

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 22

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

File No. * SR 2022 - * 020

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"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

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 *).

A proposal to amend Equity 4, Rule 4757

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 * Katie Last Name * Hopkins

Title * Associate General Counsel

E-mail * katie.hopkins@nasdaq.com

Telephone * (301) 232-4067 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, NASDAQ BX, Inc. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 10/21/2022

(Title *)

By John Zecca

EVP and Chief Legal Officer

(Name *)

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

 Date: 2022.10.21 13:41:31 -04'00'

Required fields are shown with yellow backgrounds and astericks.

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

SR-BX-2022-020 19b-4.doc

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

SR-BX-2022-020 Exhibit 1.doc

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 Advanced 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 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

--

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

--

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 Sent As Paper Document

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

SR-BX-2022-020 Exhibit 5.doc

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 Equity 4, Rule 4757, 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”). 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:

Katie Hopkins
Associate General Counsel
Nasdaq, Inc.
301-232-4067

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 purpose of the proposed rule change is to enhance the anti-internalization functionality available on the Exchange by giving market participants the flexibility to choose to have this protection apply to market participants under Common Ownership.³ Anti-internalization, also known as self-match prevention, is an optional feature available on the Exchange that (1) prevents two orders with the same Market Participant Identifier (MPID) from executing against each other, or (2) prevents two orders entered through a specific order entry port from executing against each other (in the case of market participants using the OUCH order entry protocol). The proposed rule change would permit market participants to direct that quotes/orders entered into the System not execute against quotes/orders entered across MPIDs that are under Common Ownership. The Exchange believes that this enhancement will provide helpful flexibility for market participants that wish to prevent trading against all quotes and orders entered by market participants under Common Ownership, instead of just quotes and orders that are entered under the same MPID or under a particular order entry port.

Currently, under Equity 4, Rule 4757, the Exchange provides optional anti-internalization functionality whereby quotes and orders entered by market participants using the same MPID are not executed against each other. In addition, under Equity 4, Rule 4757, market participants using the OUCH order entry protocol may assign to orders entered through a specific order entry port a unique group identification modifier

³ The proposed rule change would define “Common Ownership” under Equity 4, Rule 4757 to mean participants under 75% common ownership or control.

that will prevent quotes/orders with such modifier from executing against each other.⁴

Self-match prevention functionality assists participants in reducing trading costs from unwanted executions potentially resulting from the interaction of executable buy and sell trading interest from the same firm.

The Exchange currently provides three versions of self-match prevention functionality to allow participants to choose how orders are handled in the event of a self-match situation: (1) decrement, (2) cancel oldest, and (3) cancel newest. Under the first version (“decrement”), if the self-match orders have the same share size, both orders will cancel back to the customer. If the orders are not equivalent in size, the smaller order will cancel back to the originating customer and the larger order will decrement by the size of the smaller order. The remaining shares of the larger order will remain on the book. Under the second version (“cancel oldest”), the full size of the order residing on the book will cancel back to the customer if the incoming order would execute against it. The incoming order will remain intact with no changes. Under the third version (“cancel newest”), the full size of the order coming into the book will cancel back to the customer. The resting order will remain intact with no changes. Currently, firms may opt-in to any version of the self-match prevention functionality on a per MPID basis or per port basis.

Today, the anti-internalization protection prevents market participants from trading against their own quotes and orders at the MPID or port level. The proposed enhancement to this functionality would allow participants to choose to have this protection applied at the MPID or port level as implemented today, or across MPIDs under Common Ownership. If participants choose to have this protection applied across

⁴ The group identification modifier allows firms to apply self-match prevention on a more granular level (i.e., per a specific order entry port).

MPIDs under Common Ownership, the anti-internalization functionality would prohibit quotes and orders from different MPIDs associated with the same Organization ID (“OrgId”)⁵ from trading against one another. Under the proposed rule change, the anti-internalization functionality would continue to be an optional feature. If a firm chooses to take advantage of self-match prevention, the firm would need to opt-in to the self-match prevention functionality, as is the case today. If participants opt-in to the self-match prevention functionality, under the proposed rule change, participants would have the option to choose whether to apply the protection at the OrgId, MPID, or port level. In addition, participants may opt-in to any version of the self-match prevention strategy that exists today (i.e., decrement, cancel oldest, or cancel newest).⁶

The Exchange believes that the proposed anti-internalization enhancement would provide participants with more tailored self-trade functionality that allows them to manage their trading as appropriate based on the participant’s business needs. While the Exchange believes that some firms will want to restrict self-match prevention to trading against interest from the same MPID or same port – i.e., as implemented today – the Exchange believes that other firms will find it helpful to be able to configure self-match prevention to apply at the OrgId level so that they are protected regardless of which MPID the order or quote originated from.

Implementation Date

The Exchange intends to introduce this new functionality no later than the First Quarter of 2023. In any event, the Exchange will issue an Equities Trader Alert to

⁵ The OrgId is a field that indicates Common Ownership across multiple MPIDs.

⁶ If the self-match prevention strategy differs between two orders, the strategy of the order removing liquidity applies.

provide notification of the change and relevant date prior to introducing the new functionality.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ 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 Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it is designed to provide market participants with additional flexibility with respect to how to implement self-trade protections provided by anti-internalization functionality. Currently, market participants are provided optional functionality that (1) prevents quotes and orders from one MPID from trading with quotes and orders from the same MPID, or (2) prevents quotes and orders entered through a specific order entry port from trading with quotes and orders entered through the same order entry port (in the case of market participants using the OUCH order entry protocol). This functionality allows participants to better manage their order flow and prevent undesirable executions where the participant, using the same MPID or same port, would be on both sides of the trade. While this functionality is helpful, the Exchange proposes to expand the protections to provide participants with the option not to trade with quotes and orders entered by different MPIDs under Common

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

Ownership. The Exchange would continue to provide the option to opt out of the self-match prevention. In addition, the Exchange would continue to provide the option to use the current functionality to prevent self-trades on a per MPID or per port basis. The proposed rule change would offer a new option for participants opting-in to the self-match prevention to prevent undesirable executions across different MPIDs under the same Common Ownership. The Exchange believes that flexibility to apply anti-internalization functionality at the OrgId level would be useful to participants. The Exchange believes that the proposed rule change is designed to promote just and equitable principles of trade and will remove impediments to and perfect the mechanisms of a free and open market as it will further enhance self-trade protections provided to market participants. This functionality does not relieve or otherwise modify the duty of best execution owed to orders received from public customers.

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. The proposed rule change is designed to enhance self-match prevention functionality provided to the Exchange's participants and will benefit participants that wish to protect their quotes and orders against trading with other quotes and orders within the same OrgId, rather than the more limited MPID or port standard applied today. The new functionality is also completely voluntary, and members that wish to use the current functionality (or opt out altogether) can also continue to do so. The Exchange does not believe that providing more flexibility to participants will have any significant impact on competition. In fact, the Exchange believes that the proposed rule change is evidence of

the competitive environment where exchanges must continually improve their offerings to maintain competitive standing.

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)⁹ of the Act and Rule 19b-4(f)(6) thereunder¹⁰ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed rule change does not significantly affect the protection of investors or the public interest as it is designed to provide additional anti-internalization functionality for participants that would like their quotes and orders protected regardless of whether they are from the same or different MPIDs. Participants that do not wish to utilize the new functionality will be able to continue to use anti-internalization functionality as implemented today, opting out altogether or choosing to only be protected from trading with quotes and orders from the same MPID or port. The

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6).

Exchange therefore believes that the proposed rule change qualifies for immediate effectiveness as a “non-controversial” rule change.

Furthermore, Rule 19b-4(f)(6)(iii)¹¹ requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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

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

The proposal is substantially similar to SR-NASDAQ-2022-056.¹²

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² Securities Exchange Act Release No. 96069 (October 13, 2022), 87 FR 63558 (October 19, 2022).

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-BX-2022-020)

October __, 2022

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 4, Rule 4757

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 October 21, 2022, 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 Equity 4, Rule 4757, as described further below. 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

The purpose of the proposed rule change is to enhance the anti-internalization functionality available on the Exchange by giving market participants the flexibility to choose to have this protection apply to market participants under Common Ownership.³ Anti-internalization, also known as self-match prevention, is an optional feature available on the Exchange that (1) prevents two orders with the same Market Participant Identifier (MPID) from executing against each other, or (2) prevents two orders entered through a specific order entry port from executing against each other (in the case of market participants using the OUCH order entry protocol). The proposed rule change would permit market participants to direct that quotes/orders entered into the System not execute against quotes/orders entered across MPIDs that are under Common Ownership. The Exchange believes that this enhancement will provide helpful flexibility for market participants that wish to prevent trading against all quotes and orders entered by market participants under Common Ownership, instead of just quotes and orders that are entered under the same MPID or under a particular order entry port.

Currently, under Equity 4, Rule 4757, the Exchange provides optional anti-internalization functionality whereby quotes and orders entered by market participants using the same MPID are not executed against each other. In addition, under Equity 4, Rule 4757, market participants using the OUCH order entry protocol may assign to

³ The proposed rule change would define “Common Ownership” under Equity 4, Rule 4757 to mean participants under 75% common ownership or control.

orders entered through a specific order entry port a unique group identification modifier that will prevent quotes/orders with such modifier from executing against each other.⁴

Self-match prevention functionality assists participants in reducing trading costs from unwanted executions potentially resulting from the interaction of executable buy and sell trading interest from the same firm.

The Exchange currently provides three versions of self-match prevention functionality to allow participants to choose how orders are handled in the event of a self-match situation: (1) decrement, (2) cancel oldest, and (3) cancel newest. Under the first version (“decrement”), if the self-match orders have the same share size, both orders will cancel back to the customer. If the orders are not equivalent in size, the smaller order will cancel back to the originating customer and the larger order will decrement by the size of the smaller order. The remaining shares of the larger order will remain on the book. Under the second version (“cancel oldest”), the full size of the order residing on the book will cancel back to the customer if the incoming order would execute against it. The incoming order will remain intact with no changes. Under the third version (“cancel newest”), the full size of the order coming into the book will cancel back to the customer. The resting order will remain intact with no changes. Currently, firms may opt-in to any version of the self-match prevention functionality on a per MPID basis or per port basis.

Today, the anti-internalization protection prevents market participants from trading against their own quotes and orders at the MPID or port level. The proposed enhancement to this functionality would allow participants to choose to have this protection applied at the MPID or port level as implemented today, or across MPIDs

⁴ The group identification modifier allows firms to apply self-match prevention on a more granular level (i.e., per a specific order entry port).

under Common Ownership. If participants choose to have this protection applied across MPIDs under Common Ownership, the anti-internalization functionality would prohibit quotes and orders from different MPIDs associated with the same Organization ID (“OrgId”)⁵ from trading against one another. Under the proposed rule change, the anti-internalization functionality would continue to be an optional feature. If a firm chooses to take advantage of self-match prevention, the firm would need to opt-in to the self-match prevention functionality, as is the case today. If participants opt-in to the self-match prevention functionality, under the proposed rule change, participants would have the option to choose whether to apply the protection at the OrgId, MPID, or port level. In addition, participants may opt-in to any version of the self-match prevention strategy that exists today (i.e., decrement, cancel oldest, or cancel newest).⁶

The Exchange believes that the proposed anti-internalization enhancement would provide participants with more tailored self-trade functionality that allows them to manage their trading as appropriate based on the participant’s business needs. While the Exchange believes that some firms will want to restrict self-match prevention to trading against interest from the same MPID or same port – i.e., as implemented today – the Exchange believes that other firms will find it helpful to be able to configure self-match prevention to apply at the OrgId level so that they are protected regardless of which MPID the order or quote originated from.

Implementation Date

⁵ The OrgId is a field that indicates Common Ownership across multiple MPIDs.

⁶ If the self-match prevention strategy differs between two orders, the strategy of the order removing liquidity applies.

The Exchange intends to introduce this new functionality no later than the First Quarter of 2023. In any event, the Exchange will issue an Equities Trader Alert to provide notification of the change and relevant date prior to introducing the new functionality.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ 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 Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it is designed to provide market participants with additional flexibility with respect to how to implement self-trade protections provided by anti-internalization functionality. Currently, market participants are provided optional functionality that (1) prevents quotes and orders from one MPID from trading with quotes and orders from the same MPID, or (2) prevents quotes and orders entered through a specific order entry port from trading with quotes and orders entered through the same order entry port (in the case of market participants using the OUCH order entry protocol). This functionality allows participants to better manage their order flow and prevent undesirable executions where the participant, using the same MPID or same port, would be on both sides of the trade. While this functionality is

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

helpful, the Exchange proposes to expand the protections to provide participants with the option not to trade with quotes and orders entered by different MPIDs under Common Ownership. The Exchange would continue to provide the option to opt out of the self-match prevention. In addition, the Exchange would continue to provide the option to use the current functionality to prevent self-trades on a per MPID or per port basis. The proposed rule change would offer a new option for participants opting-in to the self-match prevention to prevent undesirable executions across different MPIDs under the same Common Ownership. The Exchange believes that flexibility to apply anti-internalization functionality at the OrgId level would be useful to participants. The Exchange believes that the proposed rule change is designed to promote just and equitable principles of trade and will remove impediments to and perfect the mechanisms of a free and open market as it will further enhance self-trade protections provided to market participants. This functionality does not relieve or otherwise modify the duty of best execution owed to orders received from public customers.

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. The proposed rule change is designed to enhance self-match prevention functionality provided to the Exchange's participants and will benefit participants that wish to protect their quotes and orders against trading with other quotes and orders within the same OrgId, rather than the more limited MPID or port standard applied today. The new functionality is also completely voluntary, and members that wish to use the current functionality (or opt out altogether) can also continue to do so. The Exchange does not believe that providing more flexibility to participants will have any significant impact on

competition. In fact, the Exchange believes that the proposed rule change is evidence of the competitive environment where exchanges must continually improve their offerings to maintain competitive standing.

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 Act⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁰

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

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 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.

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-2022-020 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-2022-020. 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-2022-020 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.¹¹

J. Matthew DeLesDernier
Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Nasdaq BX, Inc. Rules

* * * * *

Equity Rules

* * * * *

Equity 4 Equity Trading Rules

* * * * *

4757. Book Processing

Orders on the Exchange Book shall be presented for execution against incoming Orders in the order set forth below:

(a) Execution Algorithm - Price/Display/Time. The System shall present Orders on the Exchange Book for execution against incoming Order in accordance with a price/display/time algorithm:

(A) Price. Better priced Orders will be presented for execution first. For example, an Order on the Exchange Book to buy at \$10.00 will be ranked ahead of an Order to buy at \$9.99.

(1) Display and Time. Equally priced Orders with a Display Attribute will be ranked in time priority.

(2) Non-Display and Time. Orders with a Non-Display Attribute, including the Non-Displayed portion of an Order with Reserve Size, will be ranked in time priority.

(3) Exception: Anti-Internalization - Market participants may direct that quotes/orders entered into the System not execute against quotes/orders entered under the same MPID or quotes/orders entered across MPIDs under Common Ownership.* In addition, market participants using the OUCH order entry protocol may assign to orders entered through a specific order entry port a unique group identification modifier that will prevent quotes/orders with such modifier from executing against each other. In such a case, a market participant may elect from the following options:

(i) if the interacting quotes/orders are equivalent in size, both quotes/orders will be cancelled back to their entering parties. If the

interacting quotes/orders are not equivalent in size, share amounts equal to size of the smaller of the two quotes/orders will be cancelled back to their originating parties with the remainder of the larger quote/order being retained by the System for potential execution;

(ii) regardless of the size of the interacting quotes/orders, cancelling the oldest of them in full; or

(iii) regardless of the size of the interacting quotes/orders, cancelling the most recent of them in full.

The foregoing options may be applied to all orders entered under the same MPID, across MPIDs under Common Ownership,* or, in the case of market participants using the OUCH order entry protocol, may be applied to all orders entered through a specific order entry port.

(b) – (d) No change.

*For purposes of Equity 4, Rule 4757, the term "Common Ownership" shall mean participants under 75% common ownership or control.

* * * * *