

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 60		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 081 Amendment No. (req. for Amendments *)	
Filing by NASDAQ OMX BX, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input type="checkbox"/>		Section 19(b)(3)(A) * <input checked="" type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input checked="" type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934		
Section 806(e)(1) * <input type="checkbox"/>		Section 806(e)(2) * <input type="checkbox"/>		Section 3C(b)(2) * <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>		Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>			
Description					
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).					
<input type="text" value="A proposal to amend its Options Pricing at Chapter XV Section 2."/>					
Contact Information					
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.					
First Name * <input type="text" value="Jurij"/>		Last Name * <input type="text" value="Trypupenko"/>			
Title * <input type="text" value="Associate General Counsel"/>					
E-mail * <input type="text" value="jurij.trypupenko@nasdaq.com"/>					
Telephone * <input type="text" value="(301) 978-8132"/>		Fax <input type="text" value="(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.					
(Title *)					
Date <input type="text" value="12/11/2015"/>		<input type="text" value="Executive Vice President and General Counsel"/>			
By <input type="text" value="Edward S. Knight"/>		<input type="text" value="edward.knight@nasdaq.com"/>			
(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.					

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) 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 (“SEC” or “Commission”) a proposal to amend its Options Pricing at Chapter XV Section 2, entitled “BX Options Market – Fees and Rebates,” which governs pricing for BX members using the BX Options Market (“BX Options”). The Exchange proposes to modify certain fees and rebates (per executed contract) and to adopt tiers applicable to fees and rebates (each a “Tier” and together the “Tiers”).

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 and comments on the proposed rule change may be directed to Jurij Trypupenko, Associate General Counsel, Nasdaq, Inc. at (301) 978-8132.

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 proposes to amend its Chapter XV, Section 2 to modify subsection (1) regarding certain fees and rebates³ (known as “fees and rebates”) and to adopt Tiers applicable to certain fees and rebates. The proposed modified fees and rebates (per executed contract) and new Tiers would apply to Customers,⁴ BX Options Market Makers,⁵ and Non-Customers⁶. One proposed new Tier schedule, consisting of three Tiers, would apply to Penny Pilot Options; and one proposed new Tier schedule, consisting of three Tiers, would apply to Non-Penny Pilot Options.⁷

Currently, Chapter XV, Section 2 subsection (1) reads as follows:

³ Fees and rebates are per executed contract. Chapter XV, Section 2(1).

⁴ The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)). BX Chapter XV.

⁵ BX Options Market Makers may also be referred to as “Market Makers”. The term “BX Options Market Maker” or ("M") means a Participant that has registered as a Market Maker on BX Options pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security.

⁶ Note 1 to Chapter XV, Section 2 states: “¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.”

⁷ The Penny Pilot was established in June 2012 and extended in 2015. See Securities Exchange Act Release Nos. 67256 (June 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030) (order approving BX option rules and establishing Penny Pilot); and 75326 (June 29, 2015), 80 FR 38481 (July 6, 2015) (SR-BX-2015-037) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2016).

Sec. 2 BX Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on the BX Options Market

Fees and Rebates (per executed contract)			
	Customer	BX Options Market Maker	Non- Customer¹
Penny Pilot Options:			
Rebate to Add Liquidity	\$0.00 ²	\$0.10 ²	N/A
Fee to Add Liquidity	\$0.39 ³	\$0.39 ³	\$0.45
Rebate to Remove Liquidity	\$0.34	N/A	N/A
Fee to Remove Liquidity	N/A	\$0.46	\$0.46
Non-Penny Pilot Options:			
Fee to Add Liquidity	\$0.25/\$0.85 ⁵	\$0.50/\$0.85 ⁵	\$0.88
Rebate to Remove Liquidity	\$0.70	N/A	N/A
Fee to Remove Liquidity	N/A	\$0.89	\$0.89

¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.

²The Rebate to Add Liquidity will be paid to a Customer or BX Options Market Maker only when the Customer or BX Options Market Maker is contra to a Non-Customer or BX Options Market Maker.

³The Fee to Add Liquidity will be assessed to a Customer or BX Options Market Maker only when the Customer or BX Options Market Maker is contra to a Customer.

⁴Reserved

⁵The higher Fee to Add Liquidity will be assessed to a Customer or BX Options Market Maker only when the Customer or BX Options Market Maker is contra to a Customer.

The Exchange proposes modifications to its fees and rebates for Penny Pilot Options and for Non-Penny Pilot Options as follows:⁸

Change 1. For Penny Pilot Options, the Exchange proposes to modify fees and rebates to add Tiers for: (1) Customer Rebates to Add Liquidity; (2) Customer Fees to Add Liquidity; (3) Customer Rebates to Remove Liquidity; and (4) BX Options Market Maker Fees to Remove Liquidity.

Change 2. For Non-Penny Pilot Options, the Exchange proposes to modify fees and rebates to add Tiers for: (1) Customer Rebates to Add Liquidity; (2) Customer Fees to Add Liquidity; (3) Customer Rebates to Remove Liquidity; (4) BX Options Market Maker Fees to Remove Liquidity. The Exchange also proposes to increase the Fee to Add Liquidity for BX Options Market Maker and for Non-Customer.

Each specific change is described in detail below.

Change 1 - Penny Pilot Options: Modify Fees and Rebates To Add Tiers

For Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer and BX Options Market Maker.⁹ Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer,¹⁰ Fee to Add Liquidity for

⁸ The greatest volume options traded on the Exchange and in the options market are Penny Pilot Options, and the Exchange has taken this into account when structuring and modifying its fee and rebate schedule.

⁹ The Non-Customer Penny Pilot Options pricing will remain unchanged.

¹⁰ The addition of Tiers to Rebate to Add Liquidity for Customer replaces the current fee (\$0.00) and reference to note 2 which are removed. Note 2 will continue to apply to Rebate to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer. Today, Customers do not receive a Rebate to Add Liquidity.

Customer,¹¹ and Rebate to Remove Liquidity for Customer. The Exchange is also proposing to add Tiers for Fee to Remove Liquidity for BX Options Market Maker¹². The three new Tiers, described below, together make up the “Penny Pilot Options Tier Schedule”.

Proposed Tier 1 (“Penny Pilot Tier 1”) will be where a BX Participant (“Participant”) executes less than 0.05% of total industry customer equity and exchange traded fund (“ETF”) option average daily volume (“ADV”) contracts per month.

Proposed Penny Pilot Tier 1 will range from \$0.00 rebate to \$0.46 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00 (no rebate will be paid);
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.39;¹³
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.00;
- the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.39; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.¹⁴

¹¹ The addition of Tiers to Fee to Add Liquidity for Customer replaces the current fee (\$0.39) and reference to note 3 which are removed. Note 3 will continue to apply to Fee to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer.

¹² The addition of tiers to the Fee to Remove Liquidity for the BX Options Market Maker replaces the current per contract fee of 0.46.

¹³ For Penny Pilot Options, this \$0.39 Fee to Add Liquidity when Customer trading with Customer is the same in all three Tiers.

Proposed Tier 2 (“Penny Pilot Tier 2”) will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month. Proposed Penny Pilot Tier 2 will range from \$0.10 rebate to \$0.46 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.39;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.25;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.39; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

Proposed Tier 3 (“Penny Pilot Tier 3”) will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.

Proposed Penny Pilot Tier 3 will range from \$0.20 rebate to \$0.46 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.39;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.35;

¹⁴ For Penny Pilot Options, this \$0.46 Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be the same in all Tiers.

- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.30; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

Change 2 – Non-Penny Pilot Options: Modify Fees and Rebates to Add Tiers, Increase Fee to Add Liquidity

For Non-Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer, BX Options Market Maker, and Non-Customer. Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer,¹⁵ Fee to Add Liquidity for Customer,¹⁶ and Rebate to Remove Liquidity for Customer.¹⁷ The Exchange is proposing to add Tiers for Fee to Remove Liquidity for BX Market Maker.¹⁸ The three new Tiers, described below, together make up the “Non-Penny Pilot Options Tier Schedule”. The Exchange is also proposing a modest ten cent increase to the Fee to

¹⁵ The addition of Rebate to Add Liquidity of the Non-Penny Pilot Options part of the fees and rebates schedule is so that the Non-Penny and Penny parts of the schedule both have Rebate to Add Liquidity. The addition of Tiers to Rebate to Add Liquidity in the Non-Penny category applies to Customer only.

¹⁶ The addition of Tiers to Fee to Add Liquidity for Customer replaces the current fee (\$0.25/\$0.85) and reference to note 5 which are taken out. Note 5 will continue to apply to Fee to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer. The Exchange notes that for Fee to Add Liquidity for Customer the Exchange is replacing a fee (\$0.25/\$0.85) with Tiers that include Fee to Add Liquidity as well as Rebate to Add Liquidity.

¹⁷ The addition of Tiers to Rebate to Remove Liquidity for Customer replaces the current fee (\$0.70) and reference to it is taken out.

¹⁸ The addition of Tiers to Fee to Remove Liquidity for BX Options Market Maker replaces the current fee (\$0.89) and reference to it is taken out.

Add Liquidity for BX Options Market Maker from \$0.50/\$0.85 to \$0.50/\$0.95,¹⁹ and for Non-Customer from \$0.88 to \$0.98.

Proposed Tier 1 (“Non-Penny Pilot Tier 1”) will be where Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month. Proposed Non-Penny Pilot Tier 1 will range from \$0.00 rebate to \$0.89 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00 (no rebate will be paid);
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.85;²⁰
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80;
- the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.89; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.²¹

Proposed Tier 2 (“Non-Penny Pilot Tier 2”) will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month. Proposed Non-Penny Pilot Tier 2 will range from \$0.10 rebate to \$0.89 fee:

¹⁹ Per note 5 as modified, the higher Fee to Add Liquidity will be assessed to a BX Options Market Maker only when the BX Options Market Maker is contra to a Customer.

²⁰ For Non-Penny Pilot Options, this \$0.85 Fee to Add Liquidity when Customer trading with Customer is the same in all three Tiers.

²¹ For Non-Penny Pilot Options, this \$0.89 Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be the same in all Tiers.

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.85;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.89; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

Proposed Tier 3 (“Non-Penny Pilot Tier 3”) will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month. Proposed Non-Penny Pilot Tier 3 will range from \$0.20 rebate to \$0.89 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.85;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.60; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

As proposed, Chapter XV, Section 2 subsection (1) will read as follows:

Sec. 2 BX Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on the BX Options Market

Fees and Rebates (per executed contract)			
	Customer	BX Options Market Maker	Non- Customer¹
Penny Pilot Options:			
Rebate to Add Liquidity	#	\$0.10 ²	N/A
Fee to Add Liquidity	#	\$0.39 ³	\$0.45
Rebate to Remove Liquidity	#	N/A	N/A
Fee to Remove Liquidity	N/A	#	\$0.46
Non-Penny Pilot Options:			
Rebate to Add Liquidity	*	N/A	N/A
Fee to Add Liquidity	*	\$0.50/\$0.95 ⁵	\$0.98
Rebate to Remove Liquidity	*	N/A	N/A
Fee to Remove Liquidity	N/A	*	\$0.89

¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.

²The Rebate to Add Liquidity will be paid to a BX Options Market Maker only when the BX Options Market Maker is contra to a Non-Customer or BX Options Market Maker.

³The Fee to Add Liquidity will be assessed to a BX Options Market Maker only when the BX Options Market Maker is contra to a Customer.

⁴Reserved

⁵The higher Fee to Add Liquidity will be assessed to a BX Options Market Maker only when the BX Options Market Maker is contra to a Customer.

Penny Pilot Options Tier Schedule

Rebate to Add	Fee to Add Liquidity	Rebate to Remove	Fee to Remove	Fee To Remove
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		Liquidity		Liquidity	Liquidity	Liquidity
	When:	Customer	Customer	Customer	BX Options Market Maker	BX Options Market Maker
	Trading with:	Non-Customer or BX Options Market Maker	Customer	Non-Customer, BX Options Market Maker, or Customer	Customer	Non-Customer or BX Options Market Maker
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.39	\$0.00	\$0.39	\$0.46
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.39	\$0.25	\$0.39	\$0.46
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.	\$0.20	\$0.39	\$0.35	\$0.30	\$0.46

* Non-Penny Pilot Options Tier Schedule

	Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
When:	Customer	Customer	Customer	BX Options Market	BX Options

	Trading with:	Non-Customer or BX Options Market Maker	Customer	Non-Customer, BX Options Market Maker, or Customer	Customer	Maker Market Maker Non-Customer or BX Options Market Maker
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.85	\$0.80	\$0.89	\$0.89
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.85	\$0.80	\$0.89	\$0.89
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.	\$0.20	\$0.85	\$0.80	\$0.60	\$0.89

The Exchange is adopting these fees and rebates at this time because it believes that they will provide incentives for execution of contracts on the BX Options Market.

The Exchange believes that its proposal should provide increased opportunities for

participation in executions on the Exchange, facilitating the ability of the Exchange to bring together participants and encourage more robust competition for orders.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²² in general, and with Section 6(b)(4) and 6(b)(5) of the Act,²³ 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 not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, for example, the Commission indicated that market forces should generally determine the price of non-core market data because national market system regulation “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²⁴ Likewise, in *NetCoalition v. NYSE Arca, Inc.*, 615 F.3d 525 (D.C. Cir. 2010), the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.²⁵ As the court emphasized, the Commission “intended

²² 15 U.S.C. 78f.

²³ 15 U.S.C. 78f(b)(4) and (5).

²⁴ Exchange Act Release No. 34-51808 (June 9, 2005) (“Regulation NMS Adopting Release”).

²⁵ See *NetCoalition*, 615 F.3d at 534.

in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”²⁶

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”²⁷ Although the Court and the SEC were discussing the cash equities markets, the Exchange believes that, as discussed above, these views apply with equal force to the options markets.

The Exchange believes that its proposal should provide increased opportunities for participation in executions on the Exchange, facilitating the ability of the Exchange to bring together participants and encourage more robust competition for orders.

Change 1 - Penny Pilot Options: Modify Fees and Rebates

For Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer and BX Options Market Maker. Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer, and Rebate to Remove Liquidity for Customer. The Exchange is also proposing to add Tiers for Fee to Remove Liquidity for BX Market Maker. The three new Tiers make up the Penny Pilot Options Tier Schedule.

²⁶ Id. at 537.

²⁷ *NetCoalition I*, 615 F.3d at 539 (quoting *ArcaBook Order*, 73 FR at 74782-74783).

In particular, proposed Penny Pilot Tier 1 will be where a Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.00 rebate to \$0.46 fee.²⁸ Proposed Penny Pilot Tier 2 will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.10 rebate to \$0.46 fee.²⁹ Proposed Penny Pilot Tier 3 will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.20 rebate to \$0.46 fee.³⁰

In adding the new Tiers in the Penny Pilot Options Tier Schedule, the current pricing will be replaced with the proposed Tier Schedule and is no longer used. Tiers

²⁸ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00; the Fee to Add Liquidity when Customer trading with Customer will be \$0.39 (same across all tiers); the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.00; the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.39; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46 (same across all Tiers).

²⁹ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10; the Fee to Add Liquidity when Customer trading with Customer will be \$0.39; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.25; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.39; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

³⁰ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20; the Fee to Add Liquidity when Customer trading with Customer will be \$0.39; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.35; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.30; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

replace the current rebate (\$0.00) in Rebate to Add Liquidity for Customer (no rebate is offered today), and reference to note 2 is removed.³¹ Tiers replace the current fee (\$0.39) to Fee to Add Liquidity for Customer and reference to note 3 is removed and will not apply with this proposal.³² Certain references in Notes 2 and 3 to Customer are removed, and as such the notes no longer make sense for Rebate to Add Liquidity and for Customer Fee to Add Liquidity for Customer.³³ The Exchange is also substituting the current fee (\$0.46) to Fee to Remove Liquidity for BX Options Market Maker by putting it in the tier schedule. Deleting the rebates and fees from the fees and rebates structure for Penny Pilot Options is reasonable where they have been replaced by the new Tiers structure to incentivize Participants to send order flow to the Exchange.

The Exchange believes that the proposed Tiers in the Penny Pilot Options Tier Schedule are reasonable in that they reflect a structure that is not novel in the options markets but rather is similar to that of other options markets and competitive with what is offered by other exchanges.³⁴ In addition, the Exchange believes that making changes to add Tiers applicable to the Customer in terms of Rebate to Add Liquidity, Fee to Add Liquidity, and Rebate to Remove Liquidity, is reasonable because it encourages the

³¹ The rule text of note 2 is amended to reflect the removal of certain references to Customer.

³² The rule text of note 3 is amended to reflect the removal of certain references to Customer.

³³ Notes 2 and 3 continue to apply, to Rebate to Add Liquidity for BX Options Market Maker and to Fee to Add Liquidity for BX Options Market Maker, respectively, but without deleted references to Customer.

³⁴ See, e.g., the MIAX fee schedule at http://www.miaxoptions.com/sites/default/files/fee-schedules/MIAX_Options_Fee_Schedule_10012015.pdf and the BOX fee schedule at http://boxexchange.com/assets/BOX_Fee_Schedule1.pdf.

desired Customer behavior by attracting Customer interest to the Exchange. Customer activity enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Establishing Penny Pilot Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer, and Rebate to Remove Liquidity for Customer, and Penny Pilot Tiers for Fee to Remove Liquidity for BX Options Market Maker is reasonable. It encourages market participant behavior through progressive tiered fees and rebates using an accepted methodology among options exchanges.³⁵ The proposed Tiers in the Penny Pilot Options Tier Schedule, which have been discussed at length, clearly reflect the progressively increasing nature of Participant executions structured for the purpose of attracting order flow to the Exchange.

The Penny Pilot Tiers are reasonable in that they are set up to incentivize Participants to direct liquidity to the Exchange. That is, as Participants execute more of total industry customer equity and ETF option ADV contracts per month on the Exchange, they can in certain categories earn higher rebates and be assessed lower fees. For example, the Penny Pilot Tier 3 Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker is higher (\$0.20) than the Penny Pilot Tier 1 Rebate to Add Liquidity (\$0.00), which offer no rebate today. The Penny Pilot Tiers are

³⁵ See, e.g., fee and rebate schedules of other options exchanges, including, but not limited to, NASDAQ Options Market (“NOM”), NASDAQ OMX PHLX LLC (“Phlx”), and Chicago Board Options Exchange (“CBOE”).

set up in a similar progressive manner for Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer. And, the Fee to Remove Liquidity when BX Option Market Maker trading with Customer is lesser for Tier 3 (\$0.30) than for Tier 1 (\$0.39).³⁶

For Penny Pilot Options, establishing the Customer-related and BX Options Market Maker-related fee and rebate changes, which includes the new Tiers, is equitable and not unfairly discriminatory. This is because the Exchange's proposal to assess fees and pay rebates according to Penny Pilot Tiers 1, 2, and 3 will apply uniformly to all similarly situated Participants. BX Options Market Makers would be assessed a Fee to Remove Liquidity according to the Penny Pilot Tiers, and Customers would earn a Rebate to Add Liquidity and a Rebate to Remove Liquidity according to the same Tiers per the Penny Pilot Options Tier Schedule .

The fee and rebate schedule as proposed continues to reflect differentiation among different market participants. The Exchange believes that the differentiation is equitable and not unfairly discriminatory, as well as reasonable, and notes that unlike others (e.g. Non-Customers) some market participants like BX Options Market Makers commit to various obligations. For example, transactions of a BX Options Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and BX Options Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of

³⁶ The remaining categories of Fee to Add Liquidity when Customer trading with Customer and Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker reflect the same fee in each Penny Pilot Tier, whether 1, 2, or 3 (\$0.39 and \$0.46, respectively).

dealings. Further, all BX Options Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder.³⁷

The Exchange believes that by making the proposed Penny Pilot Options changes, it is incentivizing Participants to execute more volume on the Exchange to further enhance liquidity in this market.

Change 2 – Non-Penny Pilot Options: Modify Fees and Rebates

For Non-Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer and BX Options Market Maker. Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer,³⁸ and Rebate to Remove Liquidity for Customer. The Exchange is also proposing to add Tiers for Fee to Remove Liquidity for BX Market Maker. The three new Tiers make up the Non-Penny Pilot Options Tier Schedule.

In particular, proposed Non-Penny Pilot Tier 1 will be where Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.00 rebate to \$0.89 fee.³⁹ The Proposed Non-Penny Pilot

³⁷ See Chapter VII, Section 5, entitled “Obligations of Market Makers”.

³⁸ The addition of Rebate to Add Liquidity of the Non-Penny Pilot Options part of the fees and rebates schedule is so that the Non-Penny and Penny parts of the schedule both have Rebate to Add Liquidity. The addition of Tiers to Rebate to Add Liquidity in the Non-Penny category applies to Customer only.

³⁹ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00 ; the Fee to Add Liquidity when Customer trading with Customer will be \$0.85 (same across all Tiers); the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80; the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.89; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89 (same across all Tiers).

Tier 2 will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.10 rebate to \$0.89 fee.⁴⁰ Proposed Non-Penny Pilot Tier 3 will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.20 rebate to \$0.89 fee.⁴¹

In adding the new Tiers in the Non-Penny Pilot Options Tier Schedule, the current pricing will be replaced with the proposed Tier Schedule and is no longer used. Tiers replace the current fee (\$0.25/\$0.85) to Fee to Add Liquidity for Customer⁴² and reference to note 5 is removed.⁴³ Certain references in note 5 to Customer are removed

⁴⁰ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10; the Fee to Add Liquidity when Customer trading with Customer will be \$0.85; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.89; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

⁴¹ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20; the Fee to Add Liquidity when Customer trading with Customer will be \$0.85; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.60; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

⁴² The Exchange notes that for Fee to Add Liquidity for Customer the Exchange is replacing a fee (\$0.25/\$0.85) with Tiers that include Fee to Add Liquidity as well as Rebate to Add Liquidity.

⁴³ The rule text of note 5 is amended to reflect the removal of certain references to Customer.

as they are no longer needed.⁴⁴ Tiers replace the current Rebate to Remove Liquidity for Customer and the current rebate (\$0.70) is removed. Tiers replace the current Fee to Remove Liquidity for BX Options Market Maker and the current fee (\$0.89) is removed. Deleting the rebates and fees from the fees and rebates structure for Non-Penny Pilot Options is reasonable where they have been replaced by the new Tiers structure to incentivize Participants bringing flow to the Exchange. The Exchange is also reasonably increasing by ten cents (to \$0.95) the Fee to Add Liquidity for BX Options Market Maker when the BX Options market maker is contra to a Customer, and increasing by ten cents (to \$0.98) the Fee to Add Liquidity for Non-Customer.

The Exchange believes that the proposed Tiers in the Non-Penny Pilot Options Tier Schedule are reasonable in that they reflect a structure that is not novel in the options markets but rather is similar to and competitive with what is offered by other exchanges.⁴⁵ In addition, the Exchange believes that making changes to add Tiers applicable to the Customer in terms of Rebate to Add Liquidity, Fee to Add Liquidity, and Rebate to Remove Liquidity, is reasonable because it encourages the desired Customer behavior by attracting Customer interest to the Exchange. Customer activity enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter

⁴⁴ Note 5 continues to apply, however, to Fee to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer.

⁴⁵ See, e.g., the MIAX fee schedule at http://www.miaxoptions.com/sites/default/files/fee-schedules/MIAX_Options_Fee_Schedule_10012015.pdf and the BOX fee schedule at http://boxexchange.com/assets/BOX_Fee_Schedule1.pdf.

spreads, which may cause an additional corresponding increase in order flow from other market participants.

Establishing Non-Penny Pilot Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer, and Rebate to Remove Liquidity for Customer, and Non-Penny Pilot Tiers for Fee to Remove Liquidity for BX Options Market Maker is reasonable. It encourages market participant behavior through progressive tiered fees and rebates using an accepted methodology among options exchanges.⁴⁶ The proposed Tiers in the Non-Penny Pilot Options Tier Schedule, which have been discussed at length, clearly reflect the progressively increasing nature of Participant executions structured for the purpose of attracting flow to the Exchange.

The Non-Penny Pilot Tiers are reasonable in that they are set up to incentivize Participants to direct liquidity to the Exchange. That is, as Participants execute more of total industry customer equity and ETF option ADV contracts per month on the Exchange, they can in certain categories earn higher rebates and be assessed lower fees. For example, the Non-Penny Pilot Tier 3 Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker is, similarly to the equivalent Penny Pilot Tier category, higher (\$0.20) than the Non-Penny Pilot Tier 1 Rebate to Add Liquidity (\$0.00). The Non-Penny Pilot Tiers are set up in a similar progressive manner for Fee to Remove Liquidity when BX Options Market Maker trading with Customer being assessed a lesser fee for Tier 3 (\$0.60) than for Tier 1 (\$0.89).⁴⁷

⁴⁶ See, e.g., fee and rebate schedules of other options exchanges, including, but not limited to, NOM, Phlx, and CBOE.

⁴⁷ The remaining categories of Fee to Add Liquidity when Customer trading with Customer, Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer, and Fee to Remove Liquidity

For Non-Penny Pilot Options, establishing the Customer-related and BX Options Market Maker-related fee and rebate changes, which includes the new Tiers, is equitable and not unfairly discriminatory. This is because the Exchange's proposal to assess fees and pay rebates according to Non-Penny Pilot Tiers 1, 2, and 3 will apply similarly to all similarly situated Participants. BX Options Market Makers would be assessed a Fee to Remove Liquidity according to the Non-Penny Pilot Tiers, and Customers would earn a Rebate to Add Liquidity and a Rebate to Remove Liquidity and be assessed a Fee to Add Liquidity according to the same Tiers per the Non-Penny Pilot Options Tier Schedule.

The fee and rebate schedule as proposed continues to reflect differentiation among different market participants. The Exchange believes that the differentiation is equitable and not unfairly discriminatory, as well as reasonable, and notes that unlike others (e.g. Non-Customers) some market participants like BX Options Market Makers commit to various obligations. For example, transactions of a BX Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder.⁴⁸

when BX Options Market Maker trading with Non-Customer or BX Options Market Maker reflect the same rates in each Non-Penny Pilot Tier, whether 1, 2, or 3 (\$0.85, \$0.80, and \$0.89, respectively).

⁴⁸ See Chapter VII, Section 5, entitled "Obligations of Market Makers".

The Exchange believes that by making the proposed Non-Penny Pilot Options changes, it is incentivizing Participants to execute more volume on the Exchange to further enhance liquidity in this market.

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. Specifically, the Exchange does not believe that its proposal to make changes to its Penny Pilot Options and Non-Penny Pilot Options fees and rebates and to establish Tiers for such fees and rebates will impose any undue burden on competition, as discussed below.

The Exchange operates in a highly competitive market in which many sophisticated and knowledgeable market participants can readily and do send order flow to competing exchanges if they deem fee levels or rebate incentives at a particular exchange to be excessive or inadequate. Additionally, new competitors have entered the market and still others are reportedly entering the market shortly. These market forces ensure that the Exchange's fees and rebates remain competitive with the fee structures at other trading platforms. In that sense, the Exchange's proposal is actually pro-competitive because the Exchange is simply continuing its fees and rebates and establishing Tiers for Penny Pilot Options and Non-Penny Pilot Options in order to remain competitive in the current environment.

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if

they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In terms of intra-market competition, the Exchange notes that price differentiation among different market participants operating on the Exchange (e.g., Customer, BX Options Market Maker, Non-Customer) is reasonable. Customer activity, for example, enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants (particularly in response to pricing) in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Moreover, unlike others (e.g. Non-Customers) each BX Options Market Maker commits to various obligations. These obligations include, for example, transactions of a BX Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings.⁴⁹

⁴⁹ See Chapter VII, Section 5, entitled “Obligations of Market Makers”. Further, all Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder. See Chapter VII, Section 2.

In this instance, the proposed changes to the fees and rebates for execution of contracts on the Exchange, and establishing Tiers for such fees and rebates, do not impose a burden on competition because the Exchange's execution and routing services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Additionally, the changes proposed herein are pro-competitive to the extent that they continue to allow the Exchange to promote and maintain order executions.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,⁵⁰ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

⁵⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

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

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

Not applicable

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

Not applicable.

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____; File No. SR-BX-2015-081)

December __, 2015

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Fees and Rebates and Tiers Related to BX Options

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 December 11, 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 its Options Pricing at Chapter XV Section 2, entitled “BX Options Market – Fees and Rebates,” which governs pricing for BX members using the BX Options Market (“BX Options”). The Exchange proposes to modify certain fees and rebates (per executed contract) and to adopt tiers applicable to fees and rebates (each a “Tier” and together the “Tiers”).

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend its Chapter XV, Section 2 to modify subsection (1) regarding certain fees and rebates³ (known as “fees and rebates”) and to adopt Tiers applicable to certain fees and rebates. The proposed modified fees and rebates (per executed contract) and new Tiers would apply to Customers,⁴ BX Options Market Makers,⁵ and Non-Customers⁶. One proposed new Tier schedule, consisting of three

³ Fees and rebates are per executed contract. Chapter XV, Section 2(1).

⁴ The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)). BX Chapter XV.

⁵ BX Options Market Makers may also be referred to as “Market Makers”. The term “BX Options Market Maker” or ("M") means a Participant that has registered as a Market Maker on BX Options pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security.

⁶ Note 1 to Chapter XV, Section 2 states: “¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.”

Tiers, would apply to Penny Pilot Options; and one proposed new Tier schedule, consisting of three Tiers, would apply to Non-Penny Pilot Options.⁷

Currently, Chapter XV, Section 2 subsection (1) reads as follows:

Sec. 2 BX Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on the BX Options Market

Fees and Rebates (per executed contract)			
	Customer	BX Options Market Maker	Non-Customer¹
Penny Pilot Options:			
Rebate to Add Liquidity	\$0.00 ²	\$0.10 ²	N/A
Fee to Add Liquidity	\$0.39 ³	\$0.39 ³	\$0.45
Rebate to Remove Liquidity	\$0.34	N/A	N/A
Fee to Remove Liquidity	N/A	\$0.46	\$0.46
Non-Penny Pilot Options:			
Fee to Add Liquidity	\$0.25/\$0.85 ⁵	\$0.50/\$0.85 ⁵	\$0.88
Rebate to Remove Liquidity	\$0.70	N/A	N/A
Fee to Remove Liquidity	N/A	\$0.89	\$0.89

¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.

⁷ The Penny Pilot was established in June 2012 and extended in 2015. See Securities Exchange Act Release Nos. 67256 (June 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030) (order approving BX option rules and establishing Penny Pilot); and 75326 (June 29, 2015), 80 FR 38481 (July 6, 2015) (SR-BX-2015-037) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2016).

²The Rebate to Add Liquidity will be paid to a Customer or BX Options Market Maker only when the Customer or BX Options Market Maker is contra to a Non-Customer or BX Options Market Maker.

³The Fee to Add Liquidity will be assessed to a Customer or BX Options Market Maker only when the Customer or BX Options Market Maker is contra to a Customer.

⁴Reserved

⁵The higher Fee to Add Liquidity will be assessed to a Customer or BX Options Market Maker only when the Customer or BX Options Market Maker is contra to a Customer.

The Exchange proposes modifications to its fees and rebates for Penny Pilot Options and for Non-Penny Pilot Options as follows:⁸

Change 1. For Penny Pilot Options, the Exchange proposes to modify fees and rebates to add Tiers for: (1) Customer Rebates to Add Liquidity; (2) Customer Fees to Add Liquidity; (3) Customer Rebates to Remove Liquidity; and (4) BX Options Market Maker Fees to Remove Liquidity.

Change 2. For Non-Penny Pilot Options, the Exchange proposes to modify fees and rebates to add Tiers for: (1) Customer Rebates to Add Liquidity; (2) Customer Fees to Add Liquidity; (3) Customer Rebates to Remove Liquidity; (4) BX Options Market Maker Fees to Remove Liquidity. The Exchange also proposes to increase the Fee to Add Liquidity for BX Options Market Maker and for Non-Customer.

Each specific change is described in detail below.

Change 1 - Penny Pilot Options: Modify Fees and Rebates To Add Tiers

For Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer and BX Options Market Maker.⁹ Specifically, the Exchange is proposing to

⁸ The greatest volume options traded on the Exchange and in the options market are Penny Pilot Options, and the Exchange has taken this into account when structuring and modifying its fee and rebate schedule.

add Tiers for Rebate to Add Liquidity for Customer,¹⁰ Fee to Add Liquidity for Customer,¹¹ and Rebate to Remove Liquidity for Customer. The Exchange is also proposing to add Tiers for Fee to Remove Liquidity for BX Options Market Maker¹². The three new Tiers, described below, together make up the “Penny Pilot Options Tier Schedule”.

Proposed Tier 1 (“Penny Pilot Tier 1”) will be where a BX Participant (“Participant”) executes less than 0.05% of total industry customer equity and exchange traded fund (“ETF”) option average daily volume (“ADV”) contracts per month.

Proposed Penny Pilot Tier 1 will range from \$0.00 rebate to \$0.46 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00 (no rebate will be paid);
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.39;¹³
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.00;

⁹ The Non-Customer Penny Pilot Options pricing will remain unchanged.

¹⁰ The addition of Tiers to Rebate to Add Liquidity for Customer replaces the current fee (\$0.00) and reference to note 2 which are removed. Note 2 will continue to apply to Rebate to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer. Today, Customers do not receive a Rebate to Add Liquidity.

¹¹ The addition of Tiers to Fee to Add Liquidity for Customer replaces the current fee (\$0.39) and reference to note 3 which are removed. Note 3 will continue to apply to Fee to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer.

¹² The addition of tiers to the Fee to Remove Liquidity for the BX Options Market Maker replaces the current per contract fee of 0.46.

¹³ For Penny Pilot Options, this \$0.39 Fee to Add Liquidity when Customer trading with Customer is the same in all three Tiers.

- the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.39; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.¹⁴

Proposed Tier 2 (“Penny Pilot Tier 2”) will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month. Proposed Penny Pilot Tier 2 will range from \$0.10 rebate to \$0.46 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.39;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.25;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.39; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

Proposed Tier 3 (“Penny Pilot Tier 3”) will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month. Proposed Penny Pilot Tier 3 will range from \$0.20 rebate to \$0.46 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20;

¹⁴ For Penny Pilot Options, this \$0.46 Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be the same in all Tiers.

- the Fee to Add Liquidity when Customer trading with Customer will be \$0.39;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.35;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.30; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

Change 2 – Non-Penny Pilot Options: Modify Fees and Rebates to Add Tiers, Increase Fee to Add Liquidity

For Non-Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer, BX Options Market Maker, and Non-Customer. Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer,¹⁵ Fee to Add Liquidity for Customer,¹⁶ and Rebate to Remove Liquidity for Customer.¹⁷ The Exchange is proposing to add Tiers for Fee to Remove Liquidity for BX Market Maker.¹⁸

¹⁵ The addition of Rebate to Add Liquidity of the Non-Penny Pilot Options part of the fees and rebates schedule is so that the Non-Penny and Penny parts of the schedule both have Rebate to Add Liquidity. The addition of Tiers to Rebate to Add Liquidity in the Non-Penny category applies to Customer only.

¹⁶ The addition of Tiers to Fee to Add Liquidity for Customer replaces the current fee (\$0.25/\$0.85) and reference to note 5 which are taken out. Note 5 will continue to apply to Fee to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer. The Exchange notes that for Fee to Add Liquidity for Customer the Exchange is replacing a fee (\$0.25/\$0.85) with Tiers that include Fee to Add Liquidity as well as Rebate to Add Liquidity.

¹⁷ The addition of Tiers to Rebate to Remove Liquidity for Customer replaces the current fee (\$0.70) and reference to it is taken out.

¹⁸ The addition of Tiers to Fee to Remove Liquidity for BX Options Market Maker replaces the current fee (\$0.89) and reference to it is taken out.

The three new Tiers, described below, together make up the “Non-Penny Pilot Options Tier Schedule”. The Exchange is also proposing a modest ten cent increase to the Fee to Add Liquidity for BX Options Market Maker from \$0.50/\$0.85 to \$0.50/\$0.95,¹⁹ and for Non-Customer from \$0.88 to \$0.98.

Proposed Tier 1 (“Non-Penny Pilot Tier 1”) will be where Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month. Proposed Non-Penny Pilot Tier 1 will range from \$0.00 rebate to \$0.89 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00 (no rebate will be paid);
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.85;²⁰
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80;
- the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.89; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.²¹

Proposed Tier 2 (“Non-Penny Pilot Tier 2”) will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV

¹⁹ Per note 5 as modified, the higher Fee to Add Liquidity will be assessed to a BX Options Market Maker only when the BX Options Market Maker is contra to a Customer.

²⁰ For Non-Penny Pilot Options, this \$0.85 Fee to Add Liquidity when Customer trading with Customer is the same in all three Tiers.

²¹ For Non-Penny Pilot Options, this \$0.89 Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be the same in all Tiers.

contracts per month. Proposed Non-Penny Pilot Tier 2 will range from \$0.10 rebate to \$0.89 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.85;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.89; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

Proposed Tier 3 (“Non-Penny Pilot Tier 3”) will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month. Proposed Non-Penny Pilot Tier 3 will range from \$0.20 rebate to \$0.89 fee:

- the Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20;
- the Fee to Add Liquidity when Customer trading with Customer will be \$0.85;
- the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80;
- the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.60; and
- the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

As proposed, Chapter XV, Section 2 subsection (1) will read as follows:

Sec. 2 BX Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on the BX Options Market

Fees and Rebates (per executed contract)			
	Customer	BX Options Market Maker	Non- Customer¹
Penny Pilot Options:			
Rebate to Add Liquidity	#	\$0.10 ²	N/A
Fee to Add Liquidity	#	\$0.39 ³	\$0.45
Rebate to Remove Liquidity	#	N/A	N/A
Fee to Remove Liquidity	N/A	#	\$0.46
Non-Penny Pilot Options:			
Rebate to Add Liquidity	*	N/A	N/A
Fee to Add Liquidity	*	\$0.50/\$0.95 ⁵	\$0.98
Rebate to Remove Liquidity	*	N/A	N/A
Fee to Remove Liquidity	N/A	*	\$0.89

¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.

²The Rebate to Add Liquidity will be paid to a BX Options Market Maker only when the BX Options Market Maker is contra to a Non-Customer or BX Options Market Maker.

³The Fee to Add Liquidity will be assessed to a BX Options Market Maker only when the BX Options Market Maker is contra to a Customer.

⁴Reserved

⁵The higher Fee to Add Liquidity will be assessed to a BX Options Market Maker only when the BX Options Market Maker is contra to a Customer.

Penny Pilot Options Tier Schedule

		Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
	When:	Customer	Customer	Customer	BX Options Market Maker	BX Options Market Maker
	Trading with:	Non-Customer or BX Options Market Maker	Customer	Non-Customer, BX Options Market Maker, or Customer	Customer	Non-Customer or BX Options Market Maker
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.39	\$0.00	\$0.39	\$0.46
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.39	\$0.25	\$0.39	\$0.46
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.	\$0.20	\$0.39	\$0.35	\$0.30	\$0.46

* Non-Penny Pilot Options Tier Schedule

Rebate to Add Liquidity	Fee to Add Liquidity	Rebate to Remove Liquidity	Fee to Remove Liquidity	Fee To Remove Liquidity
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	When:	Customer	Customer	Customer	BX Options Market Maker	BX Options Market Maker Non- Customer or BX Options Market Maker
	Trading with:	Non- Customer or BX Options Market Maker	Customer	Non- Customer, BX Options Market Maker, or Customer	Customer	Non- Customer or BX Options Market Maker
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.85	\$0.80	\$0.89	\$0.89
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.85	\$0.80	\$0.89	\$0.89
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.	\$0.20	\$0.85	\$0.80	\$0.60	\$0.89

The Exchange is adopting these fees and rebates at this time because it believes that they will provide incentives for execution of contracts on the BX Options Market. The Exchange believes that its proposal should provide increased opportunities for

participation in executions on the Exchange, facilitating the ability of the Exchange to bring together participants and encourage more robust competition for orders.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,²² in general, and with Section 6(b)(4) and 6(b)(5) of the Act,²³ 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 not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, for example, the Commission indicated that market forces should generally determine the price of non-core market data because national market system regulation “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²⁴ Likewise, in *NetCoalition v. NYSE Arca, Inc.*, 615 F.3d 525 (D.C. Cir. 2010), the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.²⁵ As the court emphasized, the Commission “intended

²² 15 U.S.C. 78f.

²³ 15 U.S.C. 78f(b)(4) and (5).

²⁴ Exchange Act Release No. 34-51808 (June 9, 2005) (“Regulation NMS Adopting Release”).

²⁵ See *NetCoalition*, 615 F.3d at 534.

in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”²⁶

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”²⁷ Although the Court and the SEC were discussing the cash equities markets, the Exchange believes that, as discussed above, these views apply with equal force to the options markets.

The Exchange believes that its proposal should provide increased opportunities for participation in executions on the Exchange, facilitating the ability of the Exchange to bring together participants and encourage more robust competition for orders.

Change 1 - Penny Pilot Options: Modify Fees and Rebates

For Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer and BX Options Market Maker. Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer, and Rebate to Remove Liquidity for Customer. The Exchange is also proposing to add Tiers for Fee to Remove Liquidity for BX Market Maker. The three new Tiers make up the Penny Pilot Options Tier Schedule.

²⁶ Id. at 537.

²⁷ *NetCoalition I*, 615 F.3d at 539 (quoting *ArcaBook Order*, 73 FR at 74782-74783).

In particular, proposed Penny Pilot Tier 1 will be where a Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.00 rebate to \$0.46 fee.²⁸ Proposed Penny Pilot Tier 2 will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.10 rebate to \$0.46 fee.²⁹ Proposed Penny Pilot Tier 3 will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.20 rebate to \$0.46 fee.³⁰

In adding the new Tiers in the Penny Pilot Options Tier Schedule, the current pricing will be replaced with the proposed Tier Schedule and is no longer used. Tiers

²⁸ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00; the Fee to Add Liquidity when Customer trading with Customer will be \$0.39 (same across all tiers); the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.00; the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.39; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46 (same across all Tiers).

²⁹ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10; the Fee to Add Liquidity when Customer trading with Customer will be \$0.39; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.25; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.39; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

³⁰ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20; the Fee to Add Liquidity when Customer trading with Customer will be \$0.39; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.35; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.30; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.46.

replace the current rebate (\$0.00) in Rebate to Add Liquidity for Customer (no rebate is offered today), and reference to note 2 is removed.³¹ Tiers replace the current fee (\$0.39) to Fee to Add Liquidity for Customer and reference to note 3 is removed and will not apply with this proposal.³² Certain references in Notes 2 and 3 to Customer are removed, and as such the notes no longer make sense for Rebate to Add Liquidity and for Customer Fee to Add Liquidity for Customer.³³ The Exchange is also substituting the current fee (\$0.46) to Fee to Remove Liquidity for BX Options Market Maker by putting it in the tier schedule. Deleting the rebates and fees from the fees and rebates structure for Penny Pilot Options is reasonable where they have been replaced by the new Tiers structure to incentivize Participants to send order flow to the Exchange.

The Exchange believes that the proposed Tiers in the Penny Pilot Options Tier Schedule are reasonable in that they reflect a structure that is not novel in the options markets but rather is similar to that of other options markets and competitive with what is offered by other exchanges.³⁴ In addition, the Exchange believes that making changes to add Tiers applicable to the Customer in terms of Rebate to Add Liquidity, Fee to Add Liquidity, and Rebate to Remove Liquidity, is reasonable because it encourages the

³¹ The rule text of note 2 is amended to reflect the removal of certain references to Customer.

³² The rule text of note 3 is amended to reflect the removal of certain references to Customer.

³³ Notes 2 and 3 continue to apply, to Rebate to Add Liquidity for BX Options Market Maker and to Fee to Add Liquidity for BX Options Market Maker, respectively, but without deleted references to Customer.

³⁴ See, e.g., the MIAX fee schedule at http://www.miaxoptions.com/sites/default/files/fee-schedules/MIAX_Options_Fee_Schedule_10012015.pdf and the BOX fee schedule at http://boxexchange.com/assets/BOX_Fee_Schedule1.pdf.

desired Customer behavior by attracting Customer interest to the Exchange. Customer activity enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

Establishing Penny Pilot Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer, and Rebate to Remove Liquidity for Customer, and Penny Pilot Tiers for Fee to Remove Liquidity for BX Options Market Maker is reasonable. It encourages market participant behavior through progressive tiered fees and rebates using an accepted methodology among options exchanges.³⁵ The proposed Tiers in the Penny Pilot Options Tier Schedule, which have been discussed at length, clearly reflect the progressively increasing nature of Participant executions structured for the purpose of attracting order flow to the Exchange.

The Penny Pilot Tiers are reasonable in that they are set up to incentivize Participants to direct liquidity to the Exchange. That is, as Participants execute more of total industry customer equity and ETF option ADV contracts per month on the Exchange, they can in certain categories earn higher rebates and be assessed lower fees. For example, the Penny Pilot Tier 3 Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker is higher (\$0.20) than the Penny Pilot Tier 1 Rebate to Add Liquidity (\$0.00), which offer no rebate today. The Penny Pilot Tiers are

³⁵ See, e.g., fee and rebate schedules of other options exchanges, including, but not limited to, NASDAQ Options Market (“NOM”), NASDAQ OMX PHLX LLC (“Phlx”), and Chicago Board Options Exchange (“CBOE”).

set up in a similar progressive manner for Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer. And, the Fee to Remove Liquidity when BX Option Market Maker trading with Customer is lesser for Tier 3 (\$0.30) than for Tier 1 (\$0.39).³⁶

For Penny Pilot Options, establishing the Customer-related and BX Options Market Maker-related fee and rebate changes, which includes the new Tiers, is equitable and not unfairly discriminatory. This is because the Exchange's proposal to assess fees and pay rebates according to Penny Pilot Tiers 1, 2, and 3 will apply uniformly to all similarly situated Participants. BX Options Market Makers would be assessed a Fee to Remove Liquidity according to the Penny Pilot Tiers, and Customers would earn a Rebate to Add Liquidity and a Rebate to Remove Liquidity according to the same Tiers per the Penny Pilot Options Tier Schedule .

The fee and rebate schedule as proposed continues to reflect differentiation among different market participants. The Exchange believes that the differentiation is equitable and not unfairly discriminatory, as well as reasonable, and notes that unlike others (e.g. Non-Customers) some market participants like BX Options Market Makers commit to various obligations. For example, transactions of a BX Options Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and BX Options Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of

³⁶ The remaining categories of Fee to Add Liquidity when Customer trading with Customer and Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker reflect the same fee in each Penny Pilot Tier, whether 1, 2, or 3 (\$0.39 and \$0.46, respectively).

dealings. Further, all BX Options Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder.³⁷

The Exchange believes that by making the proposed Penny Pilot Options changes, it is incentivizing Participants to execute more volume on the Exchange to further enhance liquidity in this market.

Change 2 – Non-Penny Pilot Options: Modify Fees and Rebates

For Non-Penny Pilot Options, the Exchange is proposing to modify fees and rebates for Customer and BX Options Market Maker. Specifically, the Exchange is proposing to add Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer,³⁸ and Rebate to Remove Liquidity for Customer. The Exchange is also proposing to add Tiers for Fee to Remove Liquidity for BX Market Maker. The three new Tiers make up the Non-Penny Pilot Options Tier Schedule.

In particular, proposed Non-Penny Pilot Tier 1 will be where Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.00 rebate to \$0.89 fee.³⁹ The Proposed Non-Penny Pilot

³⁷ See Chapter VII, Section 5, entitled “Obligations of Market Makers”.

³⁸ The addition of Rebate to Add Liquidity of the Non-Penny Pilot Options part of the fees and rebates schedule is so that the Non-Penny and Penny parts of the schedule both have Rebate to Add Liquidity. The addition of Tiers to Rebate to Add Liquidity in the Non-Penny category applies to Customer only.

³⁹ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.00 ; the Fee to Add Liquidity when Customer trading with Customer will be \$0.85 (same across all Tiers); the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80; the Fee to Remove Liquidity when BX Market Maker trading with Customer will be \$0.89; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89 (same across all Tiers).

Tier 2 will be where Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.10 rebate to \$0.89 fee.⁴⁰ Proposed Non-Penny Pilot Tier 3 will be where Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month, and will range from \$0.20 rebate to \$0.89 fee.⁴¹

In adding the new Tiers in the Non-Penny Pilot Options Tier Schedule, the current pricing will be replaced with the proposed Tier Schedule and is no longer used. Tiers replace the current fee (\$0.25/\$0.85) to Fee to Add Liquidity for Customer⁴² and reference to note 5 is removed.⁴³ Certain references in note 5 to Customer are removed

⁴⁰ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.10; the Fee to Add Liquidity when Customer trading with Customer will be \$0.85; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.89; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

⁴¹ The Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker will be \$0.20; the Fee to Add Liquidity when Customer trading with Customer will be \$0.85; the Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer will be \$0.80; the Fee to Remove Liquidity when BX Options Market Maker trading with Customer will be \$0.60; and the Fee to Remove Liquidity when BX Options Market Maker trading with Non-Customer or BX Options Market Maker will be \$0.89.

⁴² The Exchange notes that for Fee to Add Liquidity for Customer the Exchange is replacing a fee (\$0.25/\$0.85) with Tiers that include Fee to Add Liquidity as well as Rebate to Add Liquidity.

⁴³ The rule text of note 5 is amended to reflect the removal of certain references to Customer.

as they are no longer needed.⁴⁴ Tiers replace the current Rebate to Remove Liquidity for Customer and the current rebate (\$0.70) is removed. Tiers replace the current Fee to Remove Liquidity for BX Options Market Maker and the current fee (\$0.89) is removed. Deleting the rebates and fees from the fees and rebates structure for Non-Penny Pilot Options is reasonable where they have been replaced by the new Tiers structure to incentivize Participants bringing flow to the Exchange. The Exchange is also reasonably increasing by ten cents (to \$0.95) the Fee to Add Liquidity for BX Options Market Maker when the BX Options market maker is contra to a Customer, and increasing by ten cents (to \$0.98) the Fee to Add Liquidity for Non-Customer.

The Exchange believes that the proposed Tiers in the Non-Penny Pilot Options Tier Schedule are reasonable in that they reflect a structure that is not novel in the options markets but rather is similar to and competitive with what is offered by other exchanges.⁴⁵ In addition, the Exchange believes that making changes to add Tiers applicable to the Customer in terms of Rebate to Add Liquidity, Fee to Add Liquidity, and Rebate to Remove Liquidity, is reasonable because it encourages the desired Customer behavior by attracting Customer interest to the Exchange. Customer activity enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter

⁴⁴ Note 5 continues to apply, however, to Fee to Add Liquidity for BX Options Market Maker, but without reference to the note applying to a Customer.

⁴⁵ See, e.g., the MIAX fee schedule at http://www.miaxoptions.com/sites/default/files/fee-schedules/MIAX_Options_Fee_Schedule_10012015.pdf and the BOX fee schedule at http://boxexchange.com/assets/BOX_Fee_Schedule1.pdf.

spreads, which may cause an additional corresponding increase in order flow from other market participants.

Establishing Non-Penny Pilot Tiers for Rebate to Add Liquidity for Customer, Fee to Add Liquidity for Customer, and Rebate to Remove Liquidity for Customer, and Non-Penny Pilot Tiers for Fee to Remove Liquidity for BX Options Market Maker is reasonable. It encourages market participant behavior through progressive tiered fees and rebates using an accepted methodology among options exchanges.⁴⁶ The proposed Tiers in the Non-Penny Pilot Options Tier Schedule, which have been discussed at length, clearly reflect the progressively increasing nature of Participant executions structured for the purpose of attracting flow to the Exchange.

The Non-Penny Pilot Tiers are reasonable in that they are set up to incentivize Participants to direct liquidity to the Exchange. That is, as Participants execute more of total industry customer equity and ETF option ADV contracts per month on the Exchange, they can in certain categories earn higher rebates and be assessed lower fees. For example, the Non-Penny Pilot Tier 3 Rebate to Add Liquidity when Customer trading with Non-Customer or BX Options Market Maker is, similarly to the equivalent Penny Pilot Tier category, higher (\$0.20) than the Non-Penny Pilot Tier 1 Rebate to Add Liquidity (\$0.00). The Non-Penny Pilot Tiers are set up in a similar progressive manner for Fee to Remove Liquidity when BX Options Market Maker trading with Customer being assessed a lesser fee for Tier 3 (\$0.60) than for Tier 1 (\$0.89).⁴⁷

⁴⁶ See, e.g., fee and rebate schedules of other options exchanges, including, but not limited to, NOM, Phlx, and CBOE.

⁴⁷ The remaining categories of Fee to Add Liquidity when Customer trading with Customer, Rebate to Remove Liquidity when Customer trading with Non-Customer, BX Options Market Maker, or Customer, and Fee to Remove Liquidity

For Non-Penny Pilot Options, establishing the Customer-related and BX Options Market Maker-related fee and rebate changes, which includes the new Tiers, is equitable and not unfairly discriminatory. This is because the Exchange's proposal to assess fees and pay rebates according to Non-Penny Pilot Tiers 1, 2, and 3 will apply similarly to all similarly situated Participants. BX Options Market Makers would be assessed a Fee to Remove Liquidity according to the Non-Penny Pilot Tiers, and Customers would earn a Rebate to Add Liquidity and a Rebate to Remove Liquidity and be assessed a Fee to Add Liquidity according to the same Tiers per the Non-Penny Pilot Options Tier Schedule.

The fee and rebate schedule as proposed continues to reflect differentiation among different market participants. The Exchange believes that the differentiation is equitable and not unfairly discriminatory, as well as reasonable, and notes that unlike others (e.g. Non-Customers) some market participants like BX Options Market Makers commit to various obligations. For example, transactions of a BX Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder.⁴⁸

when BX Options Market Maker trading with Non-Customer or BX Options Market Maker reflect the same rates in each Non-Penny Pilot Tier, whether 1, 2, or 3 (\$0.85, \$0.80, and \$0.89, respectively).

⁴⁸ See Chapter VII, Section 5, entitled "Obligations of Market Makers".

The Exchange believes that by making the proposed Non-Penny Pilot Options changes, it is incentivizing Participants to execute more volume on the Exchange to further enhance liquidity in this market.

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. Specifically, the Exchange does not believe that its proposal to make changes to its Penny Pilot Options and Non-Penny Pilot Options fees and rebates and to establish Tiers for such fees and rebates will impose any undue burden on competition, as discussed below.

The Exchange operates in a highly competitive market in which many sophisticated and knowledgeable market participants can readily and do send order flow to competing exchanges if they deem fee levels or rebate incentives at a particular exchange to be excessive or inadequate. Additionally, new competitors have entered the market and still others are reportedly entering the market shortly. These market forces ensure that the Exchange's fees and rebates remain competitive with the fee structures at other trading platforms. In that sense, the Exchange's proposal is actually pro-competitive because the Exchange is simply continuing its fees and rebates and establishing Tiers for Penny Pilot Options and Non-Penny Pilot Options in order to remain competitive in the current environment.

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if

they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In terms of intra-market competition, the Exchange notes that price differentiation among different market participants operating on the Exchange (e.g., Customer, BX Options Market Maker, Non-Customer) is reasonable. Customer activity, for example, enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants (particularly in response to pricing) in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Moreover, unlike others (e.g. Non-Customers) each BX Options Market Maker commits to various obligations. These obligations include, for example, transactions of a BX Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings.⁴⁹

⁴⁹ See Chapter VII, Section 5, entitled “Obligations of Market Makers”. Further, all Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder. See Chapter VII, Section 2.

In this instance, the proposed changes to the fees and rebates for execution of contracts on the Exchange, and establishing Tiers for such fees and rebates, do not impose a burden on competition because the Exchange's execution and routing services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Additionally, the changes proposed herein are pro-competitive to the extent that they continue to allow the Exchange to promote and maintain order executions.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,⁵⁰ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for

⁵⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-081 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-2015-081. 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-2015-081 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.⁵¹

Robert W. Errett
Deputy Secretary

⁵¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; delete text is in [brackets].

NASDAQ OMX BX Rules**Options Rules**

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Chapter XV Options Pricing

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Sec. 2 BX Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on the BX Options Market**Fees and Rebates (per executed contract)**

	Customer	BX Options Market Maker	Non-Customer¹
Penny Pilot Options:			
Rebate to Add Liquidity	[\$0.00 ²] <u>#</u>	\$0.10 ²	N/A
Fee to Add Liquidity	[\$0.39 ³] <u>#</u>	\$0.39 ³	\$0.45
Rebate to Remove Liquidity	[\$0.34] <u>#</u>	N/A	N/A
Fee to Remove Liquidity	N/A	[\$0.46] <u>#</u>	\$0.46
Non-Penny Pilot Options:			
<u>Rebate to Add Liquidity</u>	<u>*</u>	<u>N/A</u>	<u>N/A</u>
Fee to Add Liquidity	<u>*[\$0.25/\$0.85⁵]</u>	\$0.50/\$0.[8] <u>95⁵</u>	\$0.[8] <u>98</u>
Rebate to Remove Liquidity	[\$0.70] <u>*</u>	N/A	N/A
Fee to Remove Liquidity	N/A	[\$0.89] <u>*</u>	\$0.89

¹A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.

²The Rebate to Add Liquidity will be paid to a [Customer or]BX Options Market Maker only when the[Customer or] BX Options Market Maker is contra to a Non-Customer or BX Options Market Maker.

³The Fee to Add Liquidity will be assessed to a [Customer or]BX Options Market Maker only when the [Customer or]BX Options Market Maker is contra to a Customer.

⁴Reserved

⁵The higher Fee to Add Liquidity will be assessed to a [Customer or]BX Options Market Maker only when the [Customer or]BX Options Market Maker is contra to a Customer.

Penny Pilot Options Tier Schedule

		<u>Rebate to Add Liquidity</u>	<u>Fee to Add Liquidity</u>	<u>Rebate to Remove Liquidity</u>	<u>Fee to Remove Liquidity</u>	<u>Fee To Remove Liquidity</u>
	<u>When:</u>	<u>Customer</u>	<u>Customer</u>	<u>Customer</u>	<u>BX Options Market Maker</u>	<u>BX Options Market Maker</u>
	<u>Trading with:</u>	<u>Non-Customer or BX Options Market Maker</u>	<u>Customer</u>	<u>Non-Customer, BX Options Market Maker, or Customer</u>	<u>Customer</u>	<u>Non-Customer or BX Options Market Maker</u>
<u>Tier 1</u>	<u>Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.</u>	<u>\$0.00</u>	<u>\$0.39</u>	<u>\$0.00</u>	<u>\$0.39</u>	<u>\$0.46</u>
<u>Tier 2</u>	<u>Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.</u>	<u>\$0.10</u>	<u>\$0.39</u>	<u>\$0.25</u>	<u>\$0.39</u>	<u>\$0.46</u>
<u>Tier 3</u>	<u>Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.</u>	<u>\$0.20</u>	<u>\$0.39</u>	<u>\$0.35</u>	<u>\$0.30</u>	<u>\$0.46</u>

* Non-Penny Pilot Options Tier Schedule

		<u>Rebate to Add Liquidity</u>	<u>Fee to Add Liquidity</u>	<u>Rebate to Remove Liquidity</u>	<u>Fee to Remove Liquidity</u>	<u>Fee To Remove Liquidity</u>
	<u>When:</u>	<u>Customer</u>	<u>Customer</u>	<u>Customer</u>	<u>BX Options Market Maker</u>	<u>BX Options Market Maker</u>
	<u>Trading with:</u>	<u>Non-Customer or BX Options Market Maker</u>	<u>Customer</u>	<u>Non-Customer, BX Options Market Maker, or Customer</u>	<u>Customer</u>	<u>Non-Customer or BX Options Market Maker</u>
<u>Tier 1</u>	<u>Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.</u>	<u>\$0.00</u>	<u>\$0.85</u>	<u>\$0.80</u>	<u>\$0.89</u>	<u>\$0.89</u>
<u>Tier 2</u>	<u>Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.</u>	<u>\$0.10</u>	<u>\$0.85</u>	<u>\$0.80</u>	<u>\$0.89</u>	<u>\$0.89</u>
<u>Tier 3</u>	<u>Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month.</u>	<u>\$0.20</u>	<u>\$0.85</u>	<u>\$0.80</u>	<u>\$0.60</u>	<u>\$0.89</u>

(2) – (5) No change.

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