

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 53	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2021 - * 001 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"/>
Pilot <input type="checkbox"/>			Rule		
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 *).

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 *	Sun	Last Name *	Kim
Title *	Associate General Counsel		
E-mail *	sun.kim@nasdaq.com		
Telephone *	(646) 420-7816	Fax	<input type="text"/>

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	01/04/2021	EVP and Chief Legal Counsel
By	John Zecca (Name *)	<input type="text"/>

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 *

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 *

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, 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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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 proposal to amend the BX Options Pricing Schedule at Options 7, as described further below.

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 (the “Board”) on November 5, 2020. 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:

Sun Kim
Associate General Counsel
Nasdaq, Inc.
646-420-7816

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

Today, Lead Market Makers ("LMMs")³ are assessed the same fees and rebates in Options 7, Section 2 as BX Options Market Makers.⁴ The purpose of the proposed rule change is to amend Options 7, Section 2 to (i) increase the LMM Rebate to Add Liquidity, (ii) decrease the LMM Fee to Add Liquidity, and (iii) restructure the existing pricing schedules to add separate pricing for LMMs, which will apply in each case to LMMs in their specifically appointed options classes. As described in detail below, while the Exchange is proposing to add separate pricing for LMMs in the existing schedules, LMMs will continue to be assessed the same BX Options Market Makers fees and rebates in their specifically allocated options classes under this proposal except with respect to the proposed LMM Rebate to Add Liquidity and proposed LMM Fee to Add Liquidity. The Exchange also proposes to amend its Opening Cross⁵ pricing provisions in Options 7, Section 2(2) to correct an inadvertent omission. Lastly, the Exchange proposes various technical, non-substantive changes throughout Options 7, including to update cross-cites to obsolete rules.

³ The term "Lead Market Maker" or ("LMM") applies to a registered BX Options Market Maker that is approved pursuant to Options 2, Section 3 to be the LMM in an options class (options classes).

⁴ The term "BX Options Market Maker" or ("M") is a Participant that has registered as a Market Maker on BX Options pursuant to Options 2, Section 1, and must also remain in good standing pursuant to Options 2, Section 9. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security.

⁵ See Options 3, Section 8.

The proposed changes respond in part to the current competitive environment where market participants have a choice of where to direct order flow by incentivizing LMMs to increase their liquidity provision on the Exchange.

LMM Rebate to Add Liquidity

Today, as set forth in Options 7, Section 2(1), LMMs are provided the \$0.10 per contract BX Options Market Maker Rebate to Add Liquidity in Penny Symbols in their specifically allocated options classes. This rebate is provided only when the LMM is contra to a Non-Customer,⁶ Firm,⁷ or BX Options Market Maker (including LMMs).⁸

The Exchange now proposes to increase this rebate to \$0.11 per contract for LMMs only. This rebate will apply to LMMs in their specifically allocated options classes, and will have the same qualifications as the existing BX Options Market Maker rebate in that the incentive will only be provided to LMMs that are contra to Non-Customers, Firms, BX Options Market Makers, or LMMs. To effect this change, the Exchange proposes to set forth the LMM Rebate to Add Liquidity in Penny Symbols in a separate pricing column in Options 7, Section 2(1). The Exchange will also amend the rebate qualifications in note 2 of Options 7, Section 2(1) to include LMMs. As amended, note 2 will provide that the Rebate to Add Liquidity will be paid to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead

⁶ A Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

⁷ The term "Firm" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

⁸ See Options 7, Section 2(1), note 2.

Market Maker is contra to a Non-Customer, Firm, BX Options Market Maker, or Lead Market Maker.

LMM Fee to Add Liquidity

Today, as set forth in Options 7, Section 2(1), LMMs are charged the \$0.39 per contract BX Options Market Maker Fee to Add Liquidity in Penny Symbols in their specifically allocated options classes. Pursuant to note 3 of Options 7, Section 2(1), this fee is assessed only when the LMM is contra to a Customer.⁹

The Exchange now proposes to decrease this fee to \$0.38 per contract for LMMs only. This fee will apply to LMMs in their specifically allocated options classes, and will have the same qualifications as the existing BX Options Market Maker fee in that the fee only will be assessed to LMMs that are contra to Customers. To effect this change, the Exchange proposes to set forth the LMM Fee to Add Liquidity in Penny Symbols in a separate pricing column in Options 7, Section 2(1). The Exchange will also amend the fee qualifications in note 3 of Options 7, Section 2(1) to include LMMs. As amended, note 3 will provide that the Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

Separate LMM Pricing

The Exchange also proposes to restructure the existing pricing schedules to add separate pricing for LMMs. As noted above, while the Exchange is proposing to add

⁹ The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Options 1, Section 1(a)(48)).

separate pricing for LMMs, LMMs will continue to be assessed the same BX Options Market Makers fees and rebates in their specifically allocated options classes under this proposal except with respect to the new LMM Rebate to Add Liquidity and new LMM Fee to Add Liquidity discussed above.

To effect this change, the Exchange first proposes to amend the fees and rebates for Penny and Non-Penny Symbols in Options 7, Section 2(1) by adding a separate column for LMM pricing. In the Penny Symbol and Non-Penny Symbol Tier Schedules within Options 7, Section 2(1), the Exchange also proposes to add LMMs next to each instance of BX Options Market Maker. The Exchange will make similar changes to note 4 of Options 7, Section 2(1) to add “or a Lead Market Maker” after each instance of BX Options Market Maker. As amended, the pricing schedules and accompanying notes for Penny and Non-Penny Symbols will be as follows:

Fees and Rebates (per executed contract)

	Customer	Lead Market Maker	BX Options Market Maker	Non-Customer¹	Firm
Penny Symbols:					
Rebate to Add Liquidity	#	\$0.11 ²	\$0.10 ²	N/A	N/A
Fee to Add Liquidity	#	\$0.38 ³	\$0.39 ³	\$0.45	\$0.45
Rebate to Remove Liquidity	#	N/A	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	#	#	\$0.46	\$0.46
Non-Penny Symbols:					
Rebate to Add Liquidity	*	N/A	N/A	N/A	N/A

Fee to Add Liquidity	*	\$0.50/\$0.95 ⁴	\$0.50/\$0.95 ⁴	\$0.98	\$0.98
Rebate to Remove Liquidity	*	N/A	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	*	*	\$0.89	\$0.89

¹ A Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

² The Rebate to Add Liquidity will be paid to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Non-Customer, Firm, BX Options Market Maker, or Lead Market Maker.

³ The Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

⁴ The higher Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

Penny Symbols Tier Schedule

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
When:	Customer	Customer	Customer	Lead Market Maker or BX Options Market Maker	Lead Market Maker or BX Options Market Maker
Trading with:	Non-Customer, Lead Market Maker, BX Options Market Maker, or	Customer	Non-Customer, Lead Market Maker, BX Options Market Maker,	Customer	Non-Customer, Lead Market Maker, BX Options Market Maker, or

	Firm		Customer, or Firm		Firm
Tier 1 Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.39	\$0.00	\$0.39	\$0.46
Tier 2 Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.39	\$0.25	\$0.39	\$0.46
Tier 3 Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month	\$0.20	\$0.39	\$0.35	\$0.30	\$0.46

* Non-Penny Symbols Tier Schedule

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
When:	Customer	Customer	Customer	Options Market Maker	Options Market Maker
Trading with:	Non-Customer, Lead Market	Customer	Non-Customer, Lead Market	Customer	Non-Customer, Lead Market

		Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
	When:	Customer	Customer	Customer	Lead Market Maker or BX Options Market Maker	Lead Market Maker or BX Options Market Maker
		Maker, BX Options Market Maker, or Firm		Maker, BX Options Market Maker, Customer, or Firm		Maker, BX Options Market Maker, or Firm
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.85	\$0.80	\$0.89	\$0.89
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.85	\$0.80	\$0.89	\$0.89
Tier 3	Participant executes 0.15% or more of total	\$0.20	\$0.85	\$0.80	\$0.60	\$0.89

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
When:	Customer	Customer	Customer	Options Market Maker	Lead Market Maker or BX Options Market Maker
	industry customer equity and ETF option ADV contracts per month				

As shown above, the only fee changes relate to the proposed LMM Rebate to Add Liquidity in Penny Symbols and the proposed LMM Fee to Add Liquidity in Penny Symbols. Otherwise, LMMs will continue to be charged at the same rate for Penny and Non-Penny Symbols under this proposal (i.e., the same as BX Options Market Makers).

The Exchange also proposes to make similar changes in Options 7, Section 2(4) and Section 2(5) to add separate pricing for LMMs. In Section 2(4), which sets forth pricing for orders executed in the Exchange’s exposure mechanism,¹⁰ the Exchange proposes to add a separate pricing column for LMMs that will set forth the same fees and rebates that LMMs are assessed today (i.e., the same as BX Options Market Makers). As amended, the pricing schedule for exposure orders in Section 2(4) will be as follows:

Fees and Rebates (per executed contract)

¹⁰ See Options 5, Section 4.

	Customer	Lead Market Maker	BX Options Market Maker	Non-Customer
Penny Symbols:				
Rebate for Order triggering order exposure alert:	\$0.34	\$0.00	\$0.00	\$0.00
Fee for Order responding to order exposure alert:	\$0.39	\$0.39	\$0.39	\$0.45
Non-Penny Symbols:				
Rebate for Order triggering order exposure alert:	\$0.70	\$0.00	\$0.00	\$0.00
Fee for Order responding to order exposure alert:	\$0.85	\$0.85	\$0.85	\$0.89

In Section 2(5), which sets forth pricing for orders executed in the Exchange’s Price Improvement Mechanism (“PRISM”),¹¹ the Exchange proposes to add a separate pricing row for LMMs that will set forth the same fees and rebates that LMMs are assessed today (i.e., the same as BX Options Market Makers). As amended, the pricing schedule for PRISM orders in Section 2(5) will be as follows:

Fees and rebates (per contact)

Type of Market Participants	Agency Order	Submitted PRISM Order fee		Responded to PRISM Auction fee		PRISM Order Traded With PRISM Response rebate	
		Contra-Side Order	Penny Classes	Non-Penny Classes	Penny Classes	Non-Penny Classes	
Customer	\$0.00	\$0.00	\$0.49	\$0.94	\$0.35	\$0.70	

¹¹ See Options 3, Section 13.

Lead Market Maker	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00
BX Options Market Maker	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00
Non-Customer	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00

Opening Cross

The Exchange proposes to amend its Opening Cross pricing provisions in Options 7, Section 2(2) to correct an inadvertent omission. Specifically, the Exchange submitted a rule filing effective on July 3, 2012 to adopt fees and rebates for BX Options, which, among other things, adopted the pricing for market participants during the Opening Cross (“2012 Filing”).¹² As discussed in the 2012 Filing, BX’s Opening Cross pricing was intended to be similar to the Opening Cross pricing on its affiliate, The Nasdaq Options Market (“NOM”), in that BX would similarly assess a Fee to Remove Liquidity on all market participants, other than a Customer, during the Opening Cross. Indeed, NOM’s Pricing Schedule specifically states that “Broker-Dealers, Professionals, Firms, Non-NOM Market Makers and *NOM Market Makers* will be assessed the Fee for Removing Liquidity during the Exchange’s Opening Cross.”¹³ Accordingly, the 2012 Filing should have likewise reflected that BX Options Market Makers would be assessed the Fee to Remove Liquidity during the Exchange’s Opening Cross. However, the 2012 Filing inadvertently omitted these market participants in the Exhibit 5 rule text. As a result of this drafting error, the current rule in Options 7, Section 2(2) incorrectly indicates that

¹² See Securities Exchange Act Release No. 67339 (July 3, 2012), 77 FR 40688 (July 10, 2012) (SR-BX-2012-043).

¹³ See NOM Options 7, Section 2(2) (emphasis added).

only Professionals, Firms, Broker-Dealers and Non-BX Options Market Makers will be assessed the Fee to Remove Liquidity during the Opening Cross. Therefore, the Exchange proposes to add that BX Options Market Makers will be assessed the Fee to Remove Liquidity during the Exchange's Opening Cross. The Exchange notes that this change is corrective in nature and does not change any rates that are currently applied to BX Options Market Makers during the Opening Cross.

The Exchange also proposes a non-substantive change in this section to replace Professionals, Broker-Dealers, and Non-BX Options Market Makers with the term "Non-Customers," which encompasses those market participant types. Finally, in light of the proposed changes to separately provide for LMM pricing throughout Options 7, Section 2 by adding LMMs next to each instance of BX Options Market Makers, the Exchange proposes to add LMMs to the Opening Cross pricing provisions in Section 2(2). As discussed above, LMMs are currently charged the same rates as BX Options Market Makers, including during the Opening Cross (i.e., the Fee to Remove Liquidity), and the Exchange is not proposing to amend the current rates applied to LMMs during the Opening Cross. With the proposed changes, the last sentence of Options 7, Section 2(2) will now provide: "Lead Market Makers, BX Options Market Makers, Non-Customers, and Firms will be assessed the Fee to Remove Liquidity during the Exchange's Opening Cross."

Technical Changes

The Exchange proposes a number of technical, non-substantive changes in Options 7. The Exchange first proposes to add "Section 1 General Provisions" at the beginning of the Pricing Schedule. The Exchange will also remove "Section 1" before the title "Collection of Exchange Fees and Other Claims-BX Options" and incorporate

those provisions within the new Section 1, which will include other provisions such as the Pricing Schedule definitions. This change will assist Participants when citing to these defined terms, which currently has no section reference.

The Exchange also proposes to update obsolete rule citations within proposed Section 1 to reflect the current rules.¹⁴ The Exchange previously relocated the Rulebook and certain cross-cites were not updated.¹⁵

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁶ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposed changes to its schedule of credits are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been

¹⁴ In particular, the Exchange will update obsolete cross-cites in the definitions of "Customer," "BX Options Market Maker," "Lead Market Maker," "Professional," and "Joint Back Office." Similarly, the Exchange will also update the obsolete cross-cite in current Section 1 (Collection of Exchange Fees and Other Claims-BX Options).

¹⁵ See Securities Exchange Act Release No. 84326 (October 1, 2018), 83 FR 50414 (October 5, 2018) (SR-BX-2018-046).

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(4) and (5).

recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: “[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’....”¹⁸

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.”¹⁹

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Competing options exchanges offer

¹⁸ NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

¹⁹ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

similar pricing structures to that of the Exchange, including schedules of rebates and fees that differentiate between LMMs and other market participants.²⁰

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

LMM Rebate to Add Liquidity

The Exchange believes that the proposed LMM Rebate to Add Liquidity in Penny Symbols is reasonable, equitable, and not unfairly discriminatory. The proposal will offer a higher \$0.11 per contract rebate to qualifying LMMs in their specifically allocated options classes along the same lines as the existing \$0.10 per contract BX Options Market Maker Rebate to Add Liquidity in Penny Symbols (i.e., only if the order is contra to Non-Customers, Firms, BX Options Market Makers, or LMMs). The Exchange believes that the proposed rebate will incentivize LMMs to increase their liquidity provision on the Exchange, which will ultimately benefit all market participants through the quality of order interaction.

The Exchange further believes that the proposed differentiation between LMMs and other market participants through the higher \$0.11 per contract Rebate to Add Liquidity recognizes the differing contributions made to the liquidity and trading environment on the Exchange by LMMs through their quoting obligations and their commitment of capital, unlike other market participants. In addition, LMMs are subject

²⁰ See, e.g., NYSE Arca Options Fees and Charges, Trade-Related Charges for Standard Options.

to heightened quoting obligations compared to BX Options Market Makers.²¹

Accordingly, the Exchange believes that offering a higher rebate to LMMs is equitable and not unfairly discriminatory.

LMM Fee to Add Liquidity

The Exchange believes that the proposed LMM Fee to Add Liquidity in Penny Symbols is reasonable, equitable and not unfairly discriminatory. The proposal will assess a lower \$0.38 per contract fee to LMMs in their specifically allocated options classes along the same lines as the existing \$0.39 per contract BX Options Market Maker Fee to Add Liquidity in Penny Symbols (i.e., only if the order is contra to Customers). The Exchange believes that the proposed fee remains competitive and will continue to attract order flow to BX to the benefit of all market participants. As described above, the proposed fee is lower than the current fee assessed to LMMs when trading against a Customer. The Exchange believes that the lower fee will incentivize LMMs to increase their liquidity provision on the Exchange, which will ultimately benefit all market participants through the quality of order interaction.

The Exchange further believes that the proposed differentiation between LMMs and other market participants through the lower \$0.38 per contract Fee to Add Liquidity recognizes the differing contributions made to the liquidity and trading environment on the Exchange by LMMs through their quoting obligations and their commitment of capital, unlike other market participants. In addition, LMMs are subject to heightened

²¹ See Options 2, Section 4(j) (setting forth the 90% or higher quoting requirements for LMMs) and Section 5(d) (setting forth the 60% or higher quoting obligations for BX Options Market Makers).

quoting obligations compared to BX Options Market Makers.²² Accordingly, the Exchange believes that offering a lower fee to LMMs is equitable and not unfairly discriminatory.

Separate LMM Pricing

The Exchange believes that its proposal to restructure the pricing schedules in Options 7, Section 2 to add separate pricing for LMMs is reasonable, equitable, and not unfairly discriminatory. While the Exchange is proposing to add separate pricing for LMMs, LMMs will continue to be assessed the same BX Options Market Makers fees and rebates in their specifically allocated options classes under this proposal except with respect to the higher LMM Rebate to Add Liquidity in Penny Symbols and lower LMM Fee to Add Liquidity in Penny Symbols, as discussed above. The Exchange believes that separately providing for LMMs throughout the pricing schedules in Options 7, Section 2 will provide greater clarity and transparency as to what fees and rebates are assessed to this type of market participant.

Opening Cross

The Exchange believes that the proposed changes to the Opening Cross pricing provisions in Options 7, Section 2(2) is reasonable, equitable, and not unfairly discriminatory as it does not change the pricing currently assessed by the Exchange during the Opening Cross, but rather corrects an inadvertent omission by the 2012 Filing to include BX Options Market Makers within Options 7, Section 2(2). As discussed above, the Exchange intended to follow the Opening Cross pricing on NOM such that BX would similarly assess a Fee to Remove Liquidity on all market participants, other

²² Id.

than a Customer, during the Opening Cross. The Exchange believes that the proposed correction to add BX Options Market Makers will help ensure that the Pricing Schedule more accurately represents the rates assessed currently during the Opening Cross and in the manner as originally intended by the 2012 Filing, thereby avoiding any potential confusion among market participants. The Exchange again notes that this proposed change is merely corrective in nature and does not change any rates that are currently applied during the Opening Cross.

The proposed changes to add LMMs to the Opening Cross pricing provisions likewise do not change any rates that are currently applied to market participants during the Opening Cross. LMMs will continue to be assessed the same rates as BX Options Market Makers, including during the Opening Cross (i.e., the Fee to Remove Liquidity). Lastly, the proposed change to replace Professionals, Broker-Dealers, and Non-BX Options Market Makers with the term “Non-Customers,” which encompasses those market participant types, is non-substantive in nature. Accordingly, the Exchange believes that foregoing modifications are reasonable, equitable, and not unfairly discriminatory.

Technical Changes

The Exchange believes that the proposed technical changes described above are reasonable, equitable, and not unfairly discriminatory as they are all non-substantive changes intended to promote greater clarity and transparency to the Exchange’s Pricing Schedule.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the

Act. In terms of intra-market competition, the proposed pricing changes are designed to attract additional order flow to the Exchange. The Exchange believes that the proposed higher LMM Rebate to Add Liquidity and lower LMM Fee to Add Liquidity will continue to incentivize LMMs to direct their order flow to the Exchange. Greater liquidity benefits all market participants on the Exchange by providing more trading opportunities and encourages LMMs to send orders to the Exchange, thereby contributing to robust levels of liquidity to the benefit of all market participants.

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 rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other options exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange does not believe that its proposed fee change will impose any burden on intermarket competition. Furthermore, as noted above, competing options exchanges offer similar pricing structures to that of the Exchange, including schedules of rebates and fees that differentiate between LMMs and other market participants.²³

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.

²³ See supra note 20.

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,²⁴ the Exchange 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.

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.

²⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2021-001)

January __, 2021

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the BX Options Pricing Schedule

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 January 4, 2021, 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 amend the BX Options Pricing Schedule at Options 7.

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

<https://listingcenter.nasdaq.com/rulebook/bx/rules>, 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 received on the proposed rule change. The text of these statements may be examined at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Today, Lead Market Makers ("LMMs")³ are assessed the same fees and rebates in Options 7, Section 2 as BX Options Market Makers.⁴ The purpose of the proposed rule change is to amend Options 7, Section 2 to (i) increase the LMM Rebate to Add Liquidity, (ii) decrease the LMM Fee to Add Liquidity, and (iii) restructure the existing pricing schedules to add separate pricing for LMMs, which will apply in each case to LMMs in their specifically appointed options classes. As described in detail below, while the Exchange is proposing to add separate pricing for LMMs in the existing schedules, LMMs will continue to be assessed the same BX Options Market Makers fees and rebates in their specifically allocated options classes under this proposal except with respect to the proposed LMM Rebate to Add Liquidity and proposed LMM Fee to Add Liquidity. The Exchange also proposes to amend its Opening Cross⁵ pricing provisions in Options 7, Section 2(2) to correct an inadvertent omission. Lastly, the Exchange

³ The term "Lead Market Maker" or ("LMM") applies to a registered BX Options Market Maker that is approved pursuant to Options 2, Section 3 to be the LMM in an options class (options classes).

⁴ The term "BX Options Market Maker" or ("M") is a Participant that has registered as a Market Maker on BX Options pursuant to Options 2, Section 1, and must also remain in good standing pursuant to Options 2, Section 9. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security.

⁵ See Options 3, Section 8.

proposes various technical, non-substantive changes throughout Options 7, including to update cross-cites to obsolete rules.

The proposed changes respond in part to the current competitive environment where market participants have a choice of where to direct order flow by incentivizing LMMs to increase their liquidity provision on the Exchange.

LMM Rebate to Add Liquidity

Today, as set forth in Options 7, Section 2(1), LMMs are provided the \$0.10 per contract BX Options Market Maker Rebate to Add Liquidity in Penny Symbols in their specifically allocated options classes. This rebate is provided only when the LMM is contra to a Non-Customer,⁶ Firm,⁷ or BX Options Market Maker (including LMMs).⁸

The Exchange now proposes to increase this rebate to \$0.11 per contract for LMMs only. This rebate will apply to LMMs in their specifically allocated options classes, and will have the same qualifications as the existing BX Options Market Maker rebate in that the incentive will only be provided to LMMs that are contra to Non-Customers, Firms, BX Options Market Makers, or LMMs. To effect this change, the Exchange proposes to set forth the LMM Rebate to Add Liquidity in Penny Symbols in a separate pricing column in Options 7, Section 2(1). The Exchange will also amend the rebate qualifications in note 2 of Options 7, Section 2(1) to include LMMs. As amended, note 2 will provide that the Rebate to Add Liquidity will be paid to a BX Options Market

⁶ A Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

⁷ The term "Firm" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

⁸ See Options 7, Section 2(1), note 2.

Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Non-Customer, Firm, BX Options Market Maker, or Lead Market Maker.

LMM Fee to Add Liquidity

Today, as set forth in Options 7, Section 2(1), LMMs are charged the \$0.39 per contract BX Options Market Maker Fee to Add Liquidity in Penny Symbols in their specifically allocated options classes. Pursuant to note 3 of Options 7, Section 2(1), this fee is assessed only when the LMM is contra to a Customer.⁹

The Exchange now proposes to decrease this fee to \$0.38 per contract for LMMs only. This fee will apply to LMMs in their specifically allocated options classes, and will have the same qualifications as the existing BX Options Market Maker fee in that the fee only will be assessed to LMMs that are contra to Customers. To effect this change, the Exchange proposes to set forth the LMM Fee to Add Liquidity in Penny Symbols in a separate pricing column in Options 7, Section 2(1). The Exchange will also amend the fee qualifications in note 3 of Options 7, Section 2(1) to include LMMs. As amended, note 3 will provide that the Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

Separate LMM Pricing

⁹ The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Options 1, Section 1(a)(48)).

The Exchange also proposes to restructure the existing pricing schedules to add separate pricing for LMMs. As noted above, while the Exchange is proposing to add separate pricing for LMMs, LMMs will continue to be assessed the same BX Options Market Makers fees and rebates in their specifically allocated options classes under this proposal except with respect to the new LMM Rebate to Add Liquidity and new LMM Fee to Add Liquidity discussed above.

To effect this change, the Exchange first proposes to amend the fees and rebates for Penny and Non-Penny Symbols in Options 7, Section 2(1) by adding a separate column for LMM pricing. In the Penny Symbol and Non-Penny Symbol Tier Schedules within Options 7, Section 2(1), the Exchange also proposes to add LMMs next to each instance of BX Options Market Maker. The Exchange will make similar changes to note 4 of Options 7, Section 2(1) to add “or a Lead Market Maker” after each instance of BX Options Market Maker. As amended, the pricing schedules and accompanying notes for Penny and Non-Penny Symbols will be as follows:

Fees and Rebates (per executed contract)

	Customer	Lead Market Maker	BX Options Market Maker	Non-Customer ¹	Firm
Penny Symbols:					
Rebate to Add Liquidity	#	\$0.11 ²	\$0.10 ²	N/A	N/A
Fee to Add Liquidity	#	\$0.38 ³	\$0.39 ³	\$0.45	\$0.45
Rebate to Remove Liquidity	#	N/A	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	#	#	\$0.46	\$0.46
Non-Penny					

Symbols:

Rebate to Add * Liquidity		N/A	N/A	N/A	N/A
Fee to Add * Liquidity		\$0.50/\$0.95 ⁴	\$0.50/\$0.95 ⁴	\$0.98	\$0.98
Rebate to Remove Liquidity	*	N/A	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	*	*	\$0.89	\$0.89

¹ A Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

² The Rebate to Add Liquidity will be paid to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Non-Customer, Firm, BX Options Market Maker, or Lead Market Maker.

³ The Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

⁴ The higher Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

Penny Symbols Tier Schedule

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
When:	Customer	Customer	Customer	Lead Market Maker or BX Options Market Maker	Lead Market Maker or BX Options Market Maker
Trading with:	Non-Customer, Lead Market	Customer	Non-Customer, Lead Market	Customer	Non-Customer, Lead Market

		Maker, BX Options Market Maker, or Firm		Maker, BX Options Market Maker, Customer, or Firm		Maker, BX Options Market Maker, or Firm
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.39	\$0.00	\$0.39	\$0.46
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.39	\$0.25	\$0.39	\$0.46
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month	\$0.20	\$0.39	\$0.35	\$0.30	\$0.46

* Non-Penny Symbols Tier Schedule

Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
--	---------------------------------	---	--	--

	When:	Customer	Customer	Customer	Lead Market Maker or BX Options Market Maker	Lead Market Maker or BX Options Market Maker
	Trading with:	Non- Customer, Le ad Market Maker, BX Options Mar ket Maker, or Firm	Customer	Non- Customer, Le ad Market Maker, BX Options Market Maker, Customer, or Firm	Customer	Non- Customer, Lead Market Maker, BX Options Market Maker, or Firm
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month. Participant executes 0.05% to less than 0.15% of total	\$0.00	\$0.85	\$0.80	\$0.89	\$0.89
Tier 2	industry customer equity and ETF option ADV contracts per month. Participant executes	\$0.10	\$0.85	\$0.80	\$0.89	\$0.89
Tier 3	0.15% or more of total	\$0.20	\$0.85	\$0.80	\$0.60	\$0.89

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
When:	Customer	Customer	Customer	Options Market Maker	Lead Market Maker or BX Options Market Maker
	industry customer equity and ETF option ADV contracts per month				

As shown above, the only fee changes relate to the proposed LMM Rebate to Add Liquidity in Penny Symbols and the proposed LMM Fee to Add Liquidity in Penny Symbols. Otherwise, LMMs will continue to be charged at the same rate for Penny and Non-Penny Symbols under this proposal (i.e., the same as BX Options Market Makers).

The Exchange also proposes to make similar changes in Options 7, Section 2(4) and Section 2(5) to add separate pricing for LMMs. In Section 2(4), which sets forth pricing for orders executed in the Exchange’s exposure mechanism,¹⁰ the Exchange proposes to add a separate pricing column for LMMs that will set forth the same fees and rebates that LMMs are assessed today (i.e., the same as BX Options Market Makers). As amended, the pricing schedule for exposure orders in Section 2(4) will be as follows:

Fees and Rebates (per executed contract)

Customer	Lead Market Maker	BX Options Market Maker	Non-Customer
-----------------	--------------------------	--------------------------------	---------------------

¹⁰ See Options 5, Section 4.

Penny Symbols:

Rebate for Order triggering order exposure alert:	\$0.34	\$0.00	\$0.00	\$0.00
--	--------	--------	--------	--------

Fee for Order responding to order exposure alert:	\$0.39	\$0.39	\$0.39	\$0.45
--	--------	--------	--------	--------

Non-Penny Symbols:

Rebate for Order triggering order exposure alert:	\$0.70	\$0.00	\$0.00	\$0.00
--	--------	--------	--------	--------

Fee for Order responding to order exposure alert:	\$0.85	\$0.85	\$0.85	\$0.89
--	--------	--------	--------	--------

In Section 2(5), which sets forth pricing for orders executed in the Exchange's Price Improvement Mechanism ("PRISM"),¹¹ the Exchange proposes to add a separate pricing row for LMMs that will set forth the same fees and rebates that LMMs are assessed today (i.e., the same as BX Options Market Makers). As amended, the pricing schedule for PRISM orders in Section 2(5) will be as follows:

Fees and rebates (per contact)

Type of Market Participants	Agency Order	Submitted PRISM Order	Responded to PRISM Auction		PRISM Order Traded With PRISM Response	
		fee	Penny Classes	Non-Penny Classes	rebate	Penny Classes
Customer	\$0.00	\$0.00	\$0.49	\$0.94	\$0.35	\$0.70
Lead Market Maker	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00
BX Options Market Maker	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00

¹¹ See Options 3, Section 13.

Non-Customer	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00
--------------	--------	--------	--------	--------	--------	--------

Opening Cross

The Exchange proposes to amend its Opening Cross pricing provisions in Options 7, Section 2(2) to correct an inadvertent omission. Specifically, the Exchange submitted a rule filing effective on July 3, 2012 to adopt fees and rebates for BX Options, which, among other things, adopted the pricing for market participants during the Opening Cross (“2012 Filing”).¹² As discussed in the 2012 Filing, BX’s Opening Cross pricing was intended to be similar to the Opening Cross pricing on its affiliate, The Nasdaq Options Market (“NOM”), in that BX would similarly assess a Fee to Remove Liquidity on all market participants, other than a Customer, during the Opening Cross. Indeed, NOM’s Pricing Schedule specifically states that “Broker-Dealers, Professionals, Firms, Non-NOM Market Makers and *NOM Market Makers* will be assessed the Fee for Removing Liquidity during the Exchange’s Opening Cross.”¹³ Accordingly, the 2012 Filing should have likewise reflected that BX Options Market Makers would be assessed the Fee to Remove Liquidity during the Exchange’s Opening Cross. However, the 2012 Filing inadvertently omitted these market participants in the Exhibit 5 rule text. As a result of this drafting error, the current rule in Options 7, Section 2(2) incorrectly indicates that only Professionals, Firms, Broker-Dealers and Non-BX Options Market Makers will be assessed the Fee to Remove Liquidity during the Opening Cross. Therefore, the Exchange proposes to add that BX Options Market Makers will be assessed the Fee to

¹² See Securities Exchange Act Release No. 67339 (July 3, 2012), 77 FR 40688 (July 10, 2012) (SR-BX-2012-043).

¹³ See NOM Options 7, Section 2(2) (emphasis added).

Remove Liquidity during the Exchange's Opening Cross. The Exchange notes that this change is corrective in nature and does not change any rates that are currently applied to BX Options Market Makers during the Opening Cross.

The Exchange also proposes a non-substantive change in this section to replace Professionals, Broker-Dealers, and Non-BX Options Market Makers with the term "Non-Customers," which encompasses those market participant types. Finally, in light of the proposed changes to separately provide for LMM pricing throughout Options 7, Section 2 by adding LMMs next to each instance of BX Options Market Makers, the Exchange proposes to add LMMs to the Opening Cross pricing provisions in Section 2(2). As discussed above, LMMs are currently charged the same rates as BX Options Market Makers, including during the Opening Cross (i.e., the Fee to Remove Liquidity), and the Exchange is not proposing to amend the current rates applied to LMMs during the Opening Cross. With the proposed changes, the last sentence of Options 7, Section 2(2) will now provide: "Lead Market Makers, BX Options Market Makers, Non-Customers, and Firms will be assessed the Fee to Remove Liquidity during the Exchange's Opening Cross."

Technical Changes

The Exchange proposes a number of technical, non-substantive changes in Options 7. The Exchange first proposes to add "Section 1 General Provisions" at the beginning of the Pricing Schedule. The Exchange will also remove "Section 1" before the title "Collection of Exchange Fees and Other Claims-BX Options" and incorporate those provisions within the new Section 1, which will include other provisions such as the Pricing Schedule definitions. This change will assist Participants when citing to these defined terms, which currently has no section reference.

The Exchange also proposes to update obsolete rule citations within proposed Section 1 to reflect the current rules.¹⁴ The Exchange previously relocated the Rulebook and certain cross-cites were not updated.¹⁵

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁶ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposed changes to its schedule of credits are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: “[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

¹⁴ In particular, the Exchange will update obsolete cross-cites in the definitions of “Customer,” “BX Options Market Maker,” “Lead Market Maker,” “Professional,” and “Joint Back Office.” Similarly, the Exchange will also update the obsolete cross-cite in current Section 1 (Collection of Exchange Fees and Other Claims-BX Options).

¹⁵ See Securities Exchange Act Release No. 84326 (October 1, 2018), 83 FR 50414 (October 5, 2018) (SR-BX-2018-046).

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(4) and (5).

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’”¹⁸

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.”¹⁹

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Competing options exchanges offer similar pricing structures to that of the Exchange, including schedules of rebates and fees that differentiate between LMMs and other market participants.²⁰

Within this environment, market participants can freely and often do shift their

¹⁸ NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

¹⁹ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

²⁰ See, e.g., NYSE Arca Options Fees and Charges, Trade-Related Charges for Standard Options.

order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

LMM Rebate to Add Liquidity

The Exchange believes that the proposed LMM Rebate to Add Liquidity in Penny Symbols is reasonable, equitable, and not unfairly discriminatory. The proposal will offer a higher \$0.11 per contract rebate to qualifying LMMs in their specifically allocated options classes along the same lines as the existing \$0.10 per contract BX Options Market Maker Rebate to Add Liquidity in Penny Symbols (i.e., only if the order is contra to Non-Customers, Firms, BX Options Market Makers, or LMMs). The Exchange believes that the proposed rebate will incentivize LMMs to increase their liquidity provision on the Exchange, which will ultimately benefit all market participants through the quality of order interaction.

The Exchange further believes that the proposed differentiation between LMMs and other market participants through the higher \$0.11 per contract Rebate to Add Liquidity recognizes the differing contributions made to the liquidity and trading environment on the Exchange by LMMs through their quoting obligations and their commitment of capital, unlike other market participants. In addition, LMMs are subject to heightened quoting obligations compared to BX Options Market Makers.²¹ Accordingly, the Exchange believes that offering a higher rebate to LMMs is equitable and not unfairly discriminatory.

²¹ See Options 2, Section 4(j) (setting forth the 90% or higher quoting requirements for LMMs) and Section 5(d) (setting forth the 60% or higher quoting obligations for BX Options Market Makers).

LMM Fee to Add Liquidity

The Exchange believes that the proposed LMM Fee to Add Liquidity in Penny Symbols is reasonable, equitable and not unfairly discriminatory. The proposal will assess a lower \$0.38 per contract fee to LMMs in their specifically allocated options classes along the same lines as the existing \$0.39 per contract BX Options Market Maker Fee to Add Liquidity in Penny Symbols (i.e., only if the order is contra to Customers). The Exchange believes that the proposed fee remains competitive and will continue to attract order flow to BX to the benefit of all market participants. As described above, the proposed fee is lower than the current fee assessed to LMMs when trading against a Customer. The Exchange believes that the lower fee will incentivize LMMs to increase their liquidity provision on the Exchange, which will ultimately benefit all market participants through the quality of order interaction.

The Exchange further believes that the proposed differentiation between LMMs and other market participants through the lower \$0.38 per contract Fee to Add Liquidity recognizes the differing contributions made to the liquidity and trading environment on the Exchange by LMMs through their quoting obligations and their commitment of capital, unlike other market participants. In addition, LMMs are subject to heightened quoting obligations compared to BX Options Market Makers.²² Accordingly, the Exchange believes that offering a lower fee to LMMs is equitable and not unfairly discriminatory.

Separate LMM Pricing

The Exchange believes that its proposal to restructure the pricing schedules in

²²

Id.

Options 7, Section 2 to add separate pricing for LMMs is reasonable, equitable, and not unfairly discriminatory. While the Exchange is proposing to add separate pricing for LMMs, LMMs will continue to be assessed the same BX Options Market Makers fees and rebates in their specifically allocated options classes under this proposal except with respect to the higher LMM Rebate to Add Liquidity in Penny Symbols and lower LMM Fee to Add Liquidity in Penny Symbols, as discussed above. The Exchange believes that separately providing for LMMs throughout the pricing schedules in Options 7, Section 2 will provide greater clarity and transparency as to what fees and rebates are assessed to this type of market participant.

Opening Cross

The Exchange believes that the proposed changes to the Opening Cross pricing provisions in Options 7, Section 2(2) is reasonable, equitable, and not unfairly discriminatory as it does not change the pricing currently assessed by the Exchange during the Opening Cross, but rather corrects an inadvertent omission by the 2012 Filing to include BX Options Market Makers within Options 7, Section 2(2). As discussed above, the Exchange intended to follow the Opening Cross pricing on NOM such that BX would similarly assess a Fee to Remove Liquidity on all market participants, other than a Customer, during the Opening Cross. The Exchange believes that the proposed correction to add BX Options Market Makers will help ensure that the Pricing Schedule more accurately represents the rates assessed currently during the Opening Cross and in the manner as originally intended by the 2012 Filing, thereby avoiding any potential confusion among market participants. The Exchange again notes that this proposed change is merely corrective in nature and does not change any rates that are currently applied during the Opening Cross.

The proposed changes to add LMMs to the Opening Cross pricing provisions likewise do not change any rates that are currently applied to market participants during the Opening Cross. LMMs will continue to be assessed the same rates as BX Options Market Makers, including during the Opening Cross (i.e., the Fee to Remove Liquidity). Lastly, the proposed change to replace Professionals, Broker-Dealers, and Non-BX Options Market Makers with the term “Non-Customers,” which encompasses those market participant types, is non-substantive in nature. Accordingly, the Exchange believes that foregoing modifications are reasonable, equitable, and not unfairly discriminatory.

Technical Changes

The Exchange believes that the proposed technical changes described above are reasonable, equitable, and not unfairly discriminatory as they are all non-substantive changes intended to promote greater clarity and transparency to the Exchange’s Pricing Schedule.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of intra-market competition, the proposed pricing changes are designed to attract additional order flow to the Exchange. The Exchange believes that the proposed higher LMM Rebate to Add Liquidity and lower LMM Fee to Add Liquidity will continue to incentivize LMMs to direct their order flow to the Exchange. Greater liquidity benefits all market participants on the Exchange by providing more trading opportunities and encourages LMMs to send orders to the Exchange, thereby contributing to robust levels of liquidity to the benefit of all market participants.

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 rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other options exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange does not believe that its proposed fee change will impose any burden on intermarket competition. Furthermore, as noted above, competing options exchanges offer similar pricing structures to that of the Exchange, including schedules of rebates and fees that differentiate between LMMs and other market participants.²³

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 rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.²⁴

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

²³ See supra note 20.

²⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2021-001 on the subject line.

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-2021-001. 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-2021-001 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.²⁵

J. Matthew DeLesDernier
Assistant Secretary

²⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Nasdaq BX, Inc. Rules

* * * * *

Options 7 Pricing Schedule**Section 1 General Provisions**

BX Options Participants may be subject to the Charges for Membership, Services and Equipment in the Equity 7 Rules, General 8, Sections 1–2, as well as the fees in this Options 7. For purposes of assessing fees and paying rebates, the following references should serve as guidance.

The term "**Customer**" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in [Chapter I]Options 1, Section 1(a)(48)).

The term "**BX Options Market Maker**" or ("M") is a Participant that has registered as a Market Maker on BX Options pursuant to [Chapter VII, Section 2]Options 2, Section 1, and must also remain in good standing pursuant to [Chapter VII, Section 4]Options 2, Section 9. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security.

The term "**Lead Market Maker**" or ("LMM") applies to a registered BX Options Market Maker that is approved pursuant to [Chapter VII, Section 13]Options 2, Section 3 to be the LMM in an options class (options classes).

The term "**Non-BX Options Market Maker**" or ("O") is a registered market maker on another options exchange that is not a BX Options Market Maker. A Non-BX Options Market Maker must append the proper Non-BX Options Market Maker designation to orders routed to BX Options.

The term "**Firm**" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

The term "**Professional**" or ("P") means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to [Chapter I]Options 1, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

The term "**Broker-Dealer**" or ("B") applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

The term "**Common Ownership**" shall mean Participants under 75% common ownership or control. Common Ownership shall apply to all pricing in Options 7, Section 2 for which a volume threshold or volume percentage is required to obtain the pricing.

(a) For purposes of applying any options transaction fee or rebate where the fee assessed, or rebate provided by BX depends upon the volume of an Options Participant's activity, an Options Participant may request that BX aggregate its activity with the activity of its affiliates.

(1) An Options Participant requesting aggregation of affiliate activity shall be required to certify to BX the affiliate status of entities whose activity it seeks to aggregate prior to receiving approval for aggregation, and shall be required to inform BX immediately of any event that causes an entity to cease to be an affiliate. BX shall review available information regarding the entities, and reserves the right to request additional information to verify the affiliate status of an entity. BX shall approve a request unless it determines that the certification is not accurate.

(2) If two or more Options Participants become affiliated on or prior to the sixteenth day of a month, and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by BX shall be deemed to be effective as of the first day of that month. If two or more Options Participants become affiliated after the sixteenth day of a month, or submit a request for aggregation after the twenty-second day of the month, an approval of the request by BX shall be deemed to be effective as of the first day of the next calendar month.

(b) For purposes of applying any options transaction fee or rebate where the fee assessed, or rebate provided, by BX depends upon the volume of an Options Participant's activity, references to an entity (including references to a "Options Participant") shall be deemed to include the entity and its affiliates that have been approved for aggregation.

(c) For purposes of options pricing, the term "affiliate" of an Options Participant shall mean any Options Participant under 75% common ownership or control of that Options Participant.

The term "**Appointed MM**" is a BX Options Market Maker who has been appointed by an Order Flow Provider ("OFP") for purposes of qualifying as an Affiliated Entity. An OFP is a Participant that submits orders, as agent or principal, to the Exchange.

The term "**Appointed OFP**" is an OFP who has been appointed by a BX Options Market Maker for purposes of qualifying as an Affiliated Entity.

The term "**Affiliated Entity**" is a relationship between an Appointed MM and an Appointed OFP for purposes of aggregating eligible volume for pricing in Options 7, Section 2(1) for which a volume threshold or volume percentage is required to qualify for higher rebates or lower fees. BX Options Market Makers and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing in Options 7, Section 2(1). Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will terminate after a one (1) year period, unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Affiliated Entity relationships must be renewed annually. Participants under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each Participant may qualify for only one (1) Affiliated Entity relationship at any given time.

The term "**Joint Back Office**" or "**JBO**" applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer as of September 1, 2014. A JBO participant is a Participant that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed in [Chapter XIII, Section 5]Options 6D, Section 4.

With respect to Options 7, Sections 2(1) and (2) the order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.

[Section 1]Collection of Exchange Fees and Other Claims-BX Options

Each BX Options Participant, and all applicants for registration, shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to [Rule 1002(c)(1)]General 2, Section 2. If a member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

Section 2 BX Options Market-Fees and Rebates

The following charges shall apply to the use of the order execution and routing services of the BX Options market for all securities.

(1) Fees for Execution of Contracts on the BX Options Market:

Fees and Rebates (per executed contract)

	Customer	<u>Lead Market Maker</u>	BX Options Market Maker	Non-Customer ¹	Firm
Penny Symbols:					
Rebate to Add Liquidity	#	<u>\$0.11</u> ²	\$0.10 ²	N/A	N/A
Fee to Add Liquidity	#	<u>\$0.38</u> ³	\$0.39 ³	\$0.45	\$0.45
Rebate to Remove Liquidity	#	<u>N/A</u>	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	#	#	\$0.46	\$0.46
Non-Penny Symbols:					
Rebate to Add Liquidity	*	<u>N/A</u>	N/A	N/A	N/A
Fee to Add Liquidity	*	<u>\$0.50/\$0.95</u> ⁴	\$0.50/\$0.95 ⁴	\$0.98	\$0.98
Rebate to Remove Liquidity	*	<u>N/A</u>	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	<u>*</u>	*	\$0.89	\$0.89

¹ A Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

² The Rebate to Add Liquidity will be paid to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Non-Customer, Firm, [or] BX Options Market Maker, or Lead Market Maker.

³ The Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

⁴ The higher Fee to Add Liquidity will be assessed to a BX Options Market Maker or a Lead Market Maker only when the BX Options Market Maker or Lead Market Maker is contra to a Customer.

Penny Symbols Tier Schedule

	When:	Rebate to Add Liquidity Customer	Fee to Add Liquidity Customer	Rebate to Remove Liquidity Customer	Fee to Remove Liquidity <u>Lead Market Maker or BX Options Market Maker</u>	Fee To Remove Liquidity <u>Lead Market Maker or BX Options Market Maker</u>
	Trading with:	Non-Customer, <u>Lead Market Maker, BX Options Market Maker, or Firm</u>	Customer	Non-Customer, <u>Lead Market Maker, BX Options Market Maker, Customer, or Firm</u>	Customer	Non-Customer, <u>Lead Market Maker, BX Options Market Maker, or Firm</u>
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.39	\$0.00	\$0.39	\$0.46
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts	\$0.10	\$0.39	\$0.25	\$0.39	\$0.46

per month.					
Tier 3 Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month	\$0.20	\$0.39	\$0.35	\$0.30	\$0.46

* Non-Penny Symbols Tier Schedule

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
				<u>Lead Market Maker or BX</u>	<u>Lead Market Maker or BX</u>
When:	Customer	Customer	Customer	Options Market Maker	Options Market Maker
Trading with:	Non-Customer, <u>Lead Market Maker, BX</u> Options Market Maker, or Firm	Customer	Non-Customer, <u>Lead Market Maker, BX</u> Options Market Maker, Customer, or Firm	Customer	Non-Customer, <u>Lead Market Maker, BX</u> Options Market Maker, or Firm
Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.					
Tier 1	\$0.00	\$0.85	\$0.80	\$0.89	\$0.89
Tier 2	\$0.10	\$0.85	\$0.80	\$0.89	\$0.89

		Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
	When:	Customer	Customer	Customer	Options Market Maker	Options Market Maker
					<u>Lead Market Maker or BX</u>	<u>Lead Market Maker or BX</u>
	0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month. Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month					
Tier 3		\$0.20	\$0.85	\$0.80	\$0.60	\$0.89

(2) Opening Cross

All orders executed in the Opening Cross:

Customer orders will receive the Rebate to Remove Liquidity during the Exchange's Opening Cross, unless the contra-side is also a Customer (in which case no Fee to Remove Liquidity is assessed and no Rebate to Remove Liquidity is received). [Professionals]Lead Market Makers, BX Options Market Makers, Non-Customers, and Firms [Broker-Dealers and Non-BX Options Market Makers] will be assessed the Fee to Remove Liquidity during the Exchange's Opening Cross.

(3) Fees for routing contracts to markets other than the BX Options Market shall be assessed as follows:

- Non-Customer**
- \$0.99 per contract to any options exchange.
- Customer**
- Routing Fees to NOM and PHLX: \$0.13 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed.
 - Routing Fees to all other options exchanges: \$0.23 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee will be \$0.13.

(4) Fees for execution of contracts on the BX Options Market that generate an order exposure alert per BX Options 5, Section 4:

Fees and Rebates (per executed contract)

	Customer	<u>Lead Market Maker</u>	BX Options Market Maker	Non-Customer ¹
Penny Symbols:				
Rebate for Order triggering order exposure alert:	\$0.34	<u>\$0.00</u>	\$0.00	\$0.00
Fee for Order responding to order exposure alert:	\$0.39	<u>\$0.39</u>	\$0.39	\$0.45
Non-Penny Symbols:				
Rebate for Order triggering order exposure alert:	\$0.70	<u>\$0.00</u>	\$0.00	\$0.00
Fee for Order responding to order exposure alert:	\$0.85	<u>\$0.85</u>	\$0.85	\$0.89

(5) Fees and rebates for BX Price Improvement Auction ("PRISM")

Fees and rebates (per contact)

Submitted PRISM	Responded to PRISM Auction	PRISM Order Traded With PRISM Response
----------------------------	---------------------------------------	---

Type of Market Participants	Agency Order	Order fee		rebate		
		Contra-Side Order	Penny Classes	Non-Penny Classes	Penny Classes	Non-Penny Classes
Customer	\$0.00	\$0.00	\$0.49	\$0.94	\$0.35	\$0.70
<u>Lead Market Maker</u>	<u>\$0.30</u>	<u>\$0.05</u>	<u>\$0.49</u>	<u>\$0.94</u>	<u>\$0.00</u>	<u>\$0.00</u>
BX Options Market Maker	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00
Non-Customer	\$0.30	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00

BX will apply the rebate to market participants that submitted a PRISM Order pursuant to a PRISM Auction and the PRISM Order traded with PRISM Response. The Agency Order fee for Submitted PRISM Order will be applicable to any contract(s) for which a rebate is provided for PRISM Order Traded with PRISM Response.

* * * * *