

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 064	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"/>	
			Rule	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input 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 type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="Price Improving and Post Only Orders"/>				
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 *	<input type="text" value="Angela"/>		Last Name *	<input type="text" value="Dunn"/>
Title *	<input type="text" value="Associate General Counsel"/>			
E-mail *	<input type="text" value="angela.dunn@nasdaq.com"/>			
Telephone *	<input type="text" value="(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	<input type="text" value="10/30/2015"/>		<input type="text" value="Executive Vice President and General Counsel"/>	
By	<input type="text" value="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.				
<input type="button" value="edward.knight@nasdaq.com"/>				

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 *

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 *

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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

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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

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) NASDAQ OMX BX, Inc. (“BX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“Commission”) a proposal to remove a “Price Improving Order” and a “Post-Only Order” as eligible order types for entry into the automated system for order execution and trade reporting owned and operated by BX (“System”).

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).³

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit

5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

Questions regarding this rule filing may be directed to Angela Saccomandi Dunn, Associate General Counsel, Nasdaq, Inc. at (215) 496-5692.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

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

a. Purpose

The Exchange is seeking to remove references to “Price Improving Orders” in the Rulebook. Specifically, the Exchange is seeking to amend the following sections of the Rulebook: Chapter III, Section 4, entitled “Prevention of the Misuse of Material Nonpublic Information;” Chapter VI, Section 1, entitled “Definitions,” Section 6, entitled “Acceptance of Quotes and Orders” and Section 7, entitled “Entry and Display of Orders;” and Chapter VII, Section 12, entitled “Order Exposure Requirements.”

The Exchange is also seeking to remove references to “Post-Only Orders” in the Rulebook. Specifically, the Exchange is seeking to amend the following sections in the Rulebook: Chapter VI, Section 1, entitled “Definitions,” Section 6, entitled “Acceptance of Quotes and Orders” and Section 9 entitled “Price Improvement Auction (“PRISM”).”

Each order type will be explained in more detail below.

Price Improving Orders

Price Improving Orders are orders to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Today, Price Improving Orders may be entered in increments as small as one cent and are available for display at the minimum price variation (“MPV”) in that security and shall be rounded up for sell orders and rounded down for buy orders. Without this order type, market participants would not be able to submit orders or quotes priced between the MPV; those orders or quotes would be rejected.

The Exchange proposes to amend Chapter III, Section 4, entitled “Prevention of the Misuse of Material Nonpublic Information” to remove Price Improving Orders as an

example of an order type that would be violative of this rule. The Exchange proposes to remove the definition of a Price Improving Order from the list of order types that are acceptable on BX in Chapter VI, Section I, entitled “Definitions.” The Exchange proposes to amend Chapter VI, Section 6, entitled “Acceptance of Quotes and Orders” to remove Price Improving Orders as an acceptable order type. The Exchange proposes to amend Chapter VI, Section 7, entitled “Entry and Display of Orders” to remove language describing the manner in which Price Improving Orders are displayed in the System. Finally, the Exchange proposes to amend Chapter VII, Section 12, entitled “Order Exposure Requirements” to remove the reference to the exposure time for Price Improving Orders.

Today, Price Improving Orders on BX represent less than 1.5% of the BX volume. The Exchange is removing this order type in connection with its recent filing of a price improving auction (PRISM).⁴ This proposed auction mechanism will offer participants an alternative means of entering price improving interest.

The Exchange believes that PRISM should promote and foster competition and provide more options contracts with the opportunity for price improvement. As a result of the increased opportunities for price improvement, the Exchange believes that participants will use PRISM to increase the number of Public Customer orders that are provided with the opportunity to receive price improvement over the NBBO.

⁴ See Securities Exchange Act Release No. 76301 (October 29, 2015) (SR-BX-2015-032) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Adopt a New Price Improvement Auction, BX PRISM) (not yet published).

Post-Only Orders

Post-Only Orders are orders that will not remove liquidity from the System. Post-Only Orders are to be ranked and executed on the Exchange or cancelled, as appropriate, without routing away to another market. Post-Only Orders are evaluated at the time of entry with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross an order on the System, the order will be re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers); and (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the NBBO as reflected in the protected quotation of another market center, the order will be handled pursuant to Chapter VI, Section 7(b)(3)(C). Participants may choose to have their Post-Only Orders returned whenever the order would lock or cross the NBBO or be placed on the book at a price other than its limit price. Post-Only Orders received prior to the opening cross or after market close will be rejected. Post-Only Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel.

The Exchange proposes to remove the definition of a Post-Only Order from the list of order types that are acceptable on BX in Chapter VI, Section I, entitled “Definitions.” The Exchange proposes to amend Chapter VI, Section 6, entitled “Acceptance of Quotes and Orders” to remove Post-Only Orders as an acceptable order type. Finally, the Exchange proposes to amend Chapter VI, Section 9, entitled “Price Improvement Auction (“PRISM”)” to remove an explanation on the manner in which Post-Only Orders will interact in the auction process.

Today, the Exchange transacts a small number of Post-Only Orders on BX.⁵ The Exchange adopted the Post-Only Order to encourage displayed liquidity and offer BX market participants greater flexibility to post liquidity on BX. Participants are not utilizing this order type very frequently. As previously mentioned, the Exchange is removing the Price-Improving Order in connection with its recent filing of a price improving auction (PRISM).⁶ This proposed auction mechanism will offer participants a new means of entering price improving interest. Aside from Price-Improving Orders, the Post-Only Order is the only other non-displayed order type currently on BX. At this time, the Exchange proposes to also remove the Post-Only Order from BX which would result in all remaining order types on BX being displayed similar to NASDAQ OMX PHLX LLC (“Phlx”) order types.

This proposed rule change would remove Price Improving Orders and Post-Only Orders as acceptable order types for orders or quotes entered into BX’s System for all market participants.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act⁸ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and,

⁵ The Exchange transacted on 90 Post-Only Orders from July through September 2015.

⁶ See note 4.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

in general to protect investors and the public interest, by removing Price Improving and Post-Only Orders as acceptable order types for all market participants.

Price-Improving Orders

With the removal of Price Improving Orders, market participants would not be able to submit orders or quotes priced between the MPV; those orders would be rejected. Other options exchanges currently do not offer a similar order type.⁹ The Exchange believes that the removal of the Price Improving Order does not otherwise create an impediment to a free and open market. The Exchange believes this proposed amendment is non-controversial. By not accepting Price Improving Orders, BX's true BBO will be transparent. All orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System.¹⁰ The Exchange believes that market participants will continue to quote at their best prices and the market will be more transparent. The Exchange believe that despite the removal of the availability and use of Price Improving Orders, the Exchange will remain competitive.

Today, Price Improving Orders are not displayed at their limit price, and Participants are unable to ascertain the BX BBO with certainty. The removal of the Price Improving order type will result in greater transparency. In addition, BX recently received approval for a new auction mechanism, PRISM, which offers Participants an alternative means of entering price improving interest.¹¹

⁹ See Phlx and BOX Options Exchange LLC, which do not have a similar type of price improving order.

¹⁰ If this results in a price which locks or crosses an away market, then it will be repriced in accordance with BX Rules at Chapter VI, Section 7(C).

¹¹ See note 4.

Post-Only Orders

With the removal of Post-Only Orders, market participants would not be able to submit orders or quotes priced between the MPV; those orders would be rejected. Other options exchanges currently do not offer a similar order type.¹² The Exchange believes that the removal of the Post-Only Order does not otherwise create an impediment to a free and open market. The Exchange believes this proposed amendment is non-controversial. By not accepting Post-Only Orders, BX's true BBO will be transparent. All orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System.¹³ The Exchange believes that market participants will continue to quote at their best prices and the market will be more transparent. The Exchange believe that despite the removal of the availability and use of Post-Only Orders, the Exchange will remain competitive.

Today, Post-Only Orders are not displayed at their limit price, and Participants are unable to ascertain the BX BBO with certainty. The removal of the Post-Only order type will result in greater transparency. With the removal of both the Price-Improving order type and Post-Only order type, the remaining order types will be displayed.

The Exchange's removal of Price Improving and Post-Only Orders will reduce the complexity surrounding the repricing of such non-displayed order types within the auction mechanism. The Exchange's proposal would result in all orders being displayed on BX and the elimination of non-displayed order types. Notwithstanding the foregoing,

¹² See Phlx and BOX Options Exchange LLC, which do not have a similar type of post-only order.

¹³ See note 10.

the BBO shall be the Best Bid or Best Offer on BX. The BBO is repriced and displayed in accordance with BX Rules at Chapter VI, Section 7(C).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposal to remove Price Improving Orders as an acceptable Order type creates an undue burden on inter-market competition because despite the removal of Price Improving Orders, BX will remain competitive. By not accepting Price Improving Orders, BX's true BBO will be more transparent. Orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System. Market participants would not be able to submit orders or quotes priced between the MPV.

The Exchange does not believe that the proposal to remove Post-Only Orders as an acceptable order type creates an undue burden on inter-market competition because despite the removal of Post-Only Orders, BX will remain competitive. Similarly, by not accepting Post-Only Orders, BX's true BBO will be more transparent. Orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System. Market participants would not be able to submit orders or quotes priced between the MPV with the removal of this order type.

The Exchange does not believe that the proposal to remove Price Improving Orders and Post-Only Orders as acceptable order types creates an undue burden on intra-market competition because the proposed rule change would thereby remove Price

Improving Orders and Post-Only Orders as acceptable order types for orders enters into BX's System for all market participants.

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)¹⁴ of the Act and Rule 19b-4(f)(6) thereunder¹⁵ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange's proposal to remove a Price Improving Orders and Post-Only Orders as eligible order types for entry into the System does not significantly affect the protection of investors or the public interest because orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System. The Exchange believes this proposed amendment is non-controversial. By not accepting Price Improving Orders and Post-Only Orders, BX's true BBO will be more transparent. All orders will be disseminated at the prices and sizes submitted by market participants at

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

the time of entry into the System.¹⁶ The Exchange believes that market participants will continue to quote at their best prices and the market will be more transparent. The proposal does not impose any significant burden on competition because, despite the removal of Price Improving Orders and Post-Only Orders, BX will remain competitive. Furthermore, no market participant would be permitted to enter a Price Improving Order or a Post-Only Order on BX.

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. The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) so that the

¹⁶ If this results in a price which locks or crosses an away market, then it will be repriced. See BX Rules at Chapter XII, Section 3, entitled “Locked and Crossed Markets.”

Exchange may remove both the Price-Improving Order and the Post-Only Order prior to its implementation of BX PRISM. The Exchange intends to launch the newly approved BX PRISM auction without the ability to enter either of these order types. The Exchange believes that BX PRISM will benefit from the transparency of the orders entered into the auction.

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

The proposed rule change is based on the rules of Phlx and BOX.¹⁷

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

5. Text of the proposed rule change.

¹⁷ Phlx and BOX does not have a similar price improving orders or post only orders.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-BX-2015-064)

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Price Improving and Post-Only Orders

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 30, 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 remove a “Price Improving Order” and a “Post-Only Order” as eligible order types for entry into the automated system for order execution and trade reporting owned and operated by BX (“System”).

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

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.

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 seeking to remove references to "Price Improving Orders" in the Rulebook. Specifically, the Exchange is seeking to amend the following sections of the Rulebook: Chapter III, Section 4, entitled "Prevention of the Misuse of Material Nonpublic Information;" Chapter VI, Section 1, entitled "Definitions," Section 6, entitled "Acceptance of Quotes and Orders" and Section 7, entitled "Entry and Display of Orders;" and Chapter VII, Section 12, entitled "Order Exposure Requirements."

The Exchange is also seeking to remove references to "Post-Only Orders" in the Rulebook. Specifically, the Exchange is seeking to amend the following sections in the Rulebook: Chapter VI, Section 1, entitled "Definitions," Section 6, entitled "Acceptance of Quotes and Orders" and Section 9 entitled "Price Improvement Auction ("PRISM")."

Each order type will be explained in more detail below.

Price Improving Orders

Price Improving Orders are orders to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Today, Price Improving Orders may be entered in increments as small as one cent and are available for display at the minimum price variation (“MPV”) in that security and shall be rounded up for sell orders and rounded down for buy orders. Without this order type, market participants would not be able to submit orders or quotes priced between the MPV; those orders or quotes would be rejected.

The Exchange proposes to amend Chapter III, Section 4, entitled “Prevention of the Misuse of Material Nonpublic Information” to remove Price Improving Orders as an example of an order type that would be violative of this rule. The Exchange proposes to remove the definition of a Price Improving Order from the list of order types that are acceptable on BX in Chapter VI, Section I, entitled “Definitions.” The Exchange proposes to amend Chapter VI, Section 6, entitled “Acceptance of Quotes and Orders” to remove Price Improving Orders as an acceptable order type. The Exchange proposes to amend Chapter VI, Section 7, entitled “Entry and Display of Orders” to remove language describing the manner in which Price Improving Orders are displayed in the System. Finally, the Exchange proposes to amend Chapter VII, Section 12, entitled “Order Exposure Requirements” to remove the reference to the exposure time for Price Improving Orders.

Today, Price Improving Orders on BX represent less than 1.5% of the BX volume. The Exchange is removing this order type in connection with its recent filing of

a price improving auction (PRISM).⁴ This proposed auction mechanism will offer participants an alternative means of entering price improving interest.

The Exchange believes that PRISM should promote and foster competition and provide more options contracts with the opportunity for price improvement. As a result of the increased opportunities for price improvement, the Exchange believes that participants will use PRISM to increase the number of Public Customer orders that are provided with the opportunity to receive price improvement over the NBBO.

Post-Only Orders

Post-Only Orders are orders that will not remove liquidity from the System. Post-Only Orders are to be ranked and executed on the Exchange or cancelled, as appropriate, without routing away to another market. Post-Only Orders are evaluated at the time of entry with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross an order on the System, the order will be re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers); and (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the NBBO as reflected in the protected quotation of another market center, the order will be handled pursuant to Chapter VI, Section 7(b)(3)(C). Participants may choose to have their Post-Only Orders returned whenever the order would lock or cross the NBBO or be placed on the book at a price

⁴ See Securities Exchange Act Release No. 76301 (October 29, 2015) (SR-BX-2015-032) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Adopt a New Price Improvement Auction, BX PRISM) (not yet published).

other than its limit price. Post-Only Orders received prior to the opening cross or after market close will be rejected. Post-Only Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel.

The Exchange proposes to remove the definition of a Post-Only Order from the list of order types that are acceptable on BX in Chapter VI, Section I, entitled “Definitions.” The Exchange proposes to amend Chapter VI, Section 6, entitled “Acceptance of Quotes and Orders” to remove Post-Only Orders as an acceptable order type. Finally, the Exchange proposes to amend Chapter VI, Section 9, entitled “Price Improvement Auction (“PRISM”)” to remove an explanation on the manner in which Post-Only Orders will interact in the auction process.

Today, the Exchange transacts a small number of Post-Only Orders on BX.⁵ The Exchange adopted the Post-Only Order to encourage displayed liquidity and offer BX market participants greater flexibility to post liquidity on BX. Participants are not utilizing this order type very frequently. As previously mentioned, the Exchange is removing the Price-Improving Order in connection with its recent filing of a price improving auction (PRISM).⁶ This proposed auction mechanism will offer participants a new means of entering price improving interest. Aside from Price-Improving Orders, the Post-Only Order is the only other non-displayed order type currently on BX. At this time, the Exchange proposes to also remove the Post-Only Order from BX which would

⁵ The Exchange transacted on 90 Post-Only Orders from July through September 2015.

⁶ See note 4.

result in all remaining order types on BX being displayed similar to NASDAQ OMX PHLX LLC (“Phlx”) order types.

This proposed rule change would remove Price Improving Orders and Post-Only Orders as acceptable order types for orders or quotes entered into BX’s System for all market participants.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act⁸ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by removing Price Improving and Post-Only Orders as acceptable order types for all market participants.

Price-Improving Orders

With the removal of Price Improving Orders, market participants would not be able to submit orders or quotes priced between the MPV; those orders would be rejected. Other options exchanges currently do not offer a similar order type.⁹ The Exchange believes that the removal of the Price Improving Order does not otherwise create an impediment to a free and open market. The Exchange believes this proposed amendment is non-controversial. By not accepting Price Improving Orders, BX’s true BBO will be transparent. All orders will be disseminated at the prices and sizes submitted by market

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ See Phlx and BOX Options Exchange LLC, which do not have a similar type of price improving order.

participants at the time of entry into the System.¹⁰ The Exchange believes that market participants will continue to quote at their best prices and the market will be more transparent. The Exchange believe that despite the removal of the availability and use of Price Improving Orders, the Exchange will remain competitive.

Today, Price Improving Orders are not displayed at their limit price, and Participants are unable to ascertain the BX BBO with certainty. The removal of the Price Improving order type will result in greater transparency. In addition, BX recently received approval for a new auction mechanism, PRISM, which offers Participants an alternative means of entering price improving interest.¹¹

Post-Only Orders

With the removal of Post-Only Orders, market participants would not be able to submit orders or quotes priced between the MPV; those orders would be rejected. Other options exchanges currently do not offer a similar order type.¹² The Exchange believes that the removal of the Post-Only Order does not otherwise create an impediment to a free and open market. The Exchange believes this proposed amendment is non-controversial. By not accepting Post-Only Orders, BX's true BBO will be transparent. All orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System.¹³ The Exchange believes that market participants will

¹⁰ If this results in a price which locks or crosses an away market, then it will be repriced in accordance with BX Rules at Chapter VI, Section 7(C).

¹¹ See note 4.

¹² See Phlx and BOX Options Exchange LLC, which do not have a similar type of post-only order.

¹³ See note 10.

continue to quote at their best prices and the market will be more transparent. The Exchange believe that despite the removal of the availability and use of Post-Only Orders, the Exchange will remain competitive.

Today, Post-Only Orders are not displayed at their limit price, and Participants are unable to ascertain the BX BBO with certainty. The removal of the Post-Only order type will result in greater transparency. With the removal of both the Price-Improving order type and Post-Only order type, the remaining order types will be displayed.

The Exchange's removal of Price Improving and Post-Only Orders will reduce the complexity surrounding the repricing of such non-displayed order types within the auction mechanism. The Exchange's proposal would result in all orders being displayed on BX and the elimination of non-displayed order types. Notwithstanding the foregoing, the BBO shall be the Best Bid or Best Offer on BX. The BBO is repriced and displayed in accordance with BX Rules at Chapter VI, Section 7(C).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposal to remove Price Improving Orders as an acceptable Order type creates an undue burden on inter-market competition because despite the removal of Price Improving Orders, BX will remain competitive. By not accepting Price Improving Orders, BX's true BBO will be more transparent. Orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System. Market participants would not be able to submit orders or quotes priced between the MPV.

The Exchange does not believe that the proposal to remove Post-Only Orders as an acceptable order type creates an undue burden on inter-market competition because despite the removal of Post-Only Orders, BX will remain competitive. Similarly, by not accepting Post-Only Orders, BX's true BBO will be more transparent. Orders will be disseminated at the prices and sizes submitted by market participants at the time of entry into the System. Market participants would not be able to submit orders or quotes priced between the MPV with the removal of this order type.

The Exchange does not believe that the proposal to remove Price Improving Orders and Post-Only Orders as acceptable order types creates an undue burden on intra-market competition because the proposed rule change would thereby remove Price Improving Orders and Post-Only Orders as acceptable order types for orders enters into BX's System for all market participants.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant

to Section 19(b)(3)(A)(iii) of the Act¹⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁵

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.

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-2015-064 on the subject line.

¹⁴ 15 U.S.C. 78s(b)(3)(a)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2015-064. 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-2015-064 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.¹⁶

Robert W. Errett
Deputy Secretary

¹⁶ 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 III Business Conduct

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Sec. 4 Prevention of the Misuse of Material Nonpublic Information

(a) – (e) No change.

(f) It may be considered conduct inconsistent with just and equitable principles of trade for any Participant or person associated with a Participant who has knowledge of all material terms and conditions of:

(i) an order and a solicited order,

(ii) an order being facilitated or submitted to BX Options for price improvement [(e.g., price improving orders)], or

(iii) orders being crossed;

the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option for the same underlying security as any option that is the subject of the order, or an order to buy or sell the security underlying such class, or an order to buy or sell any related instrument until (a) the terms and conditions of the order and any changes in the terms and conditions of the order of which the Participant or person associated with the Participant has knowledge are disclosed, or (b) the trade can no longer reasonably be considered imminent in view of the passage of time since the order was received. The terms of an order are "disclosed" to BX Options Participants when the order is entered into the BX Options Book. For purposes of this Paragraph (f), an order to buy or sell a "related instrument" means, in reference to an index option, an order to buy or sell securities comprising 10% or more of the component securities in the index or an order to buy or sell a futures contract on an economically equivalent index.

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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) – (5) No change.

(6) Reserved. [“Price Improving Orders” are orders to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders may be entered in increments as small as one cent. Price Improving Orders that are available for display shall be displayed at the minimum price variation in that security and shall be rounded up for sell orders and rounded down for buy orders.]

(7) – (9) No change.

(10) Reserved. [“Post-Only Orders” are orders that will not remove liquidity from the System. Post-Only Orders are to be ranked and executed on the Exchange or cancelled, as appropriate, without routing away to another market. Post-Only Orders are evaluated at the time of entry with respect to locking or crossing other orders as follows: (i) if a Post-Only Order would lock or cross an order on the System, the order will be re-priced to \$.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers); and (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the NBBO as reflected in the protected quotation of another market center, the order will be handled pursuant to Chapter VI, Section 7(b)(3)(C). Participants may choose to have their Post-Only Orders returned whenever the order would lock or cross the NBBO or be placed on the book at a price other than its limit price. Post-Only Orders received prior to the opening cross or after market close will be rejected. Post-Only Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel.]

(11) No change

(f) – (h) No change.

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Sec. 6 Acceptance of Quotes and Orders

All bids or offers made and accepted on BX Options in accordance with the BX Options Rules shall constitute binding contracts, subject to applicable requirements of the Rules of the Exchange and the Rules of the Clearing Corporation.

(a) No change.

(1) No change.

(2) A System order may also be designated as a Limit Order, a Minimum Quantity Order, a Market Order, [a Price Improving Order,] or an All-or-None Order[or a Post-Only Order]. Any of the foregoing may also be designated as a Directed Order.

(b) – (d) No change.

Sec. 7 Entry and Display Orders

(a) No change.

(1) – (3) No change.

(b) No change.

(1) – (3) No change.

(A) Reserved.

(B) Reserved. [The contract size associated with Displayed Price Improving Orders to buy (sell) are displayed at the MPV below (above) the price of the Price Improving Order. Price Improving Orders will not be permitted to create a locked or crossed market or to cause a trade through violation.]

(C) No change.

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Sec. 9 Price Improvement Auction (“PRISM”)

A Participant may electronically submit for execution an order it represents as agent on behalf of a Public Customer, broker dealer, or any other entity (“PRISM Order”) against principal interest or against any other order (except as provided in sub-paragraph (i)(F) below) it represents as agent (an “Initiating Order”) provided it submits the PRISM Order for electronic execution into the PRISM Auction (“Auction”) pursuant to this Rule. For purposes of this Rule, a Public Customer order does not include a Professional order.

(i) No change.

(A) – (F) No change.

(ii) No change.

(A) – (K) No Change.

[(L) Post Only Orders. Post Only Orders will be executed if such order would not result in the removal of liquidity when executing in the PRISM Auction, in accordance with Chapter VI, Section 1(e)(10). A Post Only Order will be cancelled if it is eligible for an execution in the PRISM Auction and would be considered the remover of liquidity.]

(iii) – (vii) No change.

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Chapter VII Market Participants

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Sec. 12 Order Exposure Requirements

With respect to orders routed to BX Options, Options Participants may not execute as principal orders they represent as agent unless (i) agency orders are first exposed on BX Options for at least one (1) second or (ii) the Options Participant has been bidding or offering on BX Options for at least one (1) second prior to receiving an agency order that is executable against such bid or offer.

Commentary:

.01 - .02 No change.

.03 Reserved. [With respect to Price Improving Orders, the exposure requirement of subsection (i) is satisfied if the order is displayed at its displayable price for one second.]

.04 No change.

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