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

File No.* SR - 2015 - * 033
Amendment No. (req. for Amendments *)

Filing by NASDAQ OMX BX, Inc.

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☑	☐	☐	☐	☑	☐

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☑ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☐ 19b-4(f)(6)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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 *).

Proposed changes to amend fees and credits provided under BX Rule 7018.

Contact Information

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

First Name * Sean
Last Name * Bennett
Title * Associate General Counsel
E-mail * sean.bennett@nasdaq.com
Telephone * (301) 978-8499
Fax (301) 978-8472

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.

Date 06/01/2015

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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.

edward.knight@nasdaq.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of 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 “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) proposed changes to amend fees and credits provided under BX Rule 7018.

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 change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 16, 2014. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for filing of the rule change. The Exchange proposes to implement the proposed rule change on June 1, 2015.

Questions regarding this rule filing may be directed to T. Sean Bennett, Associate General Counsel, at (301) 978-8499.

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

[2] 17 CFR 240.19b-4.

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

a. Purpose

The Exchange is proposing to amend the fee schedule under Rule 7018(a), relating to fees and credits provided for orders in securities priced and $1 or more per share that execute on BX, and is proposing to increase a credit provided by the Retail Price Improvement program under Rule 7018(e).

Under Rule 7018(a), the Exchange provides credits to member firms that access certain levels of liquidity on BX per month. The Exchange is proposing to add two new credit tiers of $0.0017 and $0.0012 per share executed, which will be provided for orders that access liquidity, excluding orders with Midpoint pegging[3] and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that accesses liquidity equal to or exceeding 0.20% and 0.05% of total Consolidated Volume[4] during a month, respectively.

In a related change, the Exchange is amending existing credit tiers that provide a credit to members with orders that access liquidity, excluding orders with Midpoint

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3 A Midpoint Peg order has its priced based upon the national best bid and offer, excluding the effect that the Midpoint Peg Order itself has on the inside bid or inside offer. Primary Pegged Orders with an offset amount and Midpoint Pegged Orders will never be displayed. A Midpoint Pegged Order may be executed in sub-pennies if necessary to obtain a midpoint price. A new timestamp is created for the order each time it is automatically adjusted.

4 Consolidated Volume is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity. See Rule 7018(a).

pegging and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that accesses liquidity equal to or exceeding 0.1% and 0.015% of total Consolidated Volume during a month, which currently provide credits of $0.0010 and $0.0008 per share executed, respectively. The Exchange is proposing to increase the credit provided under the 0.1% Consolidated Volume tier from $0.0010 per share executed to $0.0015 per share executed. The Exchange is also proposing to increase the total Consolidated Volume required to receive the $0.0008 per share executed credit from 0.015% to 0.02%.

The Exchange is proposing to increase the credit it provides for all other orders that remove liquidity from BX and that do not qualify under another higher credit from $0.0004 per share executed to $0.0006 per share executed. In related changes, the Exchange is eliminating two credit tiers, which currently provide credits of $0.0006 per share executed and both of which are rendered moot in light of the increased credit the Exchange is provided for all other orders that remove liquidity from BX. Specifically, the Exchange is proposing to eliminate a $0.0006 per share executed credit provided to a member firm for an order that accesses liquidity, excluding orders with Midpoint pegging and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that provides an average daily volume of at least 25,000 shares of liquidity during the month. The Exchange is also proposing to eliminate the $0.0006 per share executed credit provided to members with a BSTG,[5] BSCN,[6] BMOP,[7]

5 See BX Rule 4758(a)(1)(A)(iii).

6 See BX Rule 4758(a)(1)(A)(iv).

7 See BX Rule 4758(a)(1)(A)(vi).

BTFY,[8] BCRT,[9] BDRK[10] or BCST[11] order that accesses liquidity in the NASDAQ OMX BX Equities System, excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging.

The Exchange is also proposing to modify and eliminate certain charges it assesses under Rule 7018(a). Specifically, the Exchange is proposing to increase the charge assessed for a Displayed order entered by a Qualified Market Maker[12] ("QMM") from $0.0009 per share executed to $0.0014 per share executed. The Exchange is also proposing to adopt a new charge tier of $0.0014 per share executed assessed a member that (i) adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month, and (ii) adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month.

The Exchange is proposing to increase the charges assessed under two tiers for a displayed order that adds liquidity equal to or exceeding 0.25% and 0.04% of total

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8 See BX Rule 4758(a)(1)(A)(v).

9 See BX Rule 4758(a)(1)(A)(vii).

10 See BX Rule 4758(a)(1)(A)(viii).

11 See BX Rule 4758(a)(1)(A)(ix).

12 A member firm may become a QMM by providing through one or more of its NASDAQ OMX BX Equities System market maker participant identifier ("MPIDs") more than 0.30% of Consolidated Volume during the month. For a member qualifying under this method, the member must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the QMM quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The member must also provide an average daily volume of 1.5 million shares or more using orders with Midpoint pegging during the month.

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Consolidated Volume during a month, respectively, which are currently set a $0.0012 per share executed and $0.0014 per share executed, respectively. The Exchange is proposing to increase the charge under the 0.25% tier to $0.0018 per share executed, while also decreasing the minimum liquidity needed to be provided to qualify under the tier from 0.25% of total Consolidated Volume during a month to 0.20% of total Consolidated Volume during a month. The Exchange is proposing to increase the charge under the 0.04% tier to $0.0019 per share executed and is additionally proposing to increase the total Consolidated Volume required to receive the charge from 0.04% to 0.10%.

The Exchange is also proposing to amend charges it assesses for providing liquidity in orders with Midpoint pegging. Specifically, it is proposing to eliminate the $0.0002 per share executed charge assessed for an order with Midpoint pegging entered by a member that adds 0.03% of total Consolidated Volume of non-displayed liquidity. The Exchange is also proposing to increase the charge assessed for an order with Midpoint pegging entered by a member that adds 0.015% of total Consolidated Volume of non-displayed liquidity from $0.0004 per share executed to $0.0005 per share executed and is additionally increasing the total Consolidated Volume requirement from 0.015% to 0.02%. The Exchange is proposing to increase the $0.0010 per share executed charge for an order with Midpoint pegging entered by a member that does not qualify for a lower charge for such an order to $0.0015 per share executed.

The Exchange is proposing to amend certain charges relating to non-displayed orders. Specifically, the Exchange is proposing to eliminate the $0.0014 per share executed charge assessed for a non-displayed order, other than orders with Midpoint pegging, entered by a member that adds 0.075% of total Consolidated Volume of non-displayed liquidity. The Exchange is also proposing to increase the $0.0019 per share executed charge assessed for a non-displayed order, other than orders with Midpoint pegging, entered by a member that adds 0.055% of total Consolidated Volume of non-displayed liquidity to $0.0024 per share executed and is additionally increasing the total Consolidated Volume requirement to 0.06%. The Exchange is proposing to increase the charge assessed for all other non-displayed orders from $0.0028 per share executed to $0.0030 per share executed.

The Exchange is proposing to reduce the level of Consolidated Volume required to qualify as a QMM. Currently, to be considered a QMM a member firm must provide through one or more of its NASDAQ OMX BX Equities System MPIDs more than 0.30% of Consolidated Volume during the month. To qualify under this method, the member firm must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the QMM quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The member firm must also provide an average daily volume of 1.5M shares or more using orders with Midpoint pegging during the month. The Exchange is proposing to reduce the level of Consolidated Volume under the rule from 0.30% to 0.15%.

Lastly, the Exchange is proposing to amend a charge assessed under the Retail Price Improvement Program of Rule 7018(e). The Exchange's Retail Price Improvement ("RPI") program provides incentives to member firms (or a division thereof) approved by the Exchange to participate in the program (a "Retail Member Organization") to submit designated "Retail Orders"[13] for the purpose of seeking price improvement. The Exchange is proposing to increase the $0.0012 per share executed credit provided for a Retail Order that accesses other liquidity on the Exchange book to $0.0017 per share executed. The credit applies to Retail Orders not covered by other credit tiers available for accessing liquidity under the rule.

b. Statutory Basis

BX believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,[14] in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,[15] 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 or system which the Exchange operates or controls, and 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 regulating, clearing, settling, processing information with respect to, and 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; and

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13 A Retail Order is defined in BX Rule 4780(a)(2), in part, as "an agency or riskless principal order that satisfies the criteria of FINRA Rule 5320.03, that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price (except in the case that a market order is changed to a marketable limit order) or side of market and the order does not originate from a trading algorithm or any other computerized methodology."

14 15 U.S.C. 78f.

15 15 U.S.C. 78f(b)(4) and (5).

are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed two new credit tiers based on Consolidated Volume together with the proposed changes to existing credit tiers based on Consolidated Volume under BX Rule 7018(a) are reasonable because they provide additional opportunities for market participants to receive credits for participation on BX. The Exchange also believes that the proposed changes to the credit tiers based on the level Consolidated Volume are reasonable because the credits tiers are directly tied to the level of Consolidated Volume a member firm accesses in a given month, with the highest credit provided for the greatest level of Consolidated Volume, and the lowest credit provided to the lowest level of Consolidated Volume. Specifically, the Exchange is proposing a new $0.0017 per share executed credit tier, which will require the highest level of Consolidated Volume in liquidity removal from the Exchange. The Exchange is proposing to increase the credit provided for the next lower tier, which requires liquidity accessed of 0.1% or more of Consolidated Volume, to $0.0015 per share executed. The Exchange is proposing to adopt a new $0.0012 per share executed credit tier, which will require adding liquidity equal to or exceeding 0.05% of total Consolidated Volume during the month. Lastly, the Exchange is modifying an existing credit tier by increasing the minimum total Consolidated Volume required from 0.015% to 0.02%. As such, the Exchange is generally providing increased credits to provide incentive to member firms to remove liquidity, excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging, from the Exchange. With respect to the increased Consolidated Volume required to receive the

$0.0008 credit, the Exchange notes that member firms are being required to provide increased Consolidated Volume to receive the credit, which will improve market quality for all participants. The Exchange believes that the proposed credits noted above are both equitably allocated and are not unfairly discriminatory as they are provided to all member firms that achieve the minimum level of Consolidated Volume required by the tier, with the member firms that provide the greatest level of Consolidated Volume receiving the greatest credit.

The Exchange believes that elimination of the two $0.0006 per share executed credit tiers is reasonable because the Exchange has increased the credit it provides for all orders that do not otherwise receive a higher credit, which the Exchange is increasing to $0.0006 per share executed. This increased "default" credit is reasonable because the Exchange desires to further incentivize member firms to participate in the Exchange by removing liquidity, generally. The Exchange believes that the proposed elimination of the two $0.0006 per share executed credit tiers, and the proposed increase in the "default" credit to $0.0006 per share executed are both an equitable allocation and are not unfairly discriminatory because more member firms will have the opportunity to qualify for a higher credit based on their participation in BX by removing liquidity.

The Exchange believes that the proposed change to increase the charge assessed a QMM for entering a displayed order is reasonable because the exchange must balance the cost of credits provided for orders removing liquidity and the desire to provide QMMs with incentives to provide displayed orders. The Exchange notes that the proposed charge continues to be lower than the default charge assessed for all other displayed orders that do not otherwise qualify for a lower charge, and as such continues to act as an incentive to market participants to provide such liquidity. Moreover, the Exchange will continue to provide a reduced charge in return for the provision of market improving order activity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that previously had qualified to receive such a credit.

The Exchange believes that the proposed new $0.0014 per share executed charge available to a member firm that adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month and adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month, is reasonable because it provides a new means by which a member firm may qualify for a lower charge than the default charge applied to liquidity-providing displayed orders. The Exchange provides incentives to member firms to enter displayed orders on BX and, in the present case, it is providing a reduced charge to a member that enters such an order, but also provides market improving liquidity in the form of significant levels of Consolidated Volume of adding and accessing liquidity during the month. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because the new charge applies uniformly to all member firms that qualify under the tier's requirements, which requires beneficial market activity by the member firm in return for the lower charge.

The Exchange believes that the proposed increase to the $0.0012 per share executed and $0.0014 per share executed charge tiers assessed for Displayed orders entered by a member firm that adds liquidity equal to or exceeding 0.25% and 0.04% of total Consolidated Volume during a month, respectively, is reasonable because it reflects a small increase to the charges assessed for such orders by qualifying members, while each continue to remain lower than the default charge assessed for providing liquidity in displayed orders. As such, the proposed charges will continue act as an incentive to market participants to provide displayed orders. The Exchange also believes that decreasing the level of Consolidated Volume required to receive the proposed $0.0018 per share executed charge from 0.025% to 0.020% is reasonable because it lowers the total Consolidated Volume requirement, which the Exchange has observed was set too high to effectively provide incentive to market participants to improve the market. The Exchange also believes that it is reasonable to increase the level of Consolidated Volume required to receive the $0.0019 per share executed charge from 0.04% to 0.10% because the Exchange believes that increasing the level may result in improved market quality in the form of additional total Consolidated Volume in return for the reduced charge. The Exchange believes that the proposed changes to the $0.0012 charge tier is both an equitable allocation and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that qualify under the tier’s revised, lower Consolidated Volume requirement, which will continue to provide a charge lower than the default charge assessed for displayed orders. The Exchange also believes that the proposed changes to the $0.0014 charge tier is both an equitable allocation and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that qualify under the tier’s revised, higher Consolidated Volume requirement, which will continue to provide a charge lower than the default charge assessed for displayed orders.

The Exchange believes that elimination of the $0.0002 per share executed charge provided for an order with Midpoint pegging entered by a member firm that adds 0.03% of total Consolidated Volume of non-displayed liquidity is reasonable because the Exchange will continue to provide opportunity for member firms to receive a reduced charge for such non-displayed liquidity based on a certain level of total Consolidated Volume. Specifically, the Exchange will provide a member firm with a reduced charge for non-displayed liquidity if it achieves 0.02% of total Consolidated Volume during a month. The Exchange believes that the 0.03% total Consolidated Volume tier is no longer needed to provide incentive to market participant to provide such Midpoint pegging orders. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge.

The Exchange believes that the proposed increase to the charge assessed for an order with Midpoint pegging entered by a member firm that adds 0.015% of total Consolidated Volume from $0.0004 per share executed to $0.0005 per share executed is reasonable because it represents a modest increase to the charge assessed for such orders, while remaining lower than the default charge assessed for other non-displayed orders. Moreover, the Exchange believes that the proposed increased charge will continue act as an incentive to market participants to provide orders with Midpoint pegging. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge. The Exchange also believes that the proposed increase to the charge is equitably allocated and not unfairly discriminatory because all members entering orders with Midpoint pegging that meet the criteria of the tier will be assessed the proposed charge.

The Exchange believes that the increase the charge for Midpoint pegging orders that do not otherwise qualify for a lower charge from $0.0010 per share executed to $0.0015 per share executed is reasonable because it represents a modest increase to the charge assessed for such orders, while remaining lower than the default charge assessed for non-displayed orders. Moreover, the Exchange believes that the proposed increased charge will continue act as an incentive to market participants provide orders with Midpoint pegging. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge. The Exchange also believes that the proposed increase to the charge is equitably allocated and not unfairly discriminatory because all members entering orders with Midpoint pegging that do not otherwise qualify for a lower charge under another tier will be assessed the proposed charge.

The Exchange believes that elimination of the $0.0014 per share executed charge assessed for non-displayed orders, other than orders with Midpoint pegging, entered by a member firm that adds 0.075% of total Consolidated Volume of non-displayed liquidity is reasonable because the Exchange will continue to offer member firms opportunity to receive a reduced charge for such orders, albeit at a higher charge under a separate tier. The Exchange notes that, while the proposed charge under the remaining tier is $0.0024 per share executed, member firms will only be required to provide a minimum of 0.06% of total Consolidated Volume of non-displayed liquidity. The Exchange believes that this charge tier will continue act as an incentive to market participants to provide non-displayed liquidity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders that qualify under the deleted tier in return for providing non-displayed liquidity, albeit at an increased charge under the remaining tier.

The Exchange believes that increasing the charge assessed and total Consolidated Volume required for non-displayed orders, other than orders with Midpoint pegging, entered by a member firm that adds 0.055% of total Consolidated Volume of non-displayed liquidity is reasonable because the charge continues to be lower than the charge assessed for other non-displayed orders, thereby continuing to serve as an incentive to market participants to provide non-displayed liquidity, and the modest increase in required total Consolidated Volume will encourage members to provide additional non-displayed liquidity. The Exchange notes that non-displayed liquidity is not as beneficial to market quality as other forms of displayed liquidity and, accordingly, the Exchange assesses a higher charge for such liquidity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders that qualify under the tier in return for providing non-displayed liquidity at a level slightly higher than is currently required, which will apply to all member firms that qualify under the tier. Additionally, the Exchange believes that the proposed change is equitably allocated and not unfairly discriminatory because all members can add liquidity to BX and the more liquidity a member adds the lower the charge because the member is improving the quality of the market by providing this additional liquidity.

The Exchange believes that the proposed increase to the default charge assessed for non-displayed orders that do not otherwise qualify for a lower charge from $0.0028 per share executed to $0.0030 per share executed is reasonable because it is reflective of the Exchange's need to balance the fees assessed with the desire to improve market quality. The Exchange believes that non-displayed liquidity on BX is sufficient that it can support a minor increase to the charge assessed, thus allowing the Exchange to apply other discounted charges and offer credits designed to further increase participation on the Exchange. The Exchange also believes that the proposed increase to the default charge is equitably allocated and not unfairly discriminatory because all members entering non-displayed orders on BX that do not qualify for a reduced charge will be assessed the proposed charge.

The Exchange believes the proposed reduction in the level of Consolidated Volume required to qualify as a QMM from 0.30% to 0.15% is reasonable because it will provide a greater incentive to market participants to participate in the program, which is designed to improve the market by providing member firms with incentive to participate in the market in return for reduced charge for providing Displayed Orders. The Exchange also believes that the proposed reduction in Consolidated Volume required to qualify as a QMM is equitably allocated and not unfairly discriminatory because all member firms that qualify under the amended QMM eligibility standard will be considered QMMs, and therefore be eligible for the reduced charge. As noted, the proposed change is designed to expand participation in the program, which will benefit all market participants in the form of improved liquidity.

The Exchange believes the proposed increased credit provided for a Retail Order that accesses other liquidity on the Exchange book from $0.0012 per share executed to $0.0017 per share executed is reasonable because it will provide a greater incentive to market participants to participate in the program, which is designed to improve the market for retail order flow. The Exchange also believes that the proposed increase to the credit is equitably allocated and not unfairly discriminatory because all members entering a Retail Order that accesses other liquidity on the Exchange book will receive the credit.

Finally, BX 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. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. The changes reflect this environment because although they reflect both increases in credits and fees, with the price increases being minor and lower than the default charges assessed under the fee schedule, while the increased credits are designed to incentivize changes in market participant behavior to the benefit of the market overall.

4. <u>Self-Regulatory Organization’s Statement on Burden on Competition</u>

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.[16] BX notes that it operates in a highly competitive market in which market participants can readily favor dozens of different competing exchanges and alternative trading systems if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, BX believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the changes to fees and credits do not impose a burden on competition because participation in the Exchange is optional and is the subject of competition from other exchanges. The proposed changes to the credits and charges are reflective of the Exchange’s overall efforts to provide greater incentives to market participants in the form of credits and reduced charges for market participation it believes needs improvement to the benefit of all participants. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that BX will lose market share as a result of the changes if they are unattractive to market participants.

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[16] 15 U.S.C. 78f(b)(8).

Accordingly, BX does not believe that the proposed rule changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Written comments were neither solicited nor 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,[17] BX 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.

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.

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[17] 15 U.S.C. 78s(b)(3)(A)(ii).

11. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-BX-2015-033)

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule under Exchange Rule 7018 with Respect to Transactions in Securities Priced at $1 or More per Share and the Exchange's Retail Price Improvement Program

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 June 1, 2015, 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 amend BX Rule 7018 with respect to transactions in securities priced at $1 or more per share and the Exchange's Retail Price Improvement Program.

The text of the proposed rule change is also 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.

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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 the fee schedule under Rule 7018(a), relating to fees and credits provided for orders in securities priced and $1 or more per share that execute on BX, and is proposing to increase a credit provided by the Retail Price Improvement program under Rule 7018(e).

Under Rule 7018(a), the Exchange provides credits to member firms that access certain levels of liquidity on BX per month. The Exchange is proposing to add two new credit tiers of $0.0017 and $0.0012 per share executed, which will be provided for orders that access liquidity, excluding orders with Midpoint pegging[3] and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a

[3] A Midpoint Peg order has its priced based upon the national best bid and offer, excluding the effect that the Midpoint Peg Order itself has on the inside bid or inside offer. Primary Pegged Orders with an offset amount and Midpoint Pegged Orders will never be displayed. A Midpoint Pegged Order may be executed in sub-pennies if necessary to obtain a midpoint price. A new timestamp is created for the order each time it is automatically adjusted.

member that accesses liquidity equal to or exceeding 0.20% and 0.05% of total Consolidated Volume[4] during a month, respectively.

In a related change, the Exchange is amending existing credit tiers that provide a credit to members with orders that access liquidity, excluding orders with Midpoint pegging and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that accesses liquidity equal to or exceeding 0.1% and 0.015% of total Consolidated Volume during a month, which currently provide credits of $0.0010 and $0.0008 per share executed, respectively. The Exchange is proposing to increase the credit provided under the 0.1% Consolidated Volume tier from $0.0010 per share executed to $0.0015 per share executed. The Exchange is also proposing to increase the total Consolidated Volume required to receive the $0.0008 per share executed credit from 0.015% to 0.02%.

The Exchange is proposing to increase the credit it provides for all other orders that remove liquidity from BX and that do not qualify under another higher credit from $0.0004 per share executed to $0.0006 per share executed. In related changes, the Exchange is eliminating two credit tiers, which currently provide credits of $0.0006 per share executed and both of which are rendered moot in light of the increased credit the Exchange is provided for all other orders that remove liquidity from BX. Specifically, the Exchange is proposing to eliminate a $0.0006 per share executed credit provided to a

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4 Consolidated Volume is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity. See Rule 7018(a).

member firm for an order that accesses liquidity, excluding orders with Midpoint pegging and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that provides an average daily volume of at least 25,000 shares of liquidity during the month. The Exchange is also proposing to eliminate the $0.0006 per share executed credit provided to members with a BSTG,[5] BSCN,[6] BMOP,[7] BTFY,[8] BCRT,[9] BDRK[10] or BCST[11] order that accesses liquidity in the NASDAQ OMX BX Equities System, excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging.

The Exchange is also proposing to modify and eliminate certain charges it assesses under Rule 7018(a). Specifically, the Exchange is proposing to increase the charge assessed for a Displayed order entered by a Qualified Market Maker[12] ("QMM") from $0.0009 per share executed to $0.0014 per share executed. The Exchange is also

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5 See BX Rule 4758(a)(1)(A)(iii).

6 See BX Rule 4758(a)(1)(A)(iv).

7 See BX Rule 4758(a)(1)(A)(vi).

8 See BX Rule 4758(a)(1)(A)(v).

9 See BX Rule 4758(a)(1)(A)(vii).

10 See BX Rule 4758(a)(1)(A)(viii).

11 See BX Rule 4758(a)(1)(A)(ix).

12 A member firm may become a QMM by providing through one or more of its NASDAQ OMX BX Equities System market maker participant identifier ("MPIDs") more than 0.30% of Consolidated Volume during the month. For a member qualifying under this method, the member must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the QMM quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The member must also provide an average daily volume of 1.5 million shares or more using orders with Midpoint pegging during the month.

proposing to adopt a new charge tier of $0.0014 per share executed assessed a member that (i) adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month, and (ii) adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month.

The Exchange is proposing to increase the charges assessed under two tiers for a displayed order that adds liquidity equal to or exceeding 0.25% and 0.04% of total Consolidated Volume during a month, respectively, which are currently set a $0.0012 per share executed and $0.0014 per share executed, respectively. The Exchange is proposing to increase the charge under the 0.25% tier to $0.0018 per share executed, while also decreasing the minimum liquidity needed to be provided to qualify under the tier from 0.25% of total Consolidated Volume during a month to 0.20% of total Consolidated Volume during a month. The Exchange is proposing to increase the charge under the 0.04% tier to $0.0019 per share executed and is additionally proposing to increase the total Consolidated Volume required to receive the charge from 0.04% to 0.10%.

The Exchange is also proposing to amend charges it assesses for providing liquidity in orders with Midpoint pegging. Specifically, it is proposing to eliminate the $0.0002 per share executed charge assessed for an order with Midpoint pegging entered by a member that adds 0.03% of total Consolidated Volume of non-displayed liquidity. The Exchange is also proposing to increase the charge assessed for an order with Midpoint pegging entered by a member that adds 0.015% of total Consolidated Volume of non-displayed liquidity from $0.0004 per share executed to $0.0005 per share executed and is additionally increasing the total Consolidated Volume requirement from 0.015% to 0.02%. The Exchange is proposing to increase the $0.0010 per share executed charge for an order with Midpoint pegging entered by a member that does not qualify for a lower charge for such an order to $0.0015 per share executed.

The Exchange is proposing to amend certain charges relating to non-displayed orders. Specifically, the Exchange is proposing to eliminate the $0.0014 per share executed charge assessed for a non-displayed order, other than orders with Midpoint pegging, entered by a member that adds 0.075% of total Consolidated Volume of non-displayed liquidity. The Exchange is also proposing to increase the $0.0019 per share executed charge assessed for a non-displayed order, other than orders with Midpoint pegging, entered by a member that adds 0.055% of total Consolidated Volume of non-displayed liquidity to $0.0024 per share executed and is additionally increasing the total Consolidated Volume requirement to 0.06%. The Exchange is proposing to increase the charge assessed for all other non-displayed orders from $0.0028 per share executed to $0.0030 per share executed.

The Exchange is proposing to reduce the level of Consolidated Volume required to qualify as a QMM. Currently, to be considered a QMM a member firm must provide through one or more of its NASDAQ OMX BX Equities System MPIDs more than 0.30% of Consolidated Volume during the month. To qualify under this method, the member firm must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the QMM quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The member firm must also provide an average daily volume of 1.5M shares or more using orders with Midpoint pegging during the month. The Exchange is proposing to reduce the level of Consolidated Volume under the rule from 0.30% to 0.15%.

Lastly, the Exchange is proposing to amend a charge assessed under the Retail Price Improvement Program of Rule 7018(e). The Exchange's Retail Price Improvement ("RPI") program provides incentives to member firms (or a division thereof) approved by the Exchange to participate in the program (a "Retail Member Organization") to submit designated "Retail Orders"[13] for the purpose of seeking price improvement. The Exchange is proposing to increase the $0.0012 per share executed credit provided for a Retail Order that accesses other liquidity on the Exchange book to $0.0017 per share executed. The credit applies to Retail Orders not covered by other credit tiers available for accessing liquidity under the rule.

2. Statutory Basis

BX believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,[14] in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,[15] 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 or system which the Exchange operates or controls, and 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 regulating, clearing, settling,

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13 A Retail Order is defined in BX Rule 4780(a)(2), in part, as "an agency or riskless principal order that satisfies the criteria of FINRA Rule 5320.03, that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price (except in the case that a market order is changed to a marketable limit order) or side of market and the order does not originate from a trading algorithm or any other computerized methodology."

14 15 U.S.C. 78f.

15 15 U.S.C. 78f(b)(4) and (5).

processing information with respect to, and 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; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed two new credit tiers based on Consolidated Volume together with the proposed changes to existing credit tiers based on Consolidated Volume under BX Rule 7018(a) are reasonable because they provide additional opportunities for market participants to receive credits for participation on BX. The Exchange also believes that the proposed changes to the credit tiers based on the level Consolidated Volume are reasonable because the credits tiers are directly tied to the level of Consolidated Volume a member firm accesses in a given month, with the highest credit provided for the greatest level of Consolidated Volume, and the lowest credit provided to the lowest level of Consolidated Volume. Specifically, the Exchange is proposing a new $0.0017 per share executed credit tier, which will require the highest level of Consolidated Volume in liquidity removal from the Exchange. The Exchange is proposing to increase the credit provided for the next lower tier, which requires liquidity accessed of 0.1% or more of Consolidated Volume, to $0.0015 per share executed. The Exchange is proposing to adopt a new $0.0012 per share executed credit tier, which will require adding liquidity equal to or exceeding 0.05% of total Consolidated Volume during the month. Lastly, the Exchange is modifying an existing credit tier by increasing the minimum total Consolidated Volume required from 0.015% to 0.02%. As such, the Exchange is generally providing increased credits to provide incentive to member firms to remove liquidity, excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging, from the Exchange. With respect to the increased Consolidated Volume required to receive the \$0.0008 credit, the Exchange notes that member firms are being required to provide increased Consolidated Volume to receive the credit, which will improve market quality for all participants. The Exchange believes that the proposed credits noted above are both equitably allocated and are not unfairly discriminatory as they are provided to all member firms that achieve the minimum level of Consolidated Volume required by the tier, with the member firms that provide the greatest level of Consolidated Volume receiving the greatest credit.

The Exchange believes that elimination of the two \$0.0006 per share executed credit tiers is reasonable because the Exchange has increased the credit it provides for all orders that do not otherwise receive a higher credit, which the Exchange is increasing to \$0.0006 per share executed. This increased "default" credit is reasonable because the Exchange desires to further incentivize member firms to participate in the Exchange by removing liquidity, generally. The Exchange believes that the proposed elimination of the two \$0.0006 per share executed credit tiers, and the proposed increase in the "default" credit to \$0.0006 per share executed are both an equitable allocation and are not unfairly discriminatory because more member firms will have the opportunity to qualify for a higher credit based on their participation in BX by removing liquidity.

The Exchange believes that the proposed change to increase the charge assessed a QMM for entering a displayed order is reasonable because the exchange must balance the cost of credits provided for orders removing liquidity and the desire to provide QMMs with incentives to provide displayed orders. The Exchange notes that the proposed charge continues to be lower than the default charge assessed for all other displayed orders that do not otherwise qualify for a lower charge, and as such continues to act as an incentive to market participants to provide such liquidity. Moreover, the Exchange will continue to provide a reduced charge in return for the provision of market improving order activity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that previously had qualified to receive such a credit.

The Exchange believes that the proposed new $0.0014 per share executed charge available to a member firm that adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month and adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month, is reasonable because it provides a new means by which a member firm may qualify for a lower charge than the default charge applied to liquidity-providing displayed orders. The Exchange provides incentives to member firms to enter displayed orders on BX and, in the present case, it is providing a reduced charge to a member that enters such an order, but also provides market improving liquidity in the form of significant levels of Consolidated Volume of adding and accessing liquidity during the month. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because the new charge applies uniformly to all member firms that qualify under the tier's requirements, which requires beneficial market activity by the member firm in return for the lower charge.

The Exchange believes that the proposed increase to the $0.0012 per share executed and $0.0014 per share executed charge tiers assessed for Displayed orders entered by a member firm that adds liquidity equal to or exceeding 0.25% and 0.04% of total Consolidated Volume during a month, respectively, is reasonable because it reflects a small increase to the charges assessed for such orders by qualifying members, while each continue to remain lower than the default charge assessed for providing liquidity in displayed orders. As such, the proposed charges will continue act as an incentive to market participants to provide displayed orders. The Exchange also believes that decreasing the level of Consolidated Volume required to receive the proposed $0.0018 per share executed charge from 0.025% to 0.020% is reasonable because it lowers the total Consolidated Volume requirement, which the Exchange has observed was set too high to effectively provide incentive to market participants to improve the market. The Exchange also believes that it is reasonable to increase the level of Consolidated Volume required to receive the $0.0019 per share executed charge from 0.04% to 0.10% because the Exchange believes that increasing the level may result in improved market quality in the form of additional total Consolidated Volume in return for the reduced charge. The Exchange believes that the proposed changes to the $0.0012 charge tier is both an equitable allocation and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that qualify under the tier's revised, lower Consolidated Volume requirement, which will continue to provide a charge lower than the default charge assessed for displayed orders. The Exchange also believes that the proposed changes to the $0.0014 charge tier is both an equitable allocation and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that qualify under the tier's revised, higher Consolidated Volume requirement, which will continue to provide a charge lower than the default charge assessed for displayed orders.

The Exchange believes that elimination of the $0.0002 per share executed charge provided for an order with Midpoint pegging entered by a member firm that adds 0.03% of total Consolidated Volume of non-displayed liquidity is reasonable because the Exchange will continue to provide opportunity for member firms to receive a reduced charge for such non-displayed liquidity based on a certain level of total Consolidated Volume. Specifically, the Exchange will provide a member firm with a reduced charge for non-displayed liquidity if it achieves 0.02% of total Consolidated Volume during a month. The Exchange believes that the 0.03% total Consolidated Volume tier is no longer needed to provide incentive to market participant to provide such Midpoint pegging orders. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge.

The Exchange believes that the proposed increase to the charge assessed for an order with Midpoint pegging entered by a member firm that adds 0.015% of total Consolidated Volume from $0.0004 per share executed to $0.0005 per share executed is reasonable because it represents a modest increase to the charge assessed for such orders, while remaining lower than the default charge assessed for other non-displayed orders. Moreover, the Exchange believes that the proposed increased charge will continue act as an incentive to market participants to provide orders with Midpoint pegging. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge. The Exchange also believes that the proposed increase to the charge is equitably allocated and not unfairly discriminatory because all members entering orders with Midpoint pegging that meet the criteria of the tier will be assessed the proposed charge.

The Exchange believes that the increase the charge for Midpoint pegging orders that do not otherwise qualify for a lower charge from $0.0010 per share executed to $0.0015 per share executed is reasonable because it represents a modest increase to the charge assessed for such orders, while remaining lower than the default charge assessed for non-displayed orders. Moreover, the Exchange believes that the proposed increased charge will continue act as an incentive to market participants provide orders with Midpoint pegging. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge. The Exchange also believes that the proposed increase to the charge is equitably allocated and not unfairly discriminatory because all members entering orders with Midpoint pegging that do not otherwise qualify for a lower charge under another tier will be assessed the proposed charge.

The Exchange believes that elimination of the $0.0014 per share executed charge assessed for non-displayed orders, other than orders with Midpoint pegging, entered by a member firm that adds 0.075% of total Consolidated Volume of non-displayed liquidity is reasonable because the Exchange will continue to offer member firms opportunity to receive a reduced charge for such orders, albeit at a higher charge under a separate tier. The Exchange notes that, while the proposed charge under the remaining tier is $0.0024 per share executed, member firms will only be required to provide a minimum of 0.06% of total Consolidated Volume of non-displayed liquidity. The Exchange believes that this charge tier will continue act as an incentive to market participants to provide non-displayed liquidity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders that qualify under the deleted tier in return for providing non-displayed liquidity, albeit at an increased charge under the remaining tier.

The Exchange believes that increasing the charge assessed and total Consolidated Volume required for non-displayed orders, other than orders with Midpoint pegging, entered by a member firm that adds 0.055% of total Consolidated Volume of non-displayed liquidity is reasonable because the charge continues to be lower than the charge assessed for other non-displayed orders, thereby continuing to serve as an incentive to market participants to provide non-displayed liquidity, and the modest increase in required total Consolidated Volume will encourage members to provide additional non-displayed liquidity. The Exchange notes that non-displayed liquidity is not as beneficial to market quality as other forms of displayed liquidity and, accordingly, the Exchange assesses a higher charge for such liquidity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders that qualify under the tier in return for providing non-displayed liquidity at a level slightly higher than is currently required, which will apply to all member firms that qualify under the tier. Additionally, the Exchange believes that the proposed change is equitably allocated and not unfairly discriminatory because all members can add liquidity to BX and the more liquidity a member adds the lower the charge because the member is improving the quality of the market by providing this additional liquidity.

The Exchange believes that the proposed increase to the default charge assessed for non-displayed orders that do not otherwise qualify for a lower charge from $0.0028 per share executed to $0.0030 per share executed is reasonable because it is reflective of the Exchange's need to balance the fees assessed with the desire to improve market quality. The Exchange believes that non-displayed liquidity on BX is sufficient that it can support a minor increase to the charge assessed, thus allowing the Exchange to apply other discounted charges and offer credits designed to further increase participation on the Exchange. The Exchange also believes that the proposed increase to the default charge is equitably allocated and not unfairly discriminatory because all members entering non-displayed orders on BX that do not qualify for a reduced charge will be assessed the proposed charge.

The Exchange believes the proposed reduction in the level of Consolidated Volume required to qualify as a QMM from 0.30% to 0.15% is reasonable because it will provide a greater incentive to market participants to participate in the program, which is designed to improve the market by providing member firms with incentive to participate in the market in return for reduced charge for providing Displayed Orders. The Exchange also believes that the proposed reduction in Consolidated Volume required to qualify as a QMM is equitably allocated and not unfairly discriminatory because all member firms that qualify under the amended QMM eligibility standard will be considered QMMs, and therefore be eligible for the reduced charge. As noted, the proposed change is designed to expand participation in the program, which will benefit all market participants in the form of improved liquidity.

The Exchange believes the proposed increased credit provided for a Retail Order that accesses other liquidity on the Exchange book from $0.0012 per share executed to $0.0017 per share executed is reasonable because it will provide a greater incentive to market participants to participate in the program, which is designed to improve the market for retail order flow. The Exchange also believes that the proposed increase to the credit is equitably allocated and not unfairly discriminatory because all members entering a Retail Order that accesses other liquidity on the Exchange book will receive the credit.

Finally, BX 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. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. The changes reflect this environment because although they reflect both increases in credits and fees, with the price increases being minor and lower than the default charges assessed under the fee schedule, while the increased credits are designed to incentivize changes in market participant behavior to the benefit of the market overall.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.[16] BX notes that it operates in a highly competitive market in which market participants can readily favor dozens of different competing exchanges and alternative trading systems if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, BX believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the changes to fees and credits do not impose a burden on competition because participation in the Exchange is optional and is the subject of competition from other exchanges. The proposed changes to the credits and charges are reflective of the Exchange's overall efforts to provide greater incentives to market participants in the form of credits and reduced charges for market participation it believes needs improvement to the benefit of all participants. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial

[16] 15 U.S.C. 78f(b)(8).

markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that BX will lose market share as a result of the changes if they are unattractive to market participants.

Accordingly, BX does not believe that the proposed rule changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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 change has become effective pursuant to Section 19(b)(3)(A) of the Act[17] and paragraph (f) of Rule 19b-4[18] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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:

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[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b-4(f).

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-2015-033 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-BX-2015-033. 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-2015-033 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.[19]

Robert W. Errett
Deputy Secretary

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[19] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

The text of the proposed rule change is below. Proposed new language is underlined; deletions are bracketed.

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7018. NASDAQ OMX BX Equities System Order Execution and Routing

(a) The following charges and credits shall apply to the use of the order execution and routing services of the NASDAQ OMX BX Equities System by members for all securities priced at $1 or more per share that it trades. As used in this rule, the term “Consolidated Volume” shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity. As used in this rule, “price improvement” shall mean instances when the accepted price of an order differs from the executed price of an order.

Credit for entering order that accesses liquidity in the NASDAQ OMX BX Equities System:	
Order that receives price improvement and executes against an order with Midpoint pegging:	$0.0000 per share executed
Order with Midpoint pegging that removes liquidity:	$0.0000 per share executed
Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that accesses liquidity equal to or exceeding 0.20% of total Consolidated Volume during a month:	$0.0017 per share executed
Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that accesses liquidity equal to or exceeding 0.1% of total Consolidated Volume during a month:	$0.0015[10] per share executed
Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that adds liquidity equal to or exceeding 0.05% of total Consolidated Volume during	$0.0012 per share executed

a month:

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that adds 0.02[15]% of total Consolidated Volume during a month:	$0.0008 per share executed
[Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging) entered by a member that provides an average daily volume of at least 25,000 shares of liquidity during the month:]	[$0.0006 per share executed]
[BSTG, BSCN, BMOP, BTFY, BCRT, BDRK or BCST order that accesses liquidity in the NASDAQ OMX BX Equities System (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging):]	[$0.0006 per share executed]
All other orders:	$0.0006[04] per share executed
Charge for providing liquidity through the NASDAQ OMX BX Equities System:	
Displayed order entered by a Qualified Market Maker:	$0.0014[09] per share executed
Displayed order entered by a member that (i) adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month; and (ii) adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month:	$0.0014 per share executed
Displayed order entered by a member that adds liquidity equal to or exceeding 0.20[5]% of total Consolidated Volume during a month:	$0.0018[12] per share executed
Displayed order entered by a member that adds liquidity equal to or exceeding 0.10[04]% of total Consolidated Volume during a month:	$0.0019[14] per share executed
[Order with Midpoint pegging entered by a member that adds 0.03% of total Consolidated Volume of non-displayed liquidity:]	[$0.0002 per share executed]

Order with Midpoint pegging entered by a member that adds 0.02[15]% of total Consolidated Volume of non-displayed liquidity:	$0.0005[4] per share executed
Order with Midpoint pegging entered by other member:	$0.0015[10] per share executed
[Non-displayed orders (other than orders with Midpoint pegging) entered by a member that adds 0.075% of total Consolidated Volume of non-displayed liquidity:]	[$0.0014 per share executed]
Non-displayed orders (other than orders with Midpoint pegging) entered by a member that adds 0.06[55]% of total Consolidated Volume of non-displayed liquidity:	$0.0024[19] per share executed
All other non-displayed orders:	$0.0030[28] per share executed
All other orders:	$0.0020 per share executed

A firm may become a Qualified Market Maker by being a member that provides through one or more of its NASDAQ OMX BX Equities System MPIDs more than 0.15[30]% of Consolidated Volume during the month. For a member qualifying under this method, the member must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the Qualified Market Maker quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The member must also provide an average daily volume of 1.5M shares or more using orders with midpoint pegging during the month.

* * * * *

(b) – (d) No change.

(e) Retail Price Improvement Program Pricing for Retail Orders and Retail Price Improvement Orders

Notwithstanding the foregoing, the following fees and credits shall apply to execution of Retail Orders and Retail Price Improvement Orders under Rule 4780:

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Retail Order that accesses other liquidity on the Exchange book:	Credit of $0.0017[12] per share executed

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