

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 23

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

File No. \* SR 2025 - \* 020

Amendment No. (req. for Amendments \*)

Filing by NASDAQ BX, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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| Initial *<br><input checked="" type="checkbox"/> | Amendment *<br><input type="checkbox"/> | Withdrawal<br><input type="checkbox"/> | Section 19(b)(2) *<br><input type="checkbox"/> | Section 19(b)(3)(A) *<br><input checked="" type="checkbox"/> | Section 19(b)(3)(B) *<br><input type="checkbox"/> |
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| Pilot<br><input type="checkbox"/> | Extension of Time Period for Commission Action *<br><input type="checkbox"/> | Date Expires *<br><input type="text"/> | Rule<br><input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4)<br><input checked="" type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5)<br><input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6) |  |  |
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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 \*).

Amend BX Options 7, Section 2.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Angela    Last Name \* Dunn

Title \* Principal Associate General Counsel

E-mail \* Angela.Dunn@Nasdaq.com

Telephone \* (215) 496-5692    Fax

**Signature**

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

Date 09/10/2025    (Title \*)

By John A. 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: 2025.09.10 14:53:47 -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 EDFS website.

**Form 19b-4 Information \***

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SR-BX-2025-020 19b-4.docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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SR-BX-2025-020 Exhibit 1.docx

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 \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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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**

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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**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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SR-BX-2025-020 Exhibit 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq BX, Inc. (“BX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s Pricing Schedule at Options 7, Section 2, BX Options Market-Fees and Rebates.<sup>3</sup>

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 (“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:

Angela Saccomandi Dunn  
Principal Associate General Counsel  
Nasdaq, Inc.  
215-496-5692

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

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

<sup>3</sup> The Exchange filed SR-BX-2025-018 on August 29, 2025. The Exchange withdrew SR-BX-2025-018 on September 10, 2025 and filed this proposal.

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

a. Purpose

The Exchange proposes new incentives for Lead Market Makers (“LMMs”)<sup>4</sup> at BX Options 7, Section 2(1).

Today, in Penny Symbols, the Exchange pays the following Maker Rebates: for LMMs, \$0.24 per contract; for Market Makers (“MMs”),<sup>5</sup> \$0.20 per contract; for Non-Customers<sup>6</sup> and Firms,<sup>7</sup> \$0.12 per contract; and for Customers,<sup>8</sup> \$0.30 per contract. Today, in Penny Symbols, the Exchange charges the following Taker Fees: for LMMs, MMs, Non-Customers, and Firms, \$0.50 per contract; and for Customers, \$0.40 per contract.

Today, in Non-Penny Symbols, the Exchange pays the following Maker Rebates (or charges the following Maker Fees): for LMMs, a Maker Rebate of \$0.45 per contract; for MMs, a Maker Rebate of \$0.40 per contract; for Non-Customers and Firms, a Maker Fee of \$0.45 per contract; and for Customers, a Maker Rebate of \$1.10 per contract. Today, in Non-Penny Symbols, the Exchange charges the following Taker Fees: for LMMs, MMs, Non-Customers, and Firms, \$1.25 per contract; and for Customers, \$0.79 per contract.

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<sup>4</sup> A “Lead Market Maker” is a registered BX Options Market Maker that is approved pursuant to Options 2, Section 3 to be the LMM in an options class (or options classes). See Options 7, Section 1(a).

<sup>5</sup> A “BX Options Market Maker” 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. See Options 7, Section 1(a).

<sup>6</sup> The term “Non-Customer” applies to transactions for the accounts of Lead Market Makers, Market Makers, Firms, Professionals, Broker-Dealers and JBOs. See Options 7, Section 1(a).

<sup>7</sup> The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation (“OCC”). See Options 7, Section 1(a).

<sup>8</sup> The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at 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)). See Options 7, Section 1(c).

Note 2 Incentive

The Exchange proposes to amend the incentives in note 2 of Options 7, Section 2(1), which currently provides as follows:

Lead Market Makers and Market Makers that **either** (1) execute more than 0.45% Customer Total Consolidated Volume (“TCV”) per day which adds liquidity in a given month (excluding Lead Market Maker and Market Maker volume which adds liquidity in SPY), **or** (2) increase their combined Lead Market Maker and Market Maker volume which adds liquidity in a given month by at least 70% above their September 2024 volume as measured by a percentage of TCV (excluding Lead Market Maker and Market Maker volume which adds liquidity in SPY), will receive the following incentives: (i) an additional \$0.05 per contract Maker Rebate in Penny Symbols excluding SPY, (ii) an additional \$0.01 per contract Maker Rebate in SPY, and (iii) an additional \$0.24 per contract Maker Rebate in Non-Penny Symbols. Lead Market Makers and Market Makers with no volume in the add liquidity segment for the month of September 2024 may qualify for the additional Maker Rebates by having any new volume (excluding SPY volume) considered as added volume. This note 2 incentive will be available through April 30, 2025.

The Exchange proposes to replace this expired note 2 incentive with the following:

Lead Market Makers whose Lead Market Maker and Market Maker executed exchange volume, aggregated at the firm level, represents more than 0.45% of Customer Total Consolidated Volume (“TCV”) per day, which adds liquidity to the exchange in a given month, will receive the following incentives on the contracts that they execute as Lead Market Makers: (i) an additional \$0.05 per contract Maker Rebate in Penny Symbols, and (ii) an additional \$0.24 per contract Maker Rebate in Non-Penny Symbols.

Proposed note 2 provides LMMs an additional Maker Rebate. This additional Maker Rebate is based on liquidity adding volume on BX as a percentage of Customer Total Consolidated Volume, which is defined as the total national volume cleared at OCC in the Customer range in equity and ETF options in that month.<sup>9</sup> Because Participants who are LMMs as to some options classes may also be MMs as to others, this volume calculation is done at the firm level, so that it captures all the liquidity that the Participant adds to the Exchange.

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<sup>9</sup> See Options 7, Section 1(a).

However, as proposed, the incentives would only be paid on contracts that the Participant executes on the option classes in which it is an LMM. This incentive is based on a percentage of industry volume in recognition of the fact that the volume executed by a Participant may rise or fall with industry volume. The Exchange proposes to remove the note 2 from the table for Penny Symbols and Non-Penny Symbols next to the Maker Rebates for Market Maker.

Currently, the note 2 incentives have expired, as they were available through April 30, 2025. The Exchange believes that the proposed note 2 incentives will encourage LMMs to send order flow to BX.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>11</sup> 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 Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity 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

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

<sup>11</sup> 15 U.S.C. 78f(b)(4) and (5).

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’ ....”<sup>12</sup>

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is only one of eighteen options exchanges to which market participants may direct their order flow. 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. Within the foregoing context, the proposal represents a reasonable attempt by the Exchange to attract additional order flow to the Exchange and increase its market share relative to its competitors.

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.

#### Note 2 Incentive

The Exchange believes that the new note 2 incentives are reasonable for several reasons. As discussed above, note 2 would provide LMMs an opportunity to receive additional Maker Rebates of (i) \$0.05 per contract in Penny Symbols,<sup>13</sup> and (ii) \$0.24 per contract in Non-Penny

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<sup>12</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782-83 (Dec. 9, 2008) (SR-NYSEArca-2006-21)).

<sup>13</sup> Accordingly, qualifying LMMs would receive a total of \$0.29 per contract in Penny Symbols.

Symbols<sup>14</sup>, on the contracts that they execute as LMMs. These incentives would be based on liquidity adding volume on BX that the Participant executes on the Exchange as both an LMM and an MM, aggregated at the firm level, and calculated as a percentage of Customer Total Consolidated Volume (“TCV”).<sup>15</sup> The Exchange believes that the total industry percentage threshold is reasonable in order to incentivize greater LMM activity on BX. The Exchange is proposing to base this incentive on a percentage of industry volume in recognition of the fact that the volume executed by a Participant may rise or fall with industry volume. A percentage of industry volume calculation allows the proposed qualification in note 2 to be calibrated to current market volumes rather than requiring a static amount of volume regardless of market conditions. The proposed threshold of 0.45% TCV is generally intended to reward LMMs for executing more liquidity adding volume on BX as LMMs, regardless of whether the LMMs execute that volume as LMMs or MMs. To the extent such activity is increased by this proposal, market participants may increasingly compete for the opportunity to trade on Exchange to the benefit of all market participants. Total industry percentage thresholds are established concepts within the Pricing Schedules of BX’s affiliates.<sup>16</sup>

The Exchange believes that the proposed note 2 incentives are equitable and not unfairly discriminatory for the reasons that follow. As a general matter, the Exchange believes that it is equitable and not unfairly discriminatory to provide the note 2 incentives to only LMMs because these market participants have different requirements and additional obligations to the Exchange that other non-market making market participants do not (such as quoting requirements).

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<sup>14</sup> Accordingly, qualifying LMMs would receive a total of \$0.69 per contract in Non-Penny Symbols.

<sup>15</sup> Specifically, LMMs that execute more than 0.45% per day when acting as LMMs and MMs, aggregated at the firm level, which adds liquidity in a given month, would receive the proposed note 2 incentives.

<sup>16</sup> See, e.g., Nasdaq GEMX Options 7, Nasdaq ISE Options 7, and Nasdaq MRX Options 7.

Further, as compared to MMs, LMMs have greater quoting obligations.<sup>17</sup> The higher rebates, therefore, recognize the differing contributions made to the liquidity and trading environment on the Exchange by LMMs. Overall, the Exchange believes that incentivizing LMMs to provide greater liquidity benefits all market participants through the quality of order interaction.

#### 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 Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage. As it relates to the proposed note 2 incentives offered to LMMs, the Exchange believes that the additional Maker Rebates should encourage additional liquidity from LMMs that enhances the quality of the Exchange's market and increases the number of trading opportunities on the Exchange for all market participants who will be able to compete for such opportunities.

The Exchange believes its proposal remains competitive with other options markets, and will offer market participants with another choice of venue to transact options. 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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<sup>17</sup> See Options 2, Section 4(j) (setting forth the 90% or higher quoting obligations for LMMs) and Section 5(d) (setting forth the 60% or higher quoting obligations for MMs).

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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>18</sup> 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.

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

**EXHIBIT 1****SECURITIES AND EXCHANGE COMMISSION****(Release No. 34 ; File No. SR-BX-2025-020)****Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend BX Options 7, Section 2**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 10, 2025, 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 Exchange’s Pricing Schedule at Options 7, Section 2, BX Options Market-Fees and Rebates.<sup>3</sup>

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/bx/rulefilings>, and at the principal office of the Exchange.

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

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

<sup>3</sup> The Exchange filed SR-BX-2025-018 on August 29, 2025. The Exchange withdrew SR-BX-2025-018 on September 10, 2025 and filed this proposal.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes new incentives for Lead Market Makers (“LMMs”)<sup>4</sup> at BX Options 7, Section 2(1).

Today, in Penny Symbols, the Exchange pays the following Maker Rebates: for LMMs, \$0.24 per contract; for Market Makers (“MMs”),<sup>5</sup> \$0.20 per contract; for Non-Customers<sup>6</sup> and Firms,<sup>7</sup> \$0.12 per contract; and for Customers,<sup>8</sup> \$0.30 per contract. Today, in Penny Symbols, the Exchange charges the following Taker Fees: for LMMs, MMs, Non-Customers, and Firms, \$0.50 per contract; and for Customers, \$0.40 per contract.

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<sup>4</sup> A “Lead Market Maker” is a registered BX Options Market Maker that is approved pursuant to Options 2, Section 3 to be the LMM in an options class (or options classes). See Options 7, Section 1(a).

<sup>5</sup> A “BX Options Market Maker” 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. See Options 7, Section 1(a).

<sup>6</sup> The term “Non-Customer” applies to transactions for the accounts of Lead Market Makers, Market Makers, Firms, Professionals, Broker-Dealers and JBOs. See Options 7, Section 1(a).

<sup>7</sup> The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation (“OCC”). See Options 7, Section 1(a).

<sup>8</sup> The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at 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)). See Options 7, Section 1(c).

Today, in Non-Penny Symbols, the Exchange pays the following Maker Rebates (or charges the following Maker Fees): for LMMs, a Maker Rebate of \$0.45 per contract; for MMs, a Maker Rebate of \$0.40 per contract; for Non-Customers and Firms, a Maker Fee of \$0.45 per contract; and for Customers, a Maker Rebate of \$1.10 per contract. Today, in Non-Penny Symbols, the Exchange charges the following Taker Fees: for LMMs, MMs, Non-Customers, and Firms, \$1.25 per contract; and for Customers, \$0.79 per contract.

#### Note 2 Incentive

The Exchange proposes to amend the incentives in note 2 of Options 7, Section 2(1), which currently provides as follows:

Lead Market Makers and Market Makers that **either** (1) execute more than 0.45% Customer Total Consolidated Volume (“TCV”) per day which adds liquidity in a given month (excluding Lead Market Maker and Market Maker volume which adds liquidity in SPY), **or** (2) increase their combined Lead Market Maker and Market Maker volume which adds liquidity in a given month by at least 70% above their September 2024 volume as measured by a percentage of TCV (excluding Lead Market Maker and Market Maker volume which adds liquidity in SPY), will receive the following incentives: (i) an additional \$0.05 per contract Maker Rebate in Penny Symbols excluding SPY, (ii) an additional \$0.01 per contract Maker Rebate in SPY, and (iii) an additional \$0.24 per contract Maker Rebate in Non-Penny Symbols. Lead Market Makers and Market Makers with no volume in the add liquidity segment for the month of September 2024 may qualify for the additional Maker Rebates by having any new volume (excluding SPY volume) considered as added volume. This note 2 incentive will be available through April 30, 2025.

The Exchange proposes to replace this expired note 2 incentive with the following:

Lead Market Makers whose Lead Market Maker and Market Maker executed exchange volume, aggregated at the firm level, represents more than 0.45% of Customer Total Consolidated Volume (“TCV”) per day, which adds liquidity to the exchange in a given month, will receive the following incentives on the contracts that they execute as Lead Market Makers: (i) an additional \$0.05 per contract Maker Rebate in Penny Symbols, and (ii) an additional \$0.24 per contract Maker Rebate in Non-Penny Symbols.

Proposed note 2 provides LMMs an additional Maker Rebate. This additional Maker Rebate is based on liquidity adding volume on BX as a percentage of Customer Total Consolidated Volume, which is defined as the total national volume cleared at OCC in the Customer range in equity and ETF options in that month.<sup>9</sup> Because Participants who are LMMs as to some options classes may also be MMs as to others, this volume calculation is done at the firm level, so that it captures all the liquidity that the Participant adds to the Exchange. However, as proposed, the incentives would only be paid on contracts that the Participant executes on the option classes in which it is an LMM. This incentive is based on a percentage of industry volume in recognition of the fact that the volume executed by a Participant may rise or fall with industry volume. The Exchange proposes to remove the note 2 from the table for Penny Symbols and Non-Penny Symbols next to the Maker Rebates for Market Maker.

Currently, the note 2 incentives have expired, as they were available through April 30, 2025. The Exchange believes that the proposed note 2 incentives will encourage LMMs to send order flow to BX.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>11</sup> 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.

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<sup>9</sup> See Options 7, Section 1(a).

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

<sup>11</sup> 15 U.S.C. 78f(b)(4) and (5).

The Exchange's proposed changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity 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 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’ ....”<sup>12</sup>

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is only one of eighteen options exchanges to which market participants may direct their order flow. 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. Within the foregoing context, the proposal represents a reasonable attempt by the Exchange to attract additional order flow to the Exchange and increase its market share relative to its competitors.

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

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<sup>12</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782-83 (Dec. 9, 2008) (SR-NYSEArca-2006-21)).

schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

#### Note 2 Incentive

The Exchange believes that the new note 2 incentives are reasonable for several reasons. As discussed above, note 2 would provide LMMs an opportunity to receive additional Maker Rebates of (i) \$0.05 per contract in Penny Symbols,<sup>13</sup> and (ii) \$0.24 per contract in Non-Penny Symbols<sup>14</sup>, on the contracts that they execute as LMMs. These incentives would be based on liquidity adding volume on BX that the Participant executes on the Exchange as both an LMM and an MM, aggregated at the firm level, and calculated as a percentage of Customer Total Consolidated Volume (“TCV”).<sup>15</sup> The Exchange believes that the total industry percentage threshold is reasonable in order to incentivize greater LMM activity on BX. The Exchange is proposing to base this incentive on a percentage of industry volume in recognition of the fact that the volume executed by a Participant may rise or fall with industry volume. A percentage of industry volume calculation allows the proposed qualification in note 2 to be calibrated to current market volumes rather than requiring a static amount of volume regardless of market conditions. The proposed threshold of 0.45% TCV is generally intended to reward LMMs for executing more liquidity adding volume on BX as LMMs, regardless of whether the LMMs execute that volume as LMMs or MMs. To the extent such activity is increased by this proposal, market participants may increasingly compete for the opportunity to trade on Exchange to the benefit of

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<sup>13</sup> Accordingly, qualifying LMMs would receive a total of \$0.29 per contract in Penny Symbols.

<sup>14</sup> Accordingly, qualifying LMMs would receive a total of \$0.69 per contract in Non-Penny Symbols.

<sup>15</sup> Specifically, LMMs that execute more than 0.45% per day when acting as LMMs and MMs, aggregated at the firm level, which adds liquidity in a given month, would receive the proposed note 2 incentives.

all market participants. Total industry percentage thresholds are established concepts within the Pricing Schedules of BX's affiliates.<sup>16</sup>

The Exchange believes that the proposed note 2 incentives are equitable and not unfairly discriminatory for the reasons that follow. As a general matter, the Exchange believes that it is equitable and not unfairly discriminatory to provide the note 2 incentives to only LMMs because these market participants have different requirements and additional obligations to the Exchange that other non-market making market participants do not (such as quoting requirements). Further, as compared to MMs, LMMs have greater quoting obligations.<sup>17</sup> The higher rebates, therefore, recognize the differing contributions made to the liquidity and trading environment on the Exchange by LMMs. Overall, the Exchange believes that incentivizing LMMs to provide greater liquidity benefits all market participants through the quality of order interaction.

**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 Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage. As it relates to the proposed note 2 incentives offered to LMMs, the Exchange believes that the additional Maker Rebates should encourage additional liquidity from LMMs that enhances the quality of the Exchange's market and increases the number of trading opportunities on the Exchange for all market participants who will be able to compete for such opportunities.

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<sup>16</sup> See, e.g., Nasdaq GEMX Options 7, Nasdaq ISE Options 7, and Nasdaq MRX Options 7.

<sup>17</sup> See Options 2, Section 4(j) (setting forth the 90% or higher quoting obligations for LMMs) and Section 5(d) (setting forth the 60% or higher quoting obligations for MMs).

The Exchange believes its proposal remains competitive with other options markets, and will offer market participants with another choice of venue to transact options. 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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.<sup>18</sup>

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.

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

#### 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-BX-2025-020 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-2025-020. This file number should be included on the subject line if email 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 website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-BX-2025-020 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**Nasdaq BX, INC. RULES**

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**Options Rules**

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**Options 7 Pricing Schedule**

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**Section 2 BX Options Market-Fees and Rebates**

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

**(1) Fees and rebates for Execution of Contracts on the BX Options Market:\***

**Penny Symbols**

| <b>Market Participant</b> | <b>Maker Rebate</b>       | <b>Taker Fee</b>         |
|---------------------------|---------------------------|--------------------------|
| <b>Lead Market Maker</b>  | (\$0.24) <sup>(2)</sup>   | \$0.50                   |
| <b>Market Maker</b>       | (\$0.20) <sup>[(2)]</sup> | \$0.50                   |
| <b>Non-Customer</b>       | (\$0.12)                  | \$0.50                   |
| <b>Firm</b>               | (\$0.12)                  | \$0.50                   |
| <b>Customer</b>           | (\$0.30)                  | \$0.40 <sup>(1)(4)</sup> |

**Non-Penny Symbols**

| <b>Market Participant</b> | <b>Maker Rebate / Fee</b> | <b>Taker Fee</b> |
|---------------------------|---------------------------|------------------|
| <b>Lead Market Maker</b>  | (\$0.45) <sup>(2)</sup>   | \$1.25           |
| <b>Market Maker</b>       | (\$0.40) <sup>[(2)]</sup> | \$1.25           |

|                     |                         |        |
|---------------------|-------------------------|--------|
| <b>Non-Customer</b> | \$0.45                  | \$1.25 |
| <b>Firm</b>         | \$0.45                  | \$1.25 |
| <b>Customer</b>     | (\$1.10) <sup>(3)</sup> | \$0.79 |

\*. Orders executed in the Opening Process per Options 3, Section 8, orders that generate an order exposure alert per Options 5, Section 4, and orders transacted in the Price Improvement Auction (“PRISM”) per Options 3, Section 13 are not subject to Options 7, Section 2(1) pricing, instead, these orders are subject to the pricing within Options 7, Sections 2(2), (4) and (5), respectively. Orders executed in the Block Order Mechanism and Customer Cross Orders are not subject to the pricing in Options 7, Section 2(1), instead, these orders are subject to the pricing within Options 7, Section 2(6).

1. Customer Taker Fee will be \$0.33 per contract for trades which remove liquidity in AAPL, SPY, QQQ, and IWM.

2. [Lead Market Makers and Market Makers that **either** (1) execute more than 0.45% Customer Total Consolidated Volume (“TCV”) per day which adds liquidity in a given month (excluding Lead Market Maker and Market Maker volume which adds liquidity in SPY), **or** (2) increase their combined Lead Market Maker and Market Maker volume which adds liquidity in a given month by at least 70% above their September 2024 volume as measured by a percentage of TCV (excluding Lead Market Maker and Market Maker volume which adds liquidity in SPY), will receive the following incentives: (i) an additional \$0.05 per contract Maker Rebate in Penny Symbols excluding SPY, (ii) an additional \$0.01 per contract Maker Rebate in SPY, and (iii) an additional \$0.24 per contract Maker Rebate in Non-Penny Symbols. Lead Market Makers and Market Makers with no volume in the add liquidity segment for the month of September 2024 may qualify for the additional Maker Rebates by having any new volume (excluding SPY volume) considered as added volume. This note 2 incentive will be available through April 30, 2025.]Lead Market Makers whose Lead Market Maker and Market Maker executed exchange volume, aggregated at the firm level, represents more than 0.45% of Customer Total Consolidated Volume (“TCV”) per day, which adds liquidity to the exchange in a given month, will receive the following incentives on the contracts that they execute as Lead Market Makers: (i) an additional \$0.05 per contract Maker Rebate in Penny Symbols, and (ii) an additional \$0.24 per contract Maker Rebate in Non-Penny Symbols.

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