity condition. An Order that has a Minimum Quantity Order Attribute and that posts to the Exchange Book will not be displayed.

Upon entry, an Order with a Minimum Quantity Order Attribute must have a size of at least one round lot. An Order entered through OUCH or FLITE may have a minimum quantity condition of any size of at least one round lot. An Order entered through RASH or FIX must have a minimum quantity of one round lot or any multiple thereof, and a mixed lot minimum quantity condition will be rounded down to the nearest round lot. In the event that the shares remaining in the size of an Order with a Minimum Quantity Order Attribute following a partial execution thereof are less than the minimum quantity specified by the Participant entering the Order, the minimum quantity value of the Order will be reduced to the number of shares remaining. An Order with a Minimum Quantity Order Attribute may not be displayed; if a Participant marks an Order with both a Minimum Quantity Order Attribute and a Display Order Attribute, the System will accept the Order but will give a Time-in-Force of IOC, regardless of the Time-in-Force marked by the Participant. An Order marked with a Minimum Quantity Order Attribute and a Routing Order Attribute will be rejected.

(f) – (l) No change.

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