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

File No.* SR - 2019 - * 026
Amendment No. (req. for Amendments *)

Filing by NASDAQ BX, Inc.

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

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

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

A proposal to amend the Exchanges transaction fees and credits at Equity 7, Section 118(a)

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 * Brett   Last Name * Kitt
Title * Senior Associate General Counsel
E-mail * brett.kitt@nasdaq.com
Telephone * (301) 978-8132   Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 07/11/2019

By Edward S. Knight
(Name *)

(Title *)
Global Chief Legal & Policy Officer

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

edward.knight@nasdaq.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

1. Text of the Proposed Rule Change

(a) Nasdaq BX, Inc. ("BX" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend the Exchange's transaction fees and credits at Equity 7, Section 118(a), as described further below.

A notice of the proposed rule change for publication in the Federal Register is attached 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 (the "Board") on September 26, 2018. 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:

Brett Kitt
Senior Associate General Counsel
Nasdaq, Inc.
(301) 978-8132

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

2 17 CFR 240.19b-4.

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

a. Purpose

The Exchange operates on the "taker-maker" model, whereby it generally pays credits to members that take liquidity and charges fees to members that provide liquidity. Currently, the Exchange has a schedule, at Equity 7, Section 118(a), which consists of several different credits that it provides for orders in securities priced at $1 or more per share that access liquidity on the Exchange and several different charges that it assesses for orders in such securities that add liquidity on the Exchange.

As a result of a recent rule change,[3] the Exchange presently offers a different system of credits and charges for orders in securities in Tapes A and C than it does for orders in securities in Tape B. The recent changes that the Exchange made to its credits and charges for orders in securities in Tape B, including increases in the liquidity removal credits offered for such orders, have proven to be successful in increasing liquidity removal activity on the Exchange and in making the Exchange a more attractive market for Tape B securities.

The Exchange now proposes to replicate this success for orders in securities in Tapes A and C while also building on it with respect to orders in securities in Tape B. Specifically, the Exchange proposes to replace, in large part, its existing schedule of credits and charges with a new schedule that is simpler, flatter, and which offers members more robust incentives to increase their liquidity removal activity in securities in all Tapes.

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3 See Securities Exchange Act Release No. 34-85912 (May 22, 2019); 84 FR 24834 (May 29, 2019) (SR-BX-2019-013).

Description of the Changes

Credits for Accessing Liquidity through the Exchange

The Exchange proposes to eliminate its schedule of existing credits (except as described below) and replace it with a new schedule of credits for orders in securities in all Tapes that remove liquidity from the Exchange (the "New Credits"). Generally speaking, the proposed New Credits will be higher than the existing credits,[4] higher than the existing credits for the same qualifying criteria,[5] or they will have qualifying criteria which will be more readily achievable than the existing credits. The Exchange believes that higher overall credits will incentivize members to increase their liquidity removal activity in securities in all Tapes. In certain instances, moreover, the availability of the proposed New Credits will also be tied to the level of a member's liquidity adding

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4 Whereas the highest credit under the existing schedule is $0.0026 per share executed for orders in securities in Tape B and $0.0018 per share executed for orders in securities in Tapes A and C, the top credit in the proposed schedule for orders in securities in all Tapes is $0.0027 per share executed.

The Exchange notes that, whereas under the existing schedule, the Exchange provides a $0.0024 per share executed credit for orders in securities in Tape B that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a non-displayed price) entered by members that add at least an average daily volume of 50,000 shares to the Exchange during a month, the proposed schedule will provide a lower credit of $0.0015 per share executed for the same level of activity.

5 For example, whereas the existing schedule provides a $0.0001 per share executed credit for orders in securities in Tapes A and C that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a non-displayed price) entered by members that add at least an average daily volume of 50,000 shares to the Exchange during a month, the proposed schedule will provide a credit of $0.0015 per share executed for the same level of activity.

activity as a means of incentivizing liquidity adding activity even as the Exchange proposes to increase its charges for orders that add liquidity.

Specifically, the Exchange proposes to adopt the following New Credits:

- $0.0027 per share executed for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that: (i) adds liquidity equal to or exceeding 0.03% of total Consolidated Volume[6] during a month; and (ii) accesses liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month.
- $0.0025 per share executed for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.07% of total Consolidated Volume during month.
- $0.0015 per share executed credit for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

[6] The term "Consolidated Volume" means the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity the date of the annual reconstitution of the Russell Investments Indexes is excluded from both total Consolidated Volume and the member's trading activity. See Equity 7, Section 118(a).

displayed price) entered by a member that adds liquidity equal to or exceeding an average daily volume of 50,000 shares in a month.

As noted above, the proposed New Credits will not supplant all of the existing credits. Instead, the Exchange proposes that the following existing credits will continue to apply to orders in securities in all Tapes:

- $0.0000 per share executed for an order that receives price improvement and executes against an order with a Non-displayed price; and
- $0.0000 per share executed for an order with Midpoint pegging that removes liquidity.

The Exchange also proposes to continue charging a fee of $0.0003 per share executed for an order in securities in any Tape (excluding an order with midpoint pegging and excluding an order that receives price improvement and executes against an order with a non-displayed price) that removes liquidity from the Exchange and that is entered by a member that does not add at least an average daily volume of 50,000 shares to the Exchange during a month.

Charges for Adding Liquidity to the Exchange

As a means of offsetting the costs of providing the New Credits, the Exchange proposes to largely replace its existing schedule of charges with a new schedule of charges for displayed and non-displayed orders in securities in all Tapes that add liquidity to the Exchange (the "New Charges"). Generally speaking, the proposed New Charges will be higher than the existing charges.[7]

[7] Whereas under the existing schedule, other than for midpoint pegging orders, the Exchange charges between $0.0014 and $0.0030 per share executed for orders in Tapes A and C and between $0.0026 and $0.0030 per share executed for orders in

Specifically, the Exchange proposes to delete all of the existing charges for providing liquidity through the Exchange (except as provided below) and replace them with the following New Charges:

- $0.0025 per share executed charge for a displayed order entered by a member that adds liquidity equal to or exceeding 0.25% total Consolidated Volume during a month;
- $0.0028 per share executed charge for a non-displayed order (other than orders with Midpoint pegging) entered by a member that adds liquidity equal to or exceeding 0.25% total Consolidated Volume during a month;
- $0.0030 per share executed charge for all other non-displayed orders; and
- $0.0029 per share executed charge for all other orders.

The Exchange proposes that following existing charges will continue to apply to orders in securities in all Tapes:

- $0.0005 per share executed for an order with Midpoint pegging entered by a member that adds 0.02% of total Consolidated Volume of non-displayed liquidity excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the NBBO;
- $0.0015 per share executed for an order with Midpoint pegging entered by entered by other member excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the NBBO;

Tape B that add liquidity to the Exchange, the proposed schedule will charge fees ranging from $0.0025 to $0.0030 per share executed for orders in securities in all Tapes (entered by members that add designated volumes of liquidity).

- $0.0024 per share executed for a buy (sell) order with Midpoint pegging that receives an execution price that is lower (higher) than the midpoint of the NBBO; and
- charges for entering BSTG, BSCN, BMOP, BTFY, BCRT, BDRK, BCST, and SCAR orders that execute in a venue other than the Nasdaq BX Equities System.

Applicability to and Impact on Participants

The proposed rule change is a broad restatement of the Exchange's schedule of credits and charges. The Exchange has designed the restated schedule to increase liquidity removal activity on the Exchange for orders in securities in all Tapes and to thereby improve the overall quality and attractiveness of the Nasdaq BX market. The Exchange intends to accomplish this objective by providing overall higher credits to those participants that engage in large volumes of liquidity removal activity on the Exchange, while offsetting the costs of the higher credits by charging participants higher fees for adding liquidity to the Exchange.

Those participants that act as net removers of liquidity from the Exchange will benefit directly from the proposed rule change through the receipts of higher credits. Those participants that act as net adders of liquidity to the Exchange will also benefit indirectly from any improvement in the overall quality of the market. However, net liquidity adders will bear the costs of higher fees for adding liquidity to the Exchange. The Exchange notes that its proposal is not otherwise targeted at or expected to be limited in its applicability to a specific segment(s) of market participants nor will it apply differently to different types of market participants.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The proposal is also consistent with Section 11A of the Act relating to the establishment of the national market system for securities.

The Proposal is Reasonable

The Exchange's proposed change to its schedule of credits and charges is reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for

8 15 U.S.C. 78f(b).

9 15 U.S.C. 78f(b)(4) and (5).

granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[10]

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, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[11]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for equity security transaction services. The Exchange is only one of several equity venues to which market participants may direct their order flow, and it represents a small percentage of the overall market. It is also only one of several taker-maker exchanges. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving certain volume thresholds.[12]

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

11 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

12 CBOE EDGA provides a standard rebate for liquidity removers of $0.0024 per share executed (or $0.0026 per share executed if a member qualifies for a volume tier), and a standard charge of $0.0030 per share executed for liquidity adders (or between $0.0022 and $0.0026 if a member qualifies for a volume tier). NYSE National has a range of rebates from $0.0010 to $0.0020 per share executed for

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules.[13] Separately, the Exchange has provided the SEC staff with multiple examples of instances where pricing changes by BX and other exchanges have resulted in shifts in exchange market share. Within the foregoing context, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange has designed its proposed schedule of credits and charges to provide increased overall incentives to members to increase their liquidity removal activity on the Exchange, and to do so broadly in orders in securities in all Tapes. An increase in overall liquidity removal activity on the Exchange will, in turn, improve the quality of the Nasdaq BX market and increase its attractiveness to existing and prospective participants. Generally, the proposed New Credits will be comparable to, if not favorable to, those that its competitors provide.[14]

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liquidity removers, and a range of charges from \$0.0008 to \$0.0027 per share executed for liquidity adders. CBOE BYX provides standard rebates for liquidity removers of \$0.0005 per share executed and a range of tiered rebates from \$0.0015 to \$0.0017 per share executed for liquidity removers; it imposes standard charges ranging from \$0.00190 to \$0.0030 per share executed and tiered charges ranging from \$0.0012 to \$0.0014 per share executed for liquidity adders.

[13] The Exchange perceives no regulatory, structural, or cost impediments to market participants shifting order flow away from it. In particular, the Exchange notes that these examples of shifts in liquidity and market share, along with many others, have occurred within the context of market participants' existing duties of Best Execution and obligations under the Order Protection Rule under Regulation NMS.

[14] See n. 12, supra.

Meanwhile, the Exchange believes that it is reasonable to offset the costs of providing the New Credits by increasing its charges for members that add liquidity to the Exchange. Although the New Charges will be higher, in many cases, than the existing charges, the Exchange believes that the New Charges will continue to be comparable to liquidity adding charges imposed by its competitors.[15] That said, the Exchange again notes that those participants that do not wish to pay the costs of increased charges are free to shift their order flow to competing venues that offer them lower charges.

The Proposal is an Equitable Allocation of Credits

The Exchange believes its proposal will allocate its New Credits and New Charges fairly among its market participants. The proposal will flatten and simplify the Exchange's schedule of credits and charges, including by reducing the number of credit and fee tiers and by eliminating tiers, such as growth tiers.

Moreover, it is equitable for the Exchange to increase its overall credits to participants whose orders remove liquidity from the Exchange as a means of incentivizing increased liquidity removal activity and to do so broadly in orders in securities in all Tapes. An increase in overall liquidity removal activity on the Exchange will improve the quality of the Nasdaq BX market and increase its attractiveness to existing and prospective participants.

Likewise, the Exchange believes it is equitable to increase its charges for orders entered by members that add liquidity to the Exchange as a means of offsetting the costs of providing the New Credits. Although participants that are net adders of liquidity to the Exchange will bear the costs of the New Charges, these participants will also benefit

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15 See id.

from any improvements in the quality and attractiveness of the market that the New Credits provide. Moreover, any participant that wishes to avoid paying higher charges for adding liquidity to the Exchange is free to shift their order flow to competing venues that charge lower fees.

The Proposed Fee is not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory. As an initial matter, the Exchange believes that nothing about its volume-based tiered pricing model is inherently unfair; instead, it is a rational pricing model that is well-established and ubiquitous in today's economy among firms in various industries – from co-branded credit cards to grocery stores to cellular telephone data plans – that use it to reward the loyalty of their best customers that provide high levels of business activity and incent other customers to increase the extent of their business activity. It is also a pricing model that the Exchange and its competitors have long employed with the assent of the Commission. It is fair because it incentivizes customer activity that increases liquidity, enhances price discovery, and improves the overall quality of the equity markets.

The Exchange intends for the proposal to improve market quality for all members on the Exchange and by extension attract more liquidity to the market, improving market wide quality and price discovery. Although net removers of liquidity will benefit most from the proposed increase in credits and charges, this result is fair insofar as increased liquidity removal activity will help to improve market quality and the attractiveness of the Nasdaq BX market to all existing and prospective participants. And although net adders of liquidity to the Exchange will bear the costs of the proposed rule change, this too is fair because net adders of liquidity will also benefit from improvements in market quality. Moreover, any participant that does not wish to pay higher charges to add liquidity to the Exchange is free to shift its order flow to a competing venue.

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.

Intramarket Competition

The Exchange does not believe that its proposal will place any category of Exchange participant at a competitive disadvantage. As noted above, all members of the Exchange will benefit from an increase in the removal of liquidity by those that choose to meet the tier qualification criteria. Members may grow their businesses so that they have the capacity to receive the higher credits. Moreover, members are free to trade on other venues to the extent they believe that the fees assessed and credits provided are not attractive. As one can observe by looking at any market share chart, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes. The Exchange notes that the tier structure is consistent with broker-dealer fee practices as well as the other industries, as described above.

Intermarket Competition

Addressing whether the proposed fee could impose a burden on competition on other SROs that is not necessary or appropriate, the Exchange believes that its proposed modifications to its schedule of credits and charges will not impose a burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from the other 12 live exchanges and from off-exchange venues, which include 32 alternative trading systems. 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.

The proposed restated schedule of credits and charges is reflective of this competition because, as a threshold issue, the Exchange is a relatively small market so its ability to burden intermarket competition is limited. In this regard, even the largest U.S. equities exchange by volume only has 17-18% market share, which in most markets could hardly be categorized as having enough market power to burden competition. Moreover, as noted above, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes. This is in addition to free flow of order flow to and among off-exchange venues which comprised more than 37% of industry volume for the month of April 2019.

The Exchange intends for the proposed changes, in the aggregate, to increase member incentives to remove liquidity from the Exchange while maintaining adequate incentives for members to continue to add meaningful levels of liquidity to the Exchange. The Exchange proposes to achieve these objectives by replacing the existing schedule of credits with a simpler, flatter, and more generous schedule of credits. It also intends to replace its existing schedule of charges with a schedule of New Charges to offset the costs of the New Credits.

In the aggregate, all of these changes are procompetitive and reflective of the Exchange's efforts to make it an attractive and vibrant venue to market participants.

In sum, 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.

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,[16] 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

16 15 U.S.C. 78s(b)(3)(A)(ii).

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. 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-2019-026)

July __, 2019

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Transaction Fees and Credits at Equity 7, Section 118(a)

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 July 11, 2019, Nasdaq BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend the Exchange's transaction fees and credits at Equity 7, Section 118(a), as described further below.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

2 17 CFR 240.19b-4.

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 operates on the "taker-maker" model, whereby it generally pays credits to members that take liquidity and charges fees to members that provide liquidity. Currently, the Exchange has a schedule, at Equity 7, Section 118(a), which consists of several different credits that it provides for orders in securities priced at $1 or more per share that access liquidity on the Exchange and several different charges that it assesses for orders in such securities that add liquidity on the Exchange.

As a result of a recent rule change,[3] the Exchange presently offers a different system of credits and charges for orders in securities in Tapes A and C than it does for orders in securities in Tape B. The recent changes that the Exchange made to its credits and charges for orders in securities in Tape B, including increases in the liquidity removal credits offered for such orders, have proven to be successful in increasing liquidity removal activity on the Exchange and in making the Exchange a more attractive market for Tape B securities.

The Exchange now proposes to replicate this success for orders in securities in Tapes A and C while also building on it with respect to orders in securities in Tape B. Specifically, the Exchange proposes to replace, in large part, its existing schedule of

3 See Securities Exchange Act Release No. 34-85912 (May 22, 2019); 84 FR 24834 (May 29, 2019) (SR-BX-2019-013).

credits and charges with a new schedule that is simpler, flatter, and which offers members more robust incentives to increase their liquidity removal activity in securities in all Tapes.

Description of the Changes

Credits for Accessing Liquidity through the Exchange

The Exchange proposes to eliminate its schedule of existing credits (except as described below) and replace it with a new schedule of credits for orders in securities in all Tapes that remove liquidity from the Exchange (the "New Credits"). Generally speaking, the proposed New Credits will be higher than the existing credits,[4] higher than the existing credits for the same qualifying criteria,[5] or they will have qualifying criteria which will be more readily achievable than the existing credits. The Exchange believes that higher overall credits will incentivize members to increase their liquidity removal

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4 Whereas the highest credit under the existing schedule is $0.0026 per share executed for orders in securities in Tape B and $0.0018 per share executed for orders in securities in Tapes A and C, the top credit in the proposed schedule for orders in securities in all Tapes is $0.0027 per share executed.

The Exchange notes that, whereas under the existing schedule, the Exchange provides a $0.0024 per share executed credit for orders in securities in Tape B that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a non-displayed price) entered by members that add at least an average daily volume of 50,000 shares to the Exchange during a month, the proposed schedule will provide a lower credit of $0.0015 per share executed for the same level of activity.

5 For example, whereas the existing schedule provides a $0.0001 per share executed credit for orders in securities in Tapes A and C that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a non-displayed price) entered by members that add at least an average daily volume of 50,000 shares to the Exchange during a month, the proposed schedule will provide a credit of $0.0015 per share executed for the same level of activity.

activity in securities in all Tapes. In certain instances, moreover, the availability of the proposed New Credits will also be tied to the level of a member's liquidity adding activity as a means of incentivizing liquidity adding activity even as the Exchange proposes to increase its charges for orders that add liquidity.

Specifically, the Exchange proposes to adopt the following New Credits:

- $0.0027 per share executed for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that: (i) adds liquidity equal to or exceeding 0.03% of total Consolidated Volume[6] during a month; and (ii) accesses liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month.
- $0.0025 per share executed for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.07% of total Consolidated Volume during month.
- $0.0015 per share executed credit for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that

6 The term "Consolidated Volume" means the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity the date of the annual reconstitution of the Russell Investments Indexes is excluded from both total Consolidated Volume and the member's trading activity. See Equity 7, Section 118(a).

receive price improvement and execute against an order with a Non-displayed price) entered by a member that adds liquidity equal to or exceeding an average daily volume of 50,000 shares in a month.

As noted above, the proposed New Credits will not supplant all of the existing credits. Instead, the Exchange proposes that the following existing credits will continue to apply to orders in securities in all Tapes:

- $0.0000 per share executed for an order that receives price improvement and executes against an order with a Non-displayed price; and
- $0.0000 per share executed for an order with Midpoint pegging that removes liquidity.

The Exchange also proposes to continue charging a fee of $0.0003 per share executed for an order in securities in any Tape (excluding an order with midpoint pegging and excluding an order that receives price improvement and executes against an order with a non-displayed price) that removes liquidity from the Exchange and that is entered by a member that does not add at least an average daily volume of 50,000 shares to the Exchange during a month.

Charges for Adding Liquidity to the Exchange

As a means of offsetting the costs of providing the New Credits, the Exchange proposes to largely replace its existing schedule of charges with a new schedule of charges for displayed and non-displayed orders in securities in all Tapes that add liquidity to the Exchange (the "New Charges"). Generally speaking, the proposed New Charges will be higher than the existing charges.[7]

Specifically, the Exchange proposes to delete all of the existing charges for providing liquidity through the Exchange (except as provided below) and replace them with the following New Charges:

- $0.0025 per share executed charge for a displayed order entered by a member that adds liquidity equal to or exceeding 0.25% total Consolidated Volume during a month;
- $0.0028 per share executed charge for a non-displayed order (other than orders with Midpoint pegging) entered by a member that adds liquidity equal to or exceeding 0.25% total Consolidated Volume during a month;
- $0.0030 per share executed charge for all other non-displayed orders; and
- $0.0029 per share executed charge for all other orders.

The Exchange proposes that following existing charges will continue to apply to orders in securities in all Tapes:

- $0.0005 per share executed for an order with Midpoint pegging entered by a member that adds 0.02% of total Consolidated Volume of non-displayed liquidity excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the NBBO;

[7] Whereas under the existing schedule, other than for midpoint pegging orders, the Exchange charges between $0.0014 and $0.0030 per share executed for orders in Tapes A and C and between $0.0026 and $0.0030 per share executed for orders in Tape B that add liquidity to the Exchange, the proposed schedule will charge fees ranging from $0.0025 to $0.0030 per share executed for orders in securities in all Tapes (entered by members that add designated volumes of liquidity).

- $0.0015 per share executed for an order with Midpoint pegging entered by entered by other member excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the NBBO;
- $0.0024 per share executed for a buy (sell) order with Midpoint pegging that receives an execution price that is lower (higher) than the midpoint of the NBBO; and
- charges for entering BSTG, BSCN, BMOP, BTFY, BCRT, BDRK, BCST, and SCAR orders that execute in a venue other than the Nasdaq BX Equities System.

Applicability to and Impact on Participants

The proposed rule change is a broad restatement of the Exchange's schedule of credits and charges. The Exchange has designed the restated schedule to increase liquidity removal activity on the Exchange for orders in securities in all Tapes and to thereby improve the overall quality and attractiveness of the Nasdaq BX market. The Exchange intends to accomplish this objective by providing overall higher credits to those participants that engage in large volumes of liquidity removal activity on the Exchange, while offsetting the costs of the higher credits by charging participants higher fees for adding liquidity to the Exchange.

Those participants that act as net removers of liquidity from the Exchange will benefit directly from the proposed rule change through the receipts of higher credits. Those participants that act as net adders of liquidity to the Exchange will also benefit indirectly from any improvement in the overall quality of the market. However, net liquidity adders will bear the costs of higher fees for adding liquidity to the Exchange.

The Exchange notes that its proposal is not otherwise targeted at or expected to be limited in its applicability to a specific segment(s) of market participants nor will it apply differently to different types of market participants.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The proposal is also consistent with Section 11A of the Act relating to the establishment of the national market system for securities.

The Proposal is Reasonable

The Exchange's proposed change to its schedule of credits and charges is reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for

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

[9] 15 U.S.C. 78f(b)(4) and (5).

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'…."[10]

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, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[11]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for equity security transaction services. The Exchange is only one of several equity venues to which market participants may direct their order flow, and it represents a small percentage of the overall market. It is also only one of several taker-maker exchanges. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving certain volume thresholds.[12]

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[10] NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

[11] Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

[12] CBOE EDGA provides a standard rebate for liquidity removers of $0.0024 per share executed (or $0.0026 per share executed if a member qualifies for a volume tier), and a standard charge of $0.0030 per share executed for liquidity adders (or

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules.[13] Separately, the Exchange has provided the SEC staff with multiple examples of instances where pricing changes by BX and other exchanges have resulted in shifts in exchange market share. Within the foregoing context, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange has designed its proposed schedule of credits and charges to provide increased overall incentives to members to increase their liquidity removal activity on the Exchange, and to do so broadly in orders in securities in all Tapes. An increase in overall liquidity removal activity on the Exchange will, in turn, improve the quality of the Nasdaq BX market and increase its attractiveness to existing and prospective participants. Generally, the proposed New Credits will be comparable to, if not favorable to, those that its competitors provide.[14]

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between $0.0022 and $0.0026 if a member qualifies for a volume tier). NYSE National has a range of rebates from $0.0010 to $0.0020 per share executed for liquidity removers, and a range of charges from $0.0008 to $0.0027 per share executed for liquidity adders. CBOE BYX provides standard rebates for liquidity removers of $0.0005 per share executed and a range of tiered rebates from $0.0015 to $0.0017 per share executed for liquidity removers; it imposes standard charges ranging from $0.00190 to $0.0030 per share executed and tiered charges ranging from $0.0012 to $0.0014 per share executed for liquidity adders.

13 The Exchange perceives no regulatory, structural, or cost impediments to market participants shifting order flow away from it. In particular, the Exchange notes that these examples of shifts in liquidity and market share, along with many others, have occurred within the context of market participants' existing duties of Best Execution and obligations under the Order Protection Rule under Regulation NMS.

14 See n. 12, supra.

Meanwhile, the Exchange believes that it is reasonable to offset the costs of providing the New Credits by increasing its charges for members that add liquidity to the Exchange. Although the New Charges will be higher, in many cases, than the existing charges, the Exchange believes that the New Charges will continue to be comparable to liquidity adding charges imposed by its competitors.[15] That said, the Exchange again notes that those participants that do not wish to pay the costs of increased charges are free to shift their order flow to competing venues that offer them lower charges.

The Proposal is an Equitable Allocation of Credits

The Exchange believes its proposal will allocate its New Credits and New Charges fairly among its market participants. The proposal will flatten and simplify the Exchange's schedule of credits and charges, including by reducing the number of credit and fee tiers and by eliminating tiers, such as growth tiers.

Moreover, it is equitable for the Exchange to increase its overall credits to participants whose orders remove liquidity from the Exchange as a means of incentivizing increased liquidity removal activity and to do so broadly in orders in securities in all Tapes. An increase in overall liquidity removal activity on the Exchange will improve the quality of the Nasdaq BX market and increase its attractiveness to existing and prospective participants.

Likewise, the Exchange believes it is equitable to increase its charges for orders entered by members that add liquidity to the Exchange as a means of offsetting the costs of providing the New Credits. Although participants that are net adders of liquidity to the Exchange will bear the costs of the New Charges, these participants will also benefit

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15 See id.

from any improvements in the quality and attractiveness of the market that the New Credits provide. Moreover, any participant that wishes to avoid paying higher charges for adding liquidity to the Exchange is free to shift their order flow to competing venues that charge lower fees.

The Proposed Fee is not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory. As an initial matter, the Exchange believes that nothing about its volume-based tiered pricing model is inherently unfair; instead, it is a rational pricing model that is well-established and ubiquitous in today's economy among firms in various industries – from co-branded credit cards to grocery stores to cellular telephone data plans – that use it to reward the loyalty of their best customers that provide high levels of business activity and incent other customers to increase the extent of their business activity. It is also a pricing model that the Exchange and its competitors have long employed with the assent of the Commission. It is fair because it incentivizes customer activity that increases liquidity, enhances price discovery, and improves the overall quality of the equity markets.

The Exchange intends for the proposal to improve market quality for all members on the Exchange and by extension attract more liquidity to the market, improving market wide quality and price discovery. Although net removers of liquidity will benefit most from the proposed increase in credits and charges, this result is fair insofar as increased liquidity removal activity will help to improve market quality and the attractiveness of the Nasdaq BX market to all existing and prospective participants. And although net adders of liquidity to the Exchange will bear the costs of the proposed rule change, this too is fair because net adders of liquidity will also benefit from improvements in market quality. Moreover, any participant that does not wish to pay higher charges to add liquidity to the Exchange is free to shift its order flow to a competing venue.

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.

Intramarket Competition

The Exchange does not believe that its proposal will place any category of Exchange participant at a competitive disadvantage. As noted above, all members of the Exchange will benefit from an increase in the removal of liquidity by those that choose to meet the tier qualification criteria. Members may grow their businesses so that they have the capacity to receive the higher credits. Moreover, members are free to trade on other venues to the extent they believe that the fees assessed and credits provided are not attractive. As one can observe by looking at any market share chart, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes. The Exchange notes that the tier structure is consistent with broker-dealer fee practices as well as the other industries, as described above.

Intermarket Competition

Addressing whether the proposed fee could impose a burden on competition on other SROs that is not necessary or appropriate, the Exchange believes that its proposed modifications to its schedule of credits and charges will not impose a burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from the other 12 live exchanges and from off-exchange venues, which include 32 alternative trading systems. 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.

The proposed restated schedule of credits and charges is reflective of this competition because, as a threshold issue, the Exchange is a relatively small market so its ability to burden intermarket competition is limited. In this regard, even the largest U.S. equities exchange by volume only has 17-18% market share, which in most markets could hardly be categorized as having enough market power to burden competition. Moreover, as noted above, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes. This is in addition to free flow of order flow to and among off-exchange venues which comprised more than 37% of industry volume for the month of April 2019.

The Exchange intends for the proposed changes, in the aggregate, to increase member incentives to remove liquidity from the Exchange while maintaining adequate incentives for members to continue to add meaningful levels of liquidity to the Exchange. The Exchange proposes to achieve these objectives by replacing the existing schedule of credits with a simpler, flatter, and more generous schedule of credits. It also intends to replace its existing schedule of charges with a schedule of New Charges to offset the costs of the New Credits.

In the aggregate, all of these changes are procompetitive and reflective of the Exchange's efforts to make it an attractive and vibrant venue to market participants.

In sum, 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.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[16]

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.

16 15 U.S.C. 78s(b)(3)(A)(ii).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2019-026 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-BX-2019-026. 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-2019-026 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.[17]

Eduardo A. Aleman
Assistant Secretary

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

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

Rules of Nasdaq BX

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Equity 7 Pricing Schedule

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Section 118. Nasdaq BX Equities System Order Execution and Routing

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

Credit for entering order that accesses liquidity in the Nasdaq BX Equities System:			
	Tape A	Tape B	Tape C
Order that receives price improvement and executes against an order with a Non-displayed price:	$0.0000 per share executed	$0.0000 per share executed	$0.0000 per share executed
Order with Midpoint pegging that removes liquidity:	$0.0000 per share executed	$0.0000 per share executed	$0.0000 per share executed
[Order that accesses liquidity in securities (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal	[$0.0018 per share executed]	[N/A]	[$0.0018 per share executed]

to or exceeding 0.50% of total Consolidated Volume during a month:]			
[Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.12% of total Consolidated Volume during a month:]	[$0.0017 per share executed]	[N/A]	[$0.0017 per share executed]
[Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that (i) adds liquidity equal to or exceeding 0.60% of total Consolidated Volume during a month; and (ii) accesses liquidity equal to or exceeding 0.10% of total Consolidated Volume during a month:]	[$0.0016 per share executed]	[N/A]	[$0.0016 per share executed]
[Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.065% of total Consolidated Volume during month:]	[$0.0015 per share executed]	[N/A]	[$0.0015 per share executed]
[Order that accesses liquidity in securities in	[$0.0018 per share	[N/A]	[$0.0018 per share executed]

Tapes A and C (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that: (i) accesses liquidity equal to or exceeding 0.15% of total Consolidated Volume during a month; and (ii) accesses 20% more liquidity as a percentage of Consolidated Volume than the member accessed in December 2018:]	executed]		
[Order that accesses liquidity in securities in Tapes A and C (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that, during a given month: (i) has a total volume (accessing and adding liquidity) equal to or exceeding 0.40% of total Consolidated Volume during that month; (ii) has a total volume that is at least 20% greater (as a percentage of Consolidated Volume) than its total volume in December 2018; and (iii) of the 20% or more increase in total volume described in (ii) herein, at least 30% is attributable to adding liquidity:]	[$0.0018 per share executed]	[N/A]	[$0.0018 per share executed]
[Order that accesses	[$0.0018 per	[N/A]	[N/A]

liquidity in securities in Tape A (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.30% of total Consolidated Volume during a month:]	share executed]		
[Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that adds at least an average daily volume of 50,000 shares to the Exchange during a month:]	[$0.0001 per share executed]	[N/A]	[$0.0001 per share executed]
Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that [adds liquidity in Tape B securities equal to or exceeding 0.025% total Consolidated Volume during a month]: (i) adds liquidity equal to or exceeding 0.03% of total Consolidated Volume during a month; and (ii) accesses liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month:	[N/A]$0.0027 per share executed	$0.002[6]7 per share executed	[N/A]$0.0027 per share executed

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.07% of total Consolidated Volume during month:	$0.0025 per share executed	$0.0025 per share executed	$0.0025 per share executed
Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that adds liquidity equal to or exceeding an average daily volume of 50,000 shares in a month:	[N/A]$0.0015 per share executed	$0.00[24]15 per share executed	[N/A]$0.0015 per share executed
Charge for entering order that accesses liquidity in the Nasdaq BX Equities System:			
	Tape A	Tape B	Tape C
Charge for order (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) that accesses liquidity entered by a member that does not add at least an average daily volume of 50,000 shares to the Exchange during a month:	$0.0003 per share executed	$0.0003 per share executed	$0.0003 per share executed
Charge for providing liquidity through the Nasdaq BX Equities System:			
	Tape A	Tape B	Tape C

Displayed order entered by a member that adds liquidity equal to or exceeding 0.[3]2 5% of total Consolidated Volume during a month:	$0.00[14]25 per share executed	[N/A]$0.0025 per share executed	$0.00[14]25 per share executed
[Displayed order entered by a member that adds liquidity equal to or exceeding 0.15% of total Consolidated Volume during a month:]	[$0.0017 per share executed]	[N/A]	[$0.0017 per share executed]
[Displayed order entered by a member that adds liquidity equal to or exceeding 0.06% of total Consolidated Volume during a month, and removes liquidity equal to or exceeding 0.40% of total Consolidated Volume during a month:]	[$0.0016 per share executed]	[N/A]	[$0.0016 per share executed]
[Displayed order in securities in Tape B entered by a member that adds Tape B liquidity equal to or exceeding 0.025% total Consolidated Volume during a month:]	[N/A]	[$0.0026 per share executed]	[N/A]
[Displayed order in securities in Tape B entered by a member that adds Tape B liquidity that is less than 0.025% total Consolidated Volume during a month:]	[N/A]	[$0.0028 per share executed]	[N/A]
Order with Midpoint pegging entered by a member that adds 0.02% of total Consolidated Volume of non-displayed liquidity excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the	$0.0005 per share executed	$0.0005 per share executed	$0.0005 per share executed

NBBO:			
Order with Midpoint pegging entered by other member excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the NBBO:	$0.0015 per share executed	$0.0015 per share executed	$0.0015 per share executed
Buy (sell) order with Midpoint pegging that receives an execution price that is lower (higher) than the midpoint of the NBBO:	$0.0024 per share executed	$0.0024 per share executed	$0.0024 per share executed
[Non-displayed orders (other than orders with Midpoint pegging) entered by a member that adds 0.06% of total Consolidated Volume of non-displayed liquidity:]	[$0.0024 per share executed]	[N/A]	[$0.0024 per share executed]
[Non-displayed orders (other than orders with Midpoint pegging) entered by a member that meets the QMM qualification criteria and adds 0.10% of total Consolidated Volume of non-displayed liquidity:]	[$0.0020 per share executed]	[N/A]	[$0.0020 per share executed]
Non-displayed orders [in securities in Tape B](other than orders with Midpoint pegging) entered by a member that adds [Tape B]liquidity equal to or exceeding 0.[0]25% total Consolidated Volume during a month:	[N/A]$0.0028 per share executed	$0.0028 per share executed	[N/A]$0.0028 per share executed
All other non-displayed orders:	$0.0030 per share executed	$0.0030 per share executed	$0.0030 per share executed
All other orders:	$0.002[0]9 per share executed	[N/A]$0.0029 per share executed	$0.002[0]9 per share executed

Other charges for entering orders in the Nasdaq BX Equities System:			
	Tape A	Tape B	Tape C
Charge for BSTG or BSCN order that executes in a venue other than the Nasdaq BX Equities System:	$0.0030 per share executed at NYSE	$0.0030 per share executed at NYSE	$0.0030 per share executed at NYSE
	$0.0030 per share executed at venues other than NYSE	$0.0030 per share executed at venues other than NYSE	$0.0030 per share executed at venues other than NYSE
Charge for BMOP order that executes in a venue other than the Nasdaq BX Equities System:	$0.0035 per share executed at NYSE	$0.0035 per share executed at NYSE	$0.0035 per share executed at NYSE
	$0.0035 per share executed at venues other than NYSE	$0.0035 per share executed at venues other than NYSE	$0.0035 per share executed at venues other than NYSE
Charge for BTFY order that executes in a venue other than the Nasdaq BX Equities System:	$0.0030 per share executed at NYSE	$0.0030 per share executed at NYSE	$0.0030 per share executed at NYSE
	$0.0030 per share executed at Nasdaq	$0.0030 per share executed at Nasdaq	$0.0030 per share executed at Nasdaq
	$0.0030 per share executed at Nasdaq PSX	$0.0030 per share executed at Nasdaq PSX	$0.0030 per share executed at Nasdaq PSX
	$0.0007 per share executed at venues other than NYSE, Nasdaq and Nasdaq PSX	$0.0007 per share executed at venues other than NYSE, Nasdaq and Nasdaq PSX	$0.0007 per share executed at venues other than NYSE, Nasdaq and Nasdaq PSX
Charge for BCRT order that executes in a venue other than the Nasdaq BX Equities System:	$0.0030 per share executed at Nasdaq PSX	$0.0030 per share executed at Nasdaq PSX	$0.0030 per share executed at Nasdaq PSX

	$0.0030 per share executed at Nasdaq	$0.0030 per share executed at Nasdaq	$0.0030 per share executed at Nasdaq
Charge for BDRK and BCST order that executes in a venue other than the Nasdaq BX Equities System:	$0.0010 per share executed	$0.0010 per share executed	$0.0010 per share executed
Charge for SCAR order that executes in a venue other than the Nasdaq BX Equities System:	$0.00295 per share executed at Nasdaq	$0.00295 per share executed at Nasdaq	$0.00295 per share executed at Nasdaq
	$0.0029 per share executed at Nasdaq PSX	$0.0029 per share executed at Nasdaq PSX	$0.0029 per share executed at Nasdaq PSX

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