

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 28		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2014 - * 055 Amendment No. (req. for Amendments *)	
Filing by NASDAQ OMX 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			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 checked="" type="checkbox"/>		Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>			
Description					
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).					
Relating to Cancel-Replacement Orders and Routing					
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 *		Associate General Counsel			
E-mail *		angela.dunn@nasdaqomx.com			
Telephone * (215) 496-5692		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 10/28/2014		Executive Vice President and General Counsel			
By Edward S. Knight		<input type="text"/>			
(Name *)					
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.					
Persona Not Validated - 1383935917270,					

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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

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

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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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) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² NASDAQ OMX BX, Inc. (“BX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to add specificity to the Exchange’s options trading rules. The Exchange proposes to define cancel-replacement orders and also describe a route timer in Chapter VI, entitled “Trading Systems.”

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed Rule is attached hereto 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 BX pursuant to authority delegated by the Board of Directors of BX on July 16, 2014. BX staff will advise the Board of Directors of BX of any action taken pursuant to delegated authority. No other action by BX is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Associate General Counsel, The NASDAQ OMX Group, Inc., at (215) 496-5692.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange is proposing to amend Chapter VI to add additional specificity to its rules. The Exchange proposes to amend Section 1, Definitions, to define a cancel-replacement order. The Exchange proposes to amend Section 11, Order Routing, to add greater specificity to the Rulebook concerning a route timer.

Cancel-Replacement Orders

A market participant today has the option of either sending in a cancel order and then separately sending in a new order which serves as a replacement of the original order (two separate messages) or sending a single cancel-replacement order in one message.

If an order is submitted to the System and then subsequently a cancel order is sent to the System cancelling the original order, the original order will be cancelled by the System provided the original order was not already filled partially or in its entirety. A subsequent replacement order would be treated as a new order by the System and will not retain the priority of the cancelled order.

An order that is entered as one single message (“cancel-replacement order“) containing two orders (versus two messages as described above) will also result in the original order being cancelled, provided the original order was not already filled partially or in its entirety.³ The replacement order will be considered a new order by the System

³ With cancel-replacement orders, the original order is automatically canceled or reduced by the number of contracts that were executed depending on the volume of the original order that was filled. The market participant is required to enter the original order reference number when a cancel-replacement order is sent to the

and will have time priority as of the time that order is entered into the System, except in the case that the replacement order only serves to reduce the size of the order. A cancel-replacement order which only reduces the size of the order will continue to retain the priority of the original order.⁴ The replacement order will not retain the priority of the cancelled order except when the replacement *reduces* the size of the order and all other terms and conditions are retained. This is similar to the manner in which partially executed orders are prioritized in the System.

By way of example, if the original order is for 600 contracts and a market participant submits a cancel-replacement order for 600 contracts and in doing so, amends a term or condition such as the order type, presuming the original order was not filled in its entirety or partially, the entire original order would be cancelled. If the original order is for 600 contracts and a market participant submits a cancel-replacement order for 600 contracts and in doing so, amends a term or condition such as the order type, and 600 contracts were already filled, the cancel-replacement order would be returned to the market participant. If the original order is for 600 contracts and a market participant submits a cancel-replacement order for 600 contracts and in doing so, amends a term or condition such as the order type, and 300 contracts were already filled, the order would be modified to 300 contracts. Finally, if the original order is for 600 contracts and a market participant submits a cancel-replacement order solely reducing the size of the order by 300 contracts, the order would be modified to 300 contracts and the original order would retain its priority. In the previous examples provided, the orders would not

System as one message.

⁴ When a cancel-replacement order is sent to the System as one message the original order number reference is maintained by the System.

retain the priority of the original orders.

The Exchange proposes to add the following definition in Chapter VI, Section 1, “Cancel-replacement order shall mean a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will not retain the priority of the cancelled order except when the replacement order reduces the size of the order and all other terms and conditions are retained.” This language is being added to Section 1(e)(1) to reflect the manner in which cancel-replacement orders function today. This filing does not reflect a change to the System; rather, the Exchange is memorializing in its rules the manner in which cancel-replacement orders are treated today.

Route Timer

Today, the System provides a number of routing options pursuant to which orders are sent to other available market centers for potential execution, per the entering market participant's instructions.⁵ The System routing options are SEEK or SRCH. With SEEK and SRCH, an order will first check the System for available contracts for execution. After checking the System for available contracts, orders are sent to other available market centers for potential execution, per the entering firm's instructions.

⁵ Participants can designate orders as either available for routing or not available for routing. See Chapter VI, Sec. 11(a).

The Exchange proposes to add language in a new Section 11(a)(1)(C) to specify that after an order is initially routed,⁶ pursuant to either the SEEK or SRCH routing option, the order will post to the book and will be routed after a time period (“Route Timer”) not to exceed one second as specified by the Exchange on its website, provided that the order’s limit price would lock or cross other market center(s).⁷ If, during the Route Timer, any new interest arrives opposite the order that is equal to or better than the away best bid or offer (“ABBO”) price, the order will trade against such new interest at the ABBO price. Eligible unexecuted orders will be routed at the end of the Route Timer provided the order was not filled and the order’s limit price would continue to lock or cross the ABBO. If an order was routed with either the SEEK or SRCH routing option, and has size after such routing, it will execute against contra side interest in the book, post in the book, and route again pursuant to the process described above, if applicable, if the order’s limit price would lock or cross another market center(s).

This language is being added to Section 11 to reflect the manner in which the Exchange imposes a Route Timer on routed orders today to permit quote updates to occur prior to subsequent routing. This filing does not reflect a change to the System, rather the Exchange is memorializing in its rules the manner in which orders are routed today.

The Exchange also proposes to amend rule text in Section 11(a)(1)(A) of Chapter VI concerning the SEEK routing option. The Exchange proposes to add language which

⁶ If an order is only partially routed the portion that was not routed will be posted to the book.

⁷ Pursuant to Section 11(c) of Chapter VI, orders sent by the System pursuant to the SEEK and SRCH routing options to other markets would not retain time priority with respect to other orders in the System. If an order routed pursuant to SEEK or SRCH is subsequently returned, in whole or in part, that order, or its remainder, will receive a new time stamp reflecting the time of its return to the System.

clarifies the differences between SEEK and SRCH routing options with respect to contracts that remain un-executed after routing and are posted on the book. The Exchange proposes to state, “Once on the book *at the limit price*, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.” The Exchange believes this language more clearly differentiates an order routed pursuant to SEEK as compared to the SRCH routing option. An order routed pursuant to the SEEK routing option is routable until it is posted at its limit price. Once posted at its limit price, an order routed pursuant to the SEEK routing option would not continue to route, as compared to an order routed pursuant to the SRCH routing option. An order routed pursuant to the SRCH routing option is routable for the life of the order. The routing functionality is similar to functionality currently on Phlx.⁸

The Exchange also proposes to correct a typographical error in Chapter VI, Section 11(a)(1).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to

⁸ See Phlx Rule 1080(m).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

protect investors and the public interest.

The Exchange believes that its proposal to define cancel-replacement orders will add transparency to the rules. The Exchange is not amending the manner in which the System handles these orders. The Exchange is memorializing, in its rules, the method by which orders are handled by the System. The Exchange is defining cancel-replacement orders within Chapter VI, Section 1.

Specifically, with respect to cancel-replacement orders that reduce size, the Exchange believes that allowing cancel-replacement orders where only size is reduced to retain the priority of the original order is consistent with the manner in which the Exchange treats partially executed orders, which similarly apply the priority of the executed portion of the order to the remaining portion of the order. In addition, by permitting market participants' orders to remain on the book with the original priority and reduced size, the Exchange is providing market participants an ability to reduce exposure. The Exchange believes that adding transparency and specificity to the Rules protects investors and the public interest by reducing the potential for investor confusion.

The Exchange is also memorializing the manner in which the Exchange routes unexecuted portions of an order that will be subsequently routed to other markets when it comes back and subsequently locks and/or crosses the market. The Exchange will continue to re-route eligible unexecuted orders pursuant to a Route Timer. Contracts which remain unexecuted will be posted to the book provided the order's limit price would not lock or cross the ABBO. Specifically, the Exchange is describing the Route Timer that applies to eligible unexecuted portions of an order which will be subsequently

routed. The timer protects investors and the public interest by providing a brief time period to allow the opportunity for markets to update quotes prior to subsequent routes.

The Exchange seeks to add language concerning the specific manner in which the Exchange will handle the routed order by specifying the routing methods in which SEEK or SRCH orders will route to the away market(s). The Exchange is adding clarifying language to make clear that after an order is initially routed, pursuant to either the SEEK or SRCH routing option, the order will post to the book and will be routed after a time period (“Route Timer”) not to exceed one second as specified by the Exchange on its website provided that the order would lock or cross other market center(s). If, during the Route Timer, any new interest arrives opposite the order that is equal to or better than the ABBO price, the order will trade against such new interest at the ABBO price. Eligible unexecuted orders will be routed at the end of the Route Timer provided the order was not filled and it would continue to lock or cross the ABBO. If an order was routed with either the SEEK or SRCH routing option, and has size after such routing, it will execute against contra side interest in the book, post in the book, and route again pursuant to the process described above, if applicable, if the order would lock or cross another market center(s).

Further, the proposal to amend rule text in Section 11(a)(1)(A) of Chapter VI concerning SEEK orders clarifies the differences between SEEK and SRCH routing options with respect to contracts that remain un-executed after routing and are posted on the book. The Exchange seeks to clearly note that once an order routed pursuant to the SEEK routing option is on the order book at the limit price, it will not route, despite the order locking or crossing another market center. The Exchange believes this language

more clearly differentiates an order routed pursuant to the SEEK routing option as compared to SRCH routing option.

The Exchange believes this language adds specificity and detail to the rule text so that market participants may anticipate the manner in which orders are handled by the Exchange when routing. The Exchange believes that adding transparency and specificity to the Rules protects investors and the public interest by reducing the potential for investor confusion.

The Exchange's proposal is intended to provide additional specificity to the rules in the manner in which the System treats cancel-replacement orders and handles routing of eligible unexecuted portions of previously routed orders, which is designed to promote just and equitable principles of trade.

The Exchange is not proposing to amend the manner in which the System operates. Cancel-replacement orders have been treated in this fashion since BX Options was first launched. Further, the Routing Timer for subsequent routes has also been in place on BX Options since its launch. The Exchange is proposing these additions to the rules in order to provide greater specificity to the Exchange's rules.

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

BX 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 Exchange is seeking to provide greater transparency in its rules. The amendments are non-substantive and would apply to all market participants in the same manner. Permitting cancel-replacement orders to retain their original priority does not impose a burden on competition because the priority is retained only in the instance that size alone

is changed and only if it is reduced. Permitting all market participants to reduce their exposure without penalty does not burden competition, rather it promotes competition by allowing participants the ability to change their orders in a changing market, provided the order was not already partially filled or filled in its entirety.

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)¹¹ of the Act and Rule 19b-4(f)(6) thereunder¹² 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 filing is not substantive; the Exchange is not proposing to amend the manner in which the System operates. The Exchange believes that this filing does not significantly affect the protection of investors or the public interest because the Exchange is not amending the manner in which the System operates, rather the Exchange is seeking to add transparency to the manner in which cancel-replacement orders and re-routes are

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

treated by the System. The Exchange believes the amendments do not impose any significant burden on competition because these rules apply to all market participants that transact orders on BX today.

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

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the 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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Applicable portion of the rule text.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-BX-2014-055)

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Cancel-Replacement Orders and Routing

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 28, 2014, NASDAQ OMX BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to add specificity to the Exchange’s options trading rules. The Exchange proposes to define cancel-replacement orders and also describe a route timer at in Chapter VI, entitled “Trading Systems.”

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange is proposing to amend Chapter VI to add additional specificity to its rules. The Exchange proposes to amend Section 1, Definitions, to define a cancel-replacement order. The Exchange proposes to amend Section 11, Order Routing, to add greater specificity to the Rulebook concerning a route timer.

Cancel-Replacement Orders

A market participant today has the option of either sending in a cancel order and then separately sending in a new order which serves as a replacement of the original order (two separate messages) or sending a single cancel-replacement order in one message.

If an order is submitted to the System and then subsequently a cancel order is sent to the System cancelling the original order, the original order will be cancelled by the System provided the original order was not already filled partially or in its entirety. A subsequent replacement order would be treated as a new order by the System and will not retain the priority of the cancelled order.

An order that is entered as one single message (“cancel-replacement order”) containing two orders (versus two messages as described above) will also result in the original order being cancelled, provided the original order was not already filled partially or in its entirety.³ The replacement order will be considered a new order by the System and will have time priority as of the time that order is entered into the System, except in the case that the replacement order only serves to reduce the size of the order. A cancel-replacement order which only reduces the size of the order will continue to retain the priority of the original order.⁴ The replacement order will not retain the priority of the cancelled order except when the replacement *reduces* the size of the order and all other terms and conditions are retained. This is similar to the manner in which partially executed orders are prioritized in the System.

By way of example, if the original order is for 600 contracts and a market participant submits a cancel-replacement order for 600 contracts and in doing so, amends a term or condition such as the order type, presuming the original order was not filled in its entirety or partially, the entire original order would be cancelled. If the original order is for 600 contracts and a market participant submits a cancel-replacement order for 600 contracts and in doing so, amends a term or condition such as the order type, and 600 contracts were already filled, the cancel-replacement order would be returned to the market participant. If the original order is for 600 contracts and a market participant

³ With cancel-replacement orders, the original order is automatically canceled or reduced by the number of contracts that were executed depending on the volume of the original order that was filled. The market participant is required to enter the original order reference number when a cancel-replacement order is sent to the System as one message.

⁴ When a cancel-replacement order is sent to the System as one message the original order number reference is maintained by the System.

submits a cancel-replacement order for 600 contracts and in doing so, amends a term or condition such as the order type, and 300 contracts were already filled, the order would be modified to 300 contracts. Finally, if the original order is for 600 contracts and a market participant submits a cancel-replacement order solely reducing the size of the order by 300 contracts, the order would be modified to 300 contracts and the original order would retain its priority. In the previous examples provided, the orders would not retain the priority of the original orders.

The Exchange proposes to add the following definition in Chapter VI, Section 1, “Cancel-replacement order shall mean a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will not retain the priority of the cancelled order except when the replacement order reduces the size of the order and all other terms and conditions are retained.” This language is being added to Section 1(e)(1) to reflect the manner in which cancel-replacement orders function today. This filing does not reflect a change to the System; rather, the Exchange is memorializing in its rules the manner in which cancel-replacement orders are treated today.

Route Timer

Today, the System provides a number of routing options pursuant to which orders are sent to other available market centers for potential execution, per the entering market participant's instructions.⁵ The System routing options are SEEK or SRCH. With SEEK

⁵ Participants can designate orders as either available for routing or not available

and SRCH, an order will first check the System for available contracts for execution. After checking the System for available contracts, orders are sent to other available market centers for potential execution, per the entering firm's instructions.

The Exchange proposes to add language in a new Section 11(a)(1)(C) to specify that after an order is initially routed,⁶ pursuant to either the SEEK or SRCH routing option, the order will post to the book and will be routed after a time period (“Route Timer”) not to exceed one second as specified by the Exchange on its website. provided that the order’s limit price would lock or cross other market center(s).⁷ If, during the Route Timer, any new interest arrives opposite the order that is equal to or better than the away best bid or offer (“ABBO”) price, the order will trade against such new interest at the ABBO price. Eligible unexecuted orders will be routed at the end of the Route Timer provided the order was not filled and the order’s limit price would continue to lock or cross the ABBO. If an order was routed with either the SEEK or SRCH routing option, and has size after such routing, it will execute against contra side interest in the book, post in the book, and route again pursuant to the process described above, if applicable, if the order’s limit price would lock or cross another market center(s).

This language is being added to Section 11 to reflect the manner in which the Exchange imposes a Route Timer on routed orders today to permit quote updates to occur

for routing. See Chapter VI, Sec. 11(a).

⁶ If an order is only partially routed the portion that was not routed will be posted to the book.

⁷ Pursuant to Section 11(c) of Chapter VI, orders sent by the System pursuant to the SEEK and SRCH routing options to other markets would not retain time priority with respect to other orders in the System. If an order routed pursuant to SEEK or SRCH is subsequently returned, in whole or in part, that order, or its remainder, will receive a new time stamp reflecting the time of its return to the System.

prior to subsequent routing. This filing does not reflect a change to the System, rather the Exchange is memorializing in its rules the manner in which orders are routed today.

The Exchange also proposes to amend rule text in Section 11(a)(1)(A) of Chapter VI concerning the SEEK routing option. The Exchange proposes to add language which clarifies the differences between SEEK and SRCH **routing options** with respect to contracts that remain un-executed after routing and are posted on the book. The Exchange proposes to state, “Once on the book *at the limit price*, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.” The Exchange believes this language more clearly differentiates an order routed pursuant to SEEK as compared to the SRCH routing option. An order routed pursuant to the SEEK routing option is routable until it is posted at its limit price. Once posted at its limit price, an order routed pursuant to the SEEK routing option would not continue to route, as compared to an order routed pursuant to the SRCH routing option. An order routed pursuant to the SRCH routing option is routable for the life of the order. The routing functionality is similar to functionality currently on Phlx.⁸

The Exchange also proposes to correct a typographical error in Chapter VI, Section 11(a)(1).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹

⁸ See Phlx Rule 1080(m).

⁹ 15 U.S.C. 78f(b).

in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 its proposal to define cancel-replacement orders will add transparency to the rules. The Exchange is not amending the manner in which the System handles these orders. The Exchange is memorializing, in its rules, the method by which orders are handled by the System. The Exchange is defining cancel-replacement orders within Chapter VI, Section 1.

Specifically, with respect to cancel-replacement orders that reduce size, the Exchange believes that allowing cancel-replacement orders where only size is reduced to retain the priority of the original order is consistent with the manner in which the Exchange treats partially executed orders, which similarly apply the priority of the executed portion of the order to the remaining portion of the order. In addition, by permitting market participants' orders to remain on the book with the original priority and reduced size, the Exchange is providing market participants an ability to reduce exposure. The Exchange believes that adding transparency and specificity to the Rules protects investors and the public interest by reducing the potential for investor confusion.

The Exchange is also memorializing the manner in which the Exchange routes unexecuted portions of an order that will be subsequently routed to other markets when it

¹⁰ 15 U.S.C. 78f(b)(5).

comes back and subsequently locks and/or crosses the market. The Exchange will continue to re-route eligible unexecuted orders pursuant to a Route Timer. Contracts which remain unexecuted will be posted to the book provided the order's limit price would not lock or cross the ABBO. Specifically, the Exchange is describing the Route Timer that applies to eligible unexecuted portions of an order which will be subsequently routed. The timer protects investors and the public interest by providing a brief time period to allow the opportunity for markets to update quotes prior to subsequent routes.

The Exchange seeks to add language concerning the specific manner in which the Exchange will handle the routed order by specifying the routing methods in which SEEK or SRCH orders will route to the away market(s). The Exchange is adding clarifying language to make clear that after an order is initially routed, pursuant to either the SEEK or SRCH routing option, the order will post to the book and will be routed after a time period ("Route Timer") not to exceed one second as specified by the Exchange on its website provided that the order would lock or cross other market center(s). If, during the Route Timer, any new interest arrives opposite the order that is equal to or better than the ABBO price, the order will trade against such new interest at the ABBO price. Eligible unexecuted orders will be routed at the end of the Route Timer provided the order was not filled and it would continue to lock or cross the ABBO. If an order was routed with either the SEEK or SRCH routing option, and has size after such routing, it will execute against contra side interest in the book, post in the book, and route again pursuant to the process described above, if applicable, if the order would lock or cross another market center(s).

Further, the proposal to amend rule text in Section 11(a)(1)(A) of Chapter VI concerning SEEK orders clarifies the differences between SEEK and SRCH routing options with respect to contracts that remain un-executed after routing and are posted on the book. The Exchange seeks to clearly note that once an order routed pursuant to the SEEK routing option is on the order book at the limit price, it will not route, despite the order locking or crossing another market center. The Exchange believes this language more clearly differentiates an order routed pursuant to the SEEK routing option as compared to SRCH routing option.

The Exchange believes this language adds specificity and detail to the rule text so that market participants may anticipate the manner in which orders are handled by the Exchange when routing. The Exchange believes that adding transparency and specificity to the Rules protects investors and the public interest by reducing the potential for investor confusion.

The Exchange's proposal is intended to provide additional specificity to the rules in the manner in which the System treats cancel-replacement orders and handles routing of eligible unexecuted portions of previously routed orders, which is designed to promote just and equitable principles of trade.

The Exchange is not proposing to amend the manner in which the System operates. Cancel-replacement orders have been treated in this fashion since BX Options was first launched. Further, the Routing Timer for subsequent routes has also been in place on BX Options since its launch. The Exchange is proposing these additions to the rules in order to provide greater specificity to the Exchange's rules.

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

BX 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 Exchange is seeking to provide greater transparency in its rules. The amendments are non-substantive and would apply to all market participants in the same manner. Permitting cancel-replacement orders to retain their original priority does not impose a burden on competition because the priority is retained only in the instance that size alone is changed and only if it is reduced. Permitting all market participants to reduce their exposure without penalty does not burden competition, rather it promotes competition by allowing participants the ability to change their orders in a changing market, provided the order was not already partially filled or filled in its entirety.

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)(ii) of the Act¹¹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹²

¹¹ 15 U.S.C. 78s(b)(3)(a)(ii).

¹² 17 CFR 240.19b-4(f)(6).

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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

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-2014-055 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-BX-2014-055. 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-2014-055 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Brent J. Fields
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

NASDAQ OMX BX Rules

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Options Rules

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Chapter VI Trading Systems**Sec. 1 Definitions**

The following definitions apply to Chapter VI for the trading of options listed on BX Options.

(a) - (d) No change.

(e) The term "Order Type" shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) Cancel-replacement order shall mean a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will not retain the priority of the cancelled order except when the replacement order reduces the size of the order and all other terms and conditions are retained. [Reserved]

(2) – (11) No Change

(f) - (h) No change

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Sec. 11 Order Routing

(a) For System securities, the order routing process shall be available to Participants from 9:30 a.m. Eastern Time until market close and shall route orders as described below. Participants can designate orders as either available for routing or not available for routing. All routing of orders shall comply with Chapter XII, Options Order Protection and Locked and Crossed Market Rules.

(1) The system provides a number of routing options pursuant to which orders are sent to other available market centers for potential execution, per the entering firm's instructions. Routing options may be combined with all available order types and times-in-force, with the exception of

order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The system routing options are:

(A) SEEK is a routing option pursuant to which an order will first check the System for available contracts for execution. After checking the System for available contracts, orders are sent to other available market centers for potential execution, per the entering firm's instructions. When checking the book, the System will seek to execute at the price at which it would send the order to a destination market center. Eligible unexecuted orders will continue to be routed as described in paragraph (a)(1)(C). If contracts remain un-executed after routing, they are posted on the book. Once on the book at the limit price, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(B) SRCH is a routing option pursuant to which an order will first check the System for available contracts for execution. After checking the System for available contracts, orders are sent to other available market centers for potential execution, per the entering firm's instructions. When checking the book, the System will seek to execute at the price at which it would send the order to a destination market center. Eligible unexecuted orders will continue to be routed as described in paragraph (a)(1)(C). If contracts remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, it will re-route.

(C) After an order is initially routed, pursuant to either the SEEK or SRCH routing option the order will post to the book and will be routed after a time period ("Route Timer") not to exceed one second as specified by the Exchange on its website provided that the order's limit price would lock or cross other market center(s). If, during the Route Timer, any new interest arrives opposite the order that is equal to or better than the ABBO price, the order will trade against such new interest at the ABBO price. Eligible unexecuted orders will be routed at the end of the Route Timer provided the order was not filled and the order's limit price would continue to lock or cross the ABBO. If an order was routed with either the SEEK or SRCH routing option, and has size after such routing, it will execute against contra side interest in the book, post in the book, and route again pursuant to the process described above, if applicable, if the order's limit price would lock or cross another market center(s).

(b) - (g) No change.

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