

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2021 - * 017	Amendment No. (req. for Amendments *)
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Filing by NASDAQ BX, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

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

A proposed rule change to permit Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program on the Invesco QQQ TrustSM Series QQQ ETF Trust.

**Contact Information**

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

First Name \* Angela Last Name \* Dunn

Title \* Principal Associate General Counsel

E-mail \* angela.dunn@nasdaq.com

Telephone \* (215) 496-5692 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.

(Title \*)

Date 04/21/2021

By John Zecca

EVP and Chief Legal Counsel

john.zecca@nasdaq.com

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 BX, Inc. (“BX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing to permit Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program on the Invesco QQQ Trust<sup>SM</sup> Series (“QQQ”) ETF Trust.

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 November 5, 2020. 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.

Angela Saccomandi Dunn  
Principal Associate General Counsel  
Nasdaq, Inc.  
215-496-5692

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 BX Options 4, Section 5 at Supplementary Material .03 to permit Monday and Wednesday expirations for options listed pursuant to

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

the Short Term Option Series Program (“Program”) on QQQ. This proposal is identical to a proposal by Nasdaq PHLX LLC (“Phlx”) that was recently approved by the Commission.<sup>3</sup>

A Short Term Option Series means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration.<sup>4</sup> The Exchange is proposing to amend BX Options 4, Section 5 at Supplementary Material .03 to permit the listing of options series that expire on Mondays and Wednesdays in QQQ.

#### Monday Expirations

As proposed, with respect to Monday QQQ Expirations within Supplementary Material .03 to Options 4, Section 5, the Exchange may open for trading on any Friday or Monday that is a business day series of options on QQQ to expire on any Monday of the

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<sup>3</sup> See Securities Exchange Act. 91614 (April 20, 2021) (SR-Phlx-2021-10) (Order Approving a Proposed Rule Change to Permit Monday and Wednesday Expirations for Options Listed Pursuant to the Short Term Options Program on the Invesco QQQ Trust<sup>SM</sup> Series ETF Trust).

<sup>4</sup> Options 1, Section 1(a)(58) provides the term “Short Term Option Series” means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this Rule for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

month that is a business day and is not a Monday in which Quarterly Options Series on the same class expire (“Monday QQQ Expirations”), provided that Monday QQQ Expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration. The Exchange may list up to five consecutive Monday QQQ Expirations at one time; the Exchange may have no more than a total of five Monday QQQ Expirations.

#### Wednesday Expirations

As proposed, with respect to Wednesday QQQ Expirations within Supplementary Material .03 to Options 4, Section 5, the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on QQQ to expire on any Wednesday of the month that is a business day and is not a Wednesday in which Quarterly Options Series on the same class expire (“Wednesday QQQ Expirations”). The Exchange may list up to five consecutive Wednesday QQQ Expirations at one time; the Exchange may have no more than a total of five Wednesday QQQ Expirations.

#### Monday and Wednesday Expirations

The interval between strike prices for the proposed Monday and Wednesday QQQ Expirations will be the same as those for the current Short Term Option Series for Wednesday and Friday expirations applicable to the Program.<sup>5</sup> Specifically, the Monday and Wednesday QQQ Expirations will have a \$0.50 strike interval minimum.<sup>6</sup> As is the case with other equity options series listed pursuant to the Program, the Monday and Wednesday QQQ Expiration series will be P.M.-settled.

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<sup>5</sup> See Supplementary Material .03(e) to Options 4, Section 5.

<sup>6</sup> Id.

Pursuant to Options 1, Section 1(a)(58), with respect to the Program, if Monday is not a business day the series shall expire on the first business day immediately following that Monday. This procedure differs from the expiration date of Wednesday expiration series that are scheduled to expire on a holiday. Pursuant to Options 1, Section 1(a)(58) a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, e.g., Tuesday of that week, if the Wednesday is not a business day. For purposes of QQQ, however, the Exchange believes that it is preferable to require Monday expiration series in this scenario to expire on the Tuesday of that week rather than the previous business day, e.g., the previous Friday, since the Tuesday is closer in time to the scheduled expiration date of the series than the previous Friday, and therefore may be more representative of anticipated market conditions. Monday SPY expirations are treated in this manner today.<sup>7</sup> Cboe Exchange, Inc. (“Cboe”) uses the same procedure for options on the S&P 500 index (“SPX”) with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday.<sup>8</sup> Also, Nasdaq Phlx LLC (“Phlx”)<sup>9</sup> and Nasdaq ISE, LLC (“ISE”)<sup>10</sup> use the same procedure for options on the Nasdaq-100<sup>®</sup> (“NDX”) with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Programs, respectively.

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<sup>7</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>8</sup> See Cboe Rule 4.13(e)(1) “...If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Wednesday or Friday, the normally Wednesday or Friday expiring Weekly Expirations will expire on the previous business day.”

<sup>9</sup> See Phlx Options 4A, Section 12(b)(5).

<sup>10</sup> See ISE Supplementary Material .07 to Options 4A, Section 12.

Currently, for each option class eligible for participation in the Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.<sup>11</sup> The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective short term option rules; the Exchange may list these additional series that are listed by other exchanges.<sup>12</sup> This thirty (30) series restriction would apply to Monday and Wednesday QQQ Expiration series as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list QQQ options expiring on Mondays and Wednesdays.

Finally, the Exchange is amending Supplementary Material .03(b) to Options 4, Section 5, which addresses the listing of Short Term Options Series that expire in the same week as monthly or quarterly options series. Currently, that rule states that no Short Term Option Series may expire in the same week in which monthly option series on the same class expire (with the exception of Monday and Wednesday SPY Expirations) or, in the case of Quarterly Options Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same class.<sup>13</sup> As with Monday and Wednesday SPY Expirations, the Exchange is proposing to permit Monday and Wednesday QQQ Expirations to expire in the same week as monthly options series on the same class. The Exchange believes that it is reasonable to extend this exemption to Monday and Wednesday QQQ Expirations because Monday and Wednesday QQQ Expirations and standard monthly options will not expire on the same trading day, as

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<sup>11</sup> See Supplementary Material .03(a) to Options 4, Section 5.

<sup>12</sup> Id.

<sup>13</sup> See current Supplementary Material .03(b) to Options 4, Section 5.

standard monthly options expire on Fridays. Additionally, the Exchange believes that not listing Monday and Wednesday QQQ Expirations for one week every month because there was a monthly QQQ expiration on the Friday of that week would create investor confusion.

The Exchange does not believe that any market disruptions will be encountered with the introduction of P.M.-settled Monday and Wednesday QQQ expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday and Wednesday QQQ Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday and Wednesday for SPY and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday and Wednesday for SPY.

Similar to SPY, the introduction of QQQ Monday and Wednesday expirations will, among other things, expand hedging tools available to market participants and continue the reduction of the premium cost of buying protection. The Exchange believes that Monday and Wednesday QQQ expirations will allow market participants to purchase QQQ based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>15</sup> in

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<sup>14</sup> 15 U.S.C. 78f(b).



particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest by providing the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in QQQ options, thus allowing them to better manage their risk exposure.

In particular, the Exchange believes the Program has been successful to date and that Monday and Wednesday QQQ Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Program has expanded the landscape of hedging. Similarly, the Exchange believes Monday and Wednesday QQQ Expirations should create greater trading and hedging opportunities and flexibility, and will provide customers with the ability to tailor their investment objectives more effectively. BX currently lists Monday and Wednesday SPY Expirations.<sup>16</sup> Also, Cboe<sup>17</sup> currently permits Monday and Wednesday expirations for other options with a weekly expiration, such as options on the SPX pursuant to its Nonstandard Expirations Pilot Program and Phlx<sup>18</sup> and ISE<sup>19</sup> currently permit Monday and Wednesday expirations for other options with a weekly expiration on NDX pursuant to its Nonstandard Expirations Pilot Programs, respectively.

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<sup>15</sup> 15 U.S.C. 78f(b)(5).

<sup>16</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>17</sup> See supra note 8.

<sup>18</sup> See supra note 9.

<sup>19</sup> See supra note 10.

With the exception of Monday expiration series that are scheduled to expire on a holiday, there are no material differences in the treatment of Monday and Wednesday QQQ expirations for Short Term Option Series. The Exchange believes that it is consistent with the Act to treat Monday expiration series that expire on a holiday differently than Wednesday or Friday expiration series, since the proposed treatment for Monday expiration series will result in an expiration date that is closer in time to the scheduled expiration date of the series, and therefore may be more representative of anticipated market conditions. Monday SPY expirations are treated in this manner today.<sup>20</sup> Cboe<sup>21</sup> uses the same procedure for SPX options with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday, as do Phlx<sup>22</sup> and ISE<sup>23</sup> for NDX options with Monday expirations that are listed pursuant to their Nonstandard Expirations Pilot Programs, respectively.

Given the similarities between Monday and Wednesday SPY Expirations and the proposed Monday and Wednesday QQQ Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to Monday and Wednesday SPY Expirations to Monday and Wednesday QQQ Expirations is justified. For example, the Exchange believes that allowing Monday and Wednesday QQQ Expirations and monthly QQQ expirations in the same week will benefit investors and minimize investor confusion by providing Monday and Wednesday QQQ Expirations in a continuous and uniform manner. The Exchange also believes that

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<sup>20</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>21</sup> See supra note 8.

<sup>22</sup> See supra note 9.

<sup>23</sup> See supra note 10.

it is appropriate to amend Supplementary Material .03(b) to Options 4, Section 5 to clarify that no Short Term Option Series may expire on the same day as an expiration of Quarterly Option Series on the same class, same as SPY.

The Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in Monday and Wednesday expirations, including Monday and Wednesday QQQ Expirations, in the same way that it monitors trading in the current Short Term Option Series and trading in Monday and Wednesday SPY Expirations. The Exchange also represents that it has the necessary systems capacity to support the new options series. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of Monday and Wednesday QQQ expirations.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that having Monday and Wednesday QQQ expirations is not a novel proposal, as Monday and Wednesday SPY Expirations are currently listed on BX.<sup>24</sup> Cboe<sup>25</sup> uses the same procedure for SPX options with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday, as do Phlx<sup>26</sup> and ISE<sup>27</sup> for NDX options with Monday expirations that are listed pursuant to their Nonstandard Expirations Pilot Programs, respectively.

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<sup>24</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>25</sup> See supra note 8.

<sup>26</sup> See supra note 9.

<sup>27</sup> See supra note 10.

The Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this proposal. Additionally, the Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade Short-Term Option Series with Monday and Wednesday expirations.

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

The Exchange does not consent to an extension of the time period for Commission action.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>28</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>29</sup> in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposal does not significantly affect the protection of investors or the public interest and does not impose any significant burden

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<sup>28</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>29</sup> 17 CFR 240.19b-4(f)(6).

on competition. The proposal provides the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in QQQ options, thus allowing them to better manage their risk exposure. This proposal is not novel. This proposal is identical to a proposal by Phlx that was recently approved by the Commission.<sup>30</sup> Also, BX currently lists Monday and Wednesday SPY Expirations.<sup>31</sup> Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the operative delay to permit the Exchange to immediately amend BX Options 4, Section 5 at Supplementary Material .03 to permit BX to offer Monday and Wednesday

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<sup>30</sup> See supra note 3.

<sup>31</sup> See Supplementary Material .03 at Options 4, Section 5.

expirations for options listed pursuant to the Program on QQQ similar to Phlx.<sup>32</sup> This proposal will protect investors and the public interest by providing the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in QQQ options, thus allowing them to better manage their risk exposure.

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

This proposal is identical to a proposal by Phlx that was recently approved by the Commission.<sup>33</sup>

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.

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<sup>32</sup> See supra note 3.

<sup>33</sup> Id.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-BX-2021-017)

April \_\_, 2021

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Permit Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program on the Invesco QQQ Trust<sup>SM</sup> Series (“QQQ”) ETF Trust

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 21, 2021, 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 permit Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program on the Invesco QQQ Trust<sup>SM</sup> Series (“QQQ”) ETF Trust.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/bx/rules>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 BX Options 4, Section 5 at Supplementary Material .03 to permit Monday and Wednesday expirations for options listed pursuant to the Short Term Option Series Program (“Program”) on QQQ. This proposal is identical to a proposal by Nasdaq PHLX LLC (“Phlx”) that was recently approved by the Commission.<sup>3</sup>

A Short Term Option Series means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and

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<sup>3</sup> See Securities Exchange Act. 91614 (April 20, 2021) (SR-Phlx-2021-10) (Order Approving a Proposed Rule Change to Permit Monday and Wednesday Expirations for Options Listed Pursuant to the Short Term Options Program on the Invesco QQQ Trust<sup>SM</sup> Series ETF Trust).



one business day prior to that expiration.<sup>4</sup> The Exchange is proposing to amend BX Options 4, Section 5 at Supplementary Material .03 to permit the listing of options series that expire on Mondays and Wednesdays in QQQ.

#### Monday Expirations

As proposed, with respect to Monday QQQ Expirations within Supplementary Material .03 to Options 4, Section 5, the Exchange may open for trading on any Friday or Monday that is a business day series of options on QQQ to expire on any Monday of the month that is a business day and is not a Monday in which Quarterly Options Series on the same class expire (“Monday QQQ Expirations”), provided that Monday QQQ Expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration. The Exchange may list up to five consecutive Monday QQQ Expirations at one time; the Exchange may have no more than a total of five Monday QQQ Expirations.

#### Wednesday Expirations

As proposed, with respect to Wednesday QQQ Expirations within Supplementary Material .03 to Options 4, Section 5, the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on QQQ to expire on any

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<sup>4</sup> Options 1, Section 1(a)(58) provides the term “Short Term Option Series” means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this Rule for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

Wednesday of the month that is a business day and is not a Wednesday in which Quarterly Options Series on the same class expire (“Wednesday QQQ Expirations”). The Exchange may list up to five consecutive Wednesday QQQ Expirations at one time; the Exchange may have no more than a total of five Wednesday QQQ Expirations.

#### Monday and Wednesday Expirations

The interval between strike prices for the proposed Monday and Wednesday QQQ Expirations will be the same as those for the current Short Term Option Series for Wednesday and Friday expirations applicable to the Program.<sup>5</sup> Specifically, the Monday and Wednesday QQQ Expirations will have a \$0.50 strike interval minimum.<sup>6</sup> As is the case with other equity options series listed pursuant to the Program, the Monday and Wednesday QQQ Expiration series will be P.M.-settled.

Pursuant to Options 1, Section 1(a)(58), with respect to the Program, if Monday is not a business day the series shall expire on the first business day immediately following that Monday. This procedure differs from the expiration date of Wednesday expiration series that are scheduled to expire on a holiday. Pursuant to Options 1, Section 1(a)(58) a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, e.g., Tuesday of that week, if the Wednesday is not a business day. For purposes of QQQ, however, the Exchange believes that it is preferable to require Monday expiration series in this scenario to expire on the Tuesday of that week rather than the previous business day, e.g., the previous Friday, since the Tuesday is closer in time to the scheduled expiration date of the series than the previous Friday, and therefore may be

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<sup>5</sup> See Supplementary Material .03(e) to Options 4, Section 5.

<sup>6</sup> Id.

more representative of anticipated market conditions. Monday SPY expirations are treated in this manner today.<sup>7</sup> Cboe Exchange, Inc. (“Cboe”) uses the same procedure for options on the S&P 500 index (“SPX”) with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday.<sup>8</sup> Also, Nasdaq Phlx LLC (“Phlx”)<sup>9</sup> and Nasdaq ISE, LLC (“ISE”)<sup>10</sup> use the same procedure for options on the Nasdaq-100<sup>®</sup> (“NDX”) with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Programs, respectively.

Currently, for each option class eligible for participation in the Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.<sup>11</sup> The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective short term option rules; the Exchange may list these additional series that are listed by other exchanges.<sup>12</sup> This thirty (30) series restriction would apply to Monday and Wednesday QQQ Expiration series as well. In addition, the Exchange will be able to list series that are listed by other exchanges,

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<sup>7</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>8</sup> See Cboe Rule 4.13(e)(1) “...If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Wednesday or Friday, the normally Wednesday or Friday expiring Weekly Expirations will expire on the previous business day.”

<sup>9</sup> See Phlx Options 4A, Section 12(b)(5).

<sup>10</sup> See ISE Supplementary Material .07 to Options 4A, Section 12.

<sup>11</sup> See Supplementary Material .03(a) to Options 4, Section 5.

<sup>12</sup> Id.

assuming they file similar rules with the Commission to list QQQ options expiring on Mondays and Wednesdays.

Finally, the Exchange is amending Supplementary Material .03(b) to Options 4, Section 5, which addresses the listing of Short Term Options Series that expire in the same week as monthly or quarterly options series. Currently, that rule states that no Short Term Option Series may expire in the same week in which monthly option series on the same class expire (with the exception of Monday and Wednesday SPY Expirations) or, in the case of Quarterly Options Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same class.<sup>13</sup> As with Monday and Wednesday SPY Expirations, the Exchange is proposing to permit Monday and Wednesday QQQ Expirations to expire in the same week as monthly options series on the same class. The Exchange believes that it is reasonable to extend this exemption to Monday and Wednesday QQQ Expirations because Monday and Wednesday QQQ Expirations and standard monthly options will not expire on the same trading day, as standard monthly options expire on Fridays. Additionally, the Exchange believes that not listing Monday and Wednesday QQQ Expirations for one week every month because there was a monthly QQQ expiration on the Friday of that week would create investor confusion.

The Exchange does not believe that any market disruptions will be encountered with the introduction of P.M.-settled Monday and Wednesday QQQ expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday and Wednesday QQQ Expirations.

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<sup>13</sup> See current Supplementary Material .03(b) to Options 4, Section 5.

The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday and Wednesday for SPY and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday and Wednesday for SPY.

Similar to SPY, the introduction of QQQ Monday and Wednesday expirations will, among other things, expand hedging tools available to market participants and continue the reduction of the premium cost of buying protection. The Exchange believes that Monday and Wednesday QQQ expirations will allow market participants to purchase QQQ based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>15</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest by providing the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in QQQ options, thus allowing them to better manage their risk exposure.

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<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(5).

In particular, the Exchange believes the Program has been successful to date and that Monday and Wednesday QQQ Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Program has expanded the landscape of hedging. Similarly, the Exchange believes Monday and Wednesday QQQ Expirations should create greater trading and hedging opportunities and flexibility, and will provide customers with the ability to tailor their investment objectives more effectively. BX currently lists Monday and Wednesday SPY Expirations.<sup>16</sup> Also, Cboe<sup>17</sup> currently permits Monday and Wednesday expirations for other options with a weekly expiration, such as options on the SPX pursuant to its Nonstandard Expirations Pilot Program and Phlx<sup>18</sup> and ISE<sup>19</sup> currently permit Monday and Wednesday expirations for other options with a weekly expiration on NDX pursuant to its Nonstandard Expirations Pilot Programs, respectively.

With the exception of Monday expiration series that are scheduled to expire on a holiday, there are no material differences in the treatment of Monday and Wednesday QQQ expirations for Short Term Option Series. The Exchange believes that it is consistent with the Act to treat Monday expiration series that expire on a holiday differently than Wednesday or Friday expiration series, since the proposed treatment for Monday expiration series will result in an expiration date that is closer in time to the

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<sup>16</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>17</sup> See supra note 8.

<sup>18</sup> See supra note 9.

<sup>19</sup> See supra note 10.

scheduled expiration date of the series, and therefore may be more representative of anticipated market conditions. Monday SPY expirations are treated in this manner today.<sup>20</sup> Cboe<sup>21</sup> uses the same procedure for SPX options with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday, as do Phlx<sup>22</sup> and ISE<sup>23</sup> for NDX options with Monday expirations that are listed pursuant to their Nonstandard Expirations Pilot Programs, respectively.

Given the similarities between Monday and Wednesday SPY Expirations and the proposed Monday and Wednesday QQQ Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to Monday and Wednesday SPY Expirations to Monday and Wednesday QQQ Expirations is justified. For example, the Exchange believes that allowing Monday and Wednesday QQQ Expirations and monthly QQQ expirations in the same week will benefit investors and minimize investor confusion by providing Monday and Wednesday QQQ Expirations in a continuous and uniform manner. The Exchange also believes that it is appropriate to amend Supplementary Material .03(b) to Options 4, Section 5 to clarify that no Short Term Option Series may expire on the same day as an expiration of Quarterly Option Series on the same class, same as SPY.

The Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in Monday and Wednesday expirations, including Monday

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<sup>20</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>21</sup> See supra note 8.

<sup>22</sup> See supra note 9.

<sup>23</sup> See supra note 10.

and Wednesday QQQ Expirations, in the same way that it monitors trading in the current Short Term Option Series and trading in Monday and Wednesday SPY Expirations. The Exchange also represents that it has the necessary systems capacity to support the new options series. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of Monday and Wednesday QQQ expirations.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that having Monday and Wednesday QQQ expirations is not a novel proposal, as Monday and Wednesday SPY Expirations are currently listed on BX.<sup>24</sup> Cboe<sup>25</sup> uses the same procedure for SPX options with Monday expirations that are listed pursuant to its Nonstandard Expirations Pilot Program and that are scheduled to expire on a holiday, as do Phlx<sup>26</sup> and ISE<sup>27</sup> for NDX options with Monday expirations that are listed pursuant to their Nonstandard Expirations Pilot Programs, respectively.

The Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this proposal. Additionally, the Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade Short-Term Option Series with Monday and Wednesday expirations.

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<sup>24</sup> See Supplementary Material .03 at Options 4, Section 5.

<sup>25</sup> See supra note 8.

<sup>26</sup> See supra note 9.

<sup>27</sup> See supra note 10.



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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>28</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>29</sup>

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

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<sup>28</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>29</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2021-017 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-2021-017. 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-2021-017 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.<sup>30</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>30</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**NASDAQ BX, Inc. Rules**

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**Options Rules**

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**Options 4 Options Listing Rules**

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**Section 5. Series of Options Contracts Open for Trading**

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**Supplementary Material to Options 4, Section 5**

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**.03 Short Term Option Series Program:** After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire ("Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates, not including any Monday or Wednesday SPY and QQQ Expirations as provided below. If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. With respect to Wednesday SPY and QQQ Expirations, the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the SPDR S&P 500 ETF Trust (SPY) and the INVESCO QQQ Trust<sup>SM</sup>, Series 1 (QQQ) to expire on any Wednesday of the month that is a business day and is not a Wednesday in which Quarterly Options Series expire ("Wednesday SPY Expirations" and "Wednesday QQQ Expirations"). With respect to Monday SPY and QQQ Expirations, the Exchange may open for trading on any Friday or Monday that is a business day series of options on the SPY or QQQ to expire on any Monday of the month that is a business day and is not a Monday in which Quarterly Options Series expire ("Monday SPY Expirations" and "Monday QQQ Expirations"), provided that Monday SPY Expirations and Monday QQQ Expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration. The Exchange may list up to five consecutive Wednesday SPY Expirations and Wednesday QQQ Expirations and five consecutive Monday SPY Expirations and Monday QQQ Expirations at one time; the Exchange may have no more than a total of five each of Wednesday SPY Expirations and

Wednesday QQQ Expirations and a total of five each of Monday SPY Expirations and Monday QQQ Expirations. Monday and Wednesday SPY Expirations and Monday and Wednesday QQQ Expirations will be subject to the provisions of this Rule. Regarding Short Term Option Series:

(a) Classes. The Exchange may select up to fifty (50) currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the 50 option class restriction, the Exchange may also list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to 30 Short Term Option Series for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(b) Expiration. With the exception of Monday and Wednesday SPY Expirations and Monday and Wednesday QQQ Expirations, no Short Term Option Series may expire in the same week in which monthly option series on the same class expire. In the case of Quarterly Options Series, no Short Term Option Series may expire on the same day as an expiration of Quarterly Options Series.

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