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Page 1 of * 24

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

File No. * SR 2024 - * 029

Amendment No. (req. for Amendments *)

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<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
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 *).

Removal of Directed Order Functionality

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 of 1934, NASDAQ BX, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 08/15/2024


(Title *)

By John Zecca

EVP and Chief Legal Counsel

(Name *)

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



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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-BX-2024-029 19b4.docx

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

SR-BX-2024-029 Exhibit 1.docx

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 Advanced 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 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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

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 Sent As Paper Document

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

SR-BX-2024-029 Exhibit 5.docx

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 reserve Options 2, Section 10, Directed Market Makers.³

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”). 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:

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Directed Market Maker is a Market Maker that may be entitled to an allocation in accordance with Options 3, Section 10 provided the Directed Market Maker was quoting at the better of the internal BBO or the NBBO at the time of receipt of the Directed Order. See Options 2, Section 10.

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

a. Purpose

BX proposes to reserve Options 2, Section 10, Directed Market Makers. The Exchange does not currently offer Directed Order⁴ functionality and is not planning to offer this functionality.

BX received approval for its Directed Order functionality in 2015.⁵ Since that time, the Exchange has not implemented this functionality. At this time, the Exchange proposes to remove the rule text related to the Directed Order functionality and reserve Options 2, Section 10. If BX determines to offer Directed Order functionality it would file a rule change with the Commission.

With the removal of the Directed Order functionality, the Exchange proposes to reserve the description of a Directed Order within paragraph (a)(2) of Options 3, Section 7, Types of Orders and Order and Quote Protocols. The Exchange also proposes to remove references to Directed Market Maker or “DMM” allocation entitlements within Options 3, Section 10, Order Book Allocation.⁶ In Options 3, Section 10(a)(2)(iii)(2), the Exchange proposes to remove the clause “excluding All-or-None Orders that cannot be

⁴ The term “Directed Order” means any order to buy or sell which has been directed to a particular Market Maker by an Order Flow Provider. The term “Order Flow Provider” means any Participant that submits, as agent, orders to the Exchange. See Supplementary Material .01 to Options 2, Section 10.

⁵ See Securities Exchange Act Release No. 74129 (January 23, 2015), 80 FR 4954 (January 29, 2025) (SR-BX-2015-049) (Order Approving Proposed Rule Change Relating to Directed Market Makers). BX recently amended the rule text in Options 2, Section 10. See also Securities Exchange Act Release No. 100542 (July 16, 2024), 89 FR 59174 (July 22, 2024) (SR-BX-2024-003) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Options 2, Sections 6 and 10).

⁶ The Exchange updates citations where necessary to reflect changes in numbering.

satisfied.” This clause is unnecessary as All-or-None Orders⁷ are to be executed in their entirety or not at all. All-or-None Orders do not rest on the order book on BX and would not be allocated pursuant to Options 3, Section 10, which describes order book allocation for resting orders.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ 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.

The Exchange believes that it is consistent with the Act to remove BX’s Directed Order functionality, which is not operative, because it would protect investors and the general public by avoiding confusion as whether the Exchange offers this functionality. BX received approval for its Directed Order functionality in 2015.¹⁰ Since that time, the Exchange has not implemented this functionality. At this time, the Exchange proposes to remove the rule text related to the Directed Order functionality and reserve Options 2, Section 10. If BX determines to offer Directed Order functionality it would file a rule

⁷ “All-or-None Order” is a market or limit order which is to be executed in its entirety or not at all. All-or-None Orders are treated as having a time-in-force designation of Immediate or Cancel. All-or-None Orders received prior to the opening or after market close will be rejected. See Options 3, Section 7(a)(7).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ See Securities Exchange Act Release No. 74129 (January 23, 2015), 80 FR 4954 (January 29, 2015) (SR-BX-2015-049) (Order Approving Proposed Rule Change Relating to Directed Market Makers).

change with the Commission.

The Exchange also believes that removing references to a Directed Order within Options 3, Section 7(a)(2) and removing references to Directed Market Maker or “DMM” allocation entitlements within Options 3, Section 10 will bring greater clarity to the unavailability of the Directed Order functionality. Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders is consistent with the Act because All-or-None Orders are to be executed in their entirety or not at all. All-or-None Orders do not rest on the order book on BX and would not be allocated pursuant to Options 3, Section 10, which describes order book allocation for resting orders.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange’s proposal to remove BX’s Directed Order functionality does not impose an undue burden on intramarket competition because no Market Maker has ever utilized this functionality as the functionality has never been operative. The Exchange also believes that removing references to a Directed Order within Options 3, Section 7(a)(2) and removing references to Directed Market Maker or “DMM” allocation entitlements within Options 3, Section 10 will bring greater clarity to the unavailability of the Directed Order functionality. The Exchange’s proposal to remove BX’s Directed Order functionality does not impose an undue burden on intermarket competition as other options exchanges may elect to offer Directed Order functionality. The Exchange notes

that today other options exchanges offer this functionality.¹¹

Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders does not impose an undue burden on intramarket competition because All-or-None Orders are to be executed in their entirety or not at all and they do not rest on the order book. Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders does not impose an undue burden on intermarket competition because other options exchanges have similar rules for order allocation for resting orders only. Also, the all-or-none order type on another exchange could allow it to rest on the order book.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not Applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)¹² of the Act and Rule 19b-4(f)(6) thereunder¹³ 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.

¹¹ See e.g. Nasdaq Phlx, LLC and Nasdaq ISE, LLC Options 2, Section 10.

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 17 CFR 240.19b-4(f)(6).

Removing BX's Directed Order functionality does not significantly affect the protection of investors or the public interest because BX has never implemented this functionality. At this time, the Exchange proposes to remove the rule text related to the Directed Order functionality and reserve Options 2, Section 10. If BX determines to offer Directed Order functionality it would file a rule change with the Commission. Removing BX's Directed Order functionality does not impose any significant burden on competition because no Market Maker has utilized this functionality which has never been operative on BX. The Exchange also believes that removing references to a Directed Order within Options 3, Section 7(a)(2) and removing references to Directed Market Maker or "DMM" allocation entitlements within Options 3, Section 10 will bring greater clarity to the unavailability of the Directed Order functionality. Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders does not significantly affect the protection of investors or the public interest because All-or-None Orders are to be executed in their entirety or not at all and they do not rest on the order book. Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders does not impose any significant burden on competition because other options exchanges have similar rules for order allocation for resting orders only.

Furthermore, Rule 19b-4(f)(6)(iii)¹⁴ 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

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

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.

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-2024-029)

August __, 2024

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Remove Directed Order Functionality

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 August 14, 2024, 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 reserve Options 2, Section 10, Directed Market Makers.³

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Directed Market Maker is a Market Maker that may be entitled to an allocation in accordance with Options 3, Section 10 provided the Directed Market Maker was quoting at the better of the internal BBO or the NBBO at the time of receipt of the Directed Order. See Options 2, Section 10.

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

BX proposes to reserve Options 2, Section 10, Directed Market Makers. The Exchange does not currently offer Directed Order⁴ functionality and is not planning to offer this functionality.

BX received approval for its Directed Order functionality in 2015.⁵ Since that time, the Exchange has not implemented this functionality. At this time, the Exchange proposes to remove the rule text related to the Directed Order functionality and reserve Options 2, Section 10. If BX determines to offer Directed Order functionality it would file a rule change with the Commission.

With the removal of the Directed Order functionality, the Exchange proposes to

⁴ The term "Directed Order" means any order to buy or sell which has been directed to a particular Market Maker by an Order Flow Provider. The term "Order Flow Provider" means any Participant that submits, as agent, orders to the Exchange. See Supplementary Material .01 to Options 2, Section 10.

⁵ See Securities Exchange Act Release No. 74129 (January 23, 2015), 80 FR 4954 (January 29, 2015) (SR-BX-2015-049) (Order Approving Proposed Rule Change Relating to Directed Market Makers). BX recently amended the rule text in Options 2, Section 10. See also Securities Exchange Act Release No. 100542 (July 16, 2024), 89 FR 59174 (July 22, 2024) (SR-BX-2024-003) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Options 2, Sections 6 and 10).

reserve the description of a Directed Order within paragraph (a)(2) of Options 3, Section 7, Types of Orders and Order and Quote Protocols. The Exchange also proposes to remove references to Directed Market Maker or “DMM” allocation entitlements within Options 3, Section 10, Order Book Allocation.⁶ In Options 3, Section 10(a)(2)(iii)(2), the Exchange proposes to remove the clause “excluding All-or-None Orders that cannot be satisfied.” This clause is unnecessary as All-or-None Orders⁷ are to be executed in their entirety or not at all. All-or-None Orders do not rest on the order book on BX and would not be allocated pursuant to Options 3, Section 10, which describes order book allocation for resting orders.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ 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.

The Exchange believes that it is consistent with the Act to remove BX’s Directed Order functionality, which is not operative, because it would protect investors and the general public by avoiding confusion as whether the Exchange offers this functionality.

⁶ The Exchange updates citations where necessary to reflect changes in numbering.

⁷ “All-or-None Order” is a market or limit order which is to be executed in its entirety or not at all. All-or-None Orders are treated as having a time-in-force designation of Immediate or Cancel. All-or-None Orders received prior to the opening or after market close will be rejected. See Options 3, Section 7(a)(7).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

BX received approval for its Directed Order functionality in 2015.¹⁰ Since that time, the Exchange has not implemented this functionality. At this time, the Exchange proposes to remove the rule text related to the Directed Order functionality and reserve Options 2, Section 10. If BX determines to offer Directed Order functionality it would file a rule change with the Commission.

The Exchange also believes that removing references to a Directed Order within Options 3, Section 7(a)(2) and removing references to Directed Market Maker or “DMM” allocation entitlements within Options 3, Section 10 will bring greater clarity to the unavailability of the Directed Order functionality. Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders is consistent with the Act because All-or-None Orders are to be executed in their entirety or not at all. All-or-None Orders do not rest on the order book on BX and would not be allocated pursuant to Options 3, Section 10, which describes order book allocation for resting orders.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange’s proposal to remove BX’s Directed Order functionality does not impose an undue burden on intramarket competition because no Market Maker has ever utilized this functionality as the functionality has never been operative. The Exchange also believes that removing references to a Directed Order within Options 3, Section

¹⁰ See Securities Exchange Act Release No. 74129 (January 23, 2015), 80 FR 4954 (January 29, 2015) (SR-BX-2015-049) (Order Approving Proposed Rule Change Relating to Directed Market Makers).

7(a)(2) and removing references to Directed Market Maker or “DMM” allocation entitlements within Options 3, Section 10 will bring greater clarity to the unavailability of the Directed Order functionality. The Exchange’s proposal to remove BX’s Directed Order functionality does not impose an undue burden on intermarket competition as other options exchanges may elect to offer Directed Order functionality. The Exchange notes that today other options exchanges offer this functionality.¹¹

Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders does not impose an undue burden on intramarket competition because All-or-None Orders are to be executed in their entirety or not at all and they do not rest on the order book. Amending the clause in Options 3, Section 10(a)(2)(iii)(2) related to All-or-None Orders does not impose an undue burden on intermarket competition because other options exchanges have similar rules for order allocation for resting orders only. Also, the all-or-none order type on another exchange could allow it to rest on the order book.

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 Act¹² and subparagraph (f)(6) of Rule 19b-4 thereunder.¹³

¹¹ See e.g. Nasdaq Phlx, LLC and Nasdaq ISE, LLC Options 2, Section 10.

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 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

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.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-BX-2024-029 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-2024-029. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The

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.

Commission will post all comments on the Commission's internet website (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-BX-2024-029 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Sherry R. Haywood,

Assistant Secretary.

¹⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq BX, Inc. Rules

* * * * *

Options Rules

* * * * *

Options 2 Options Market Participants

* * * * *

Section 5. Market Maker Quotations

* * * * *

(d) *Intra-day Quotes*. A Market Maker must enter bids and offers for the options to which it is registered, as follows:

(1) A Market Maker must enter bids and offers for the options to which it is registered, except in an assigned options series listed intra-day on the Exchange. On a daily basis, a Market Maker must make markets consistent with the applicable quoting requirements specified below. An Options Participant will be required to meet each market making obligation separately. Quotes submitted through the Specialized Quote Feed interface, utilizing badges and options series assigned to a Market Maker, will be counted toward the requirement to provide two-sided quotations in 60% of the cumulative number of seconds, or such higher percentage as BX may announce. An Options Participant that is a Market Maker in an options series where the Options Participant is also assigned as the Lead Market Maker, pursuant to Options 2, Section 4, in an option series will be held to both the Lead Market Maker and Market Maker obligations, pursuant to Options 2, Section 5(d), separately, in that options series. [A Market Maker who receives a Directed Order, as described in Options 3, Section 10, shall be held to the standard of a Directed Market Maker as described in Options 2, Section 10.]

* * * * *

Section 10. [Directed Market Makers]Reserved

[The Directed Order functionality is not operative on BX at this time. If the Exchange proposes to commence offering this functionality, it will file a rule change with the Commission specifying the implementation date.

(a) Market Makers may receive Directed Orders in their appointed classes in accordance with the provisions of this Rule, provided they indicated to the Exchange, in a form specified, that they will receive Directed Orders.

(1) When the Exchange's disseminated price is the NBBO at the time of receipt of the Directed Order, and the Directed Market Maker is quoting at the better of the internal BBO or the NBBO, the Directed Order shall be automatically executed and allocated in accordance with Options 3, Section 10 such that the Directed Market Maker shall receive a Directed Market Maker participation entitlement provided for therein.

(2) When (a) the Exchange's disseminated price is the NBBO, and the quotation disseminated by the Directed Market Maker on the opposite side of the market from the Directed Order is inferior to the NBBO at the time of receipt of the Directed Order, or (b) the Exchange's disseminated price is not the NBBO at the time of receipt of the Directed Order, the Directed Order shall be processed as though it were not a Directed Order.

(3) A Directed Market Maker must enter two-sided quotations. A Directed Market Maker that enters a bid (offer) in a series of an option in which he is registered on BX must enter an offer (bid), except in an assigned options series listed intra-day on BX. These quotations must meet the legal quote width requirements specified in Options 2, Section 5(d)(2). A Market Maker who executes a Directed Order, as described in Options 3, Section 10, shall be held to the standard of a Directed Market Maker as described in this Rule.

(A) Directed Market Makers, associated with the same Options Participant, are collectively required to provide two-sided quotations in 90% of the cumulative number of seconds, or such higher percentage as BX may announce in advance, among all options series in which the Directed Market Maker has executed a Directed Order on a daily basis, except that a Directed Market Maker shall not be required to make two-sided markets in any Quarterly Options Series, any Adjusted Options Series, and any options series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options. A Directed Market Maker has the ongoing quoting obligation from the time a Directed Market Maker executes its first Directed Order in the options in which the Directed Market Maker is assigned until a Directed Market Maker notifies the Exchange that the Directed Market Maker is no longer directed.

A Directed Market Maker shall not be required to make two-sided markets in any Quarterly Options Series, any Adjusted Options Series, and any options series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options and would receive a participation entitlement in the Quarterly Options Series, the Adjusted Options Series, and an options series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options for the Directed Order, only if it complies with the heightened 90% quoting requirement.

(i) An adjusted option series is defined as an option series wherein one option contract in the series represents the delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares ("Adjusted Options Series").

(B) Specifically, the Exchange will calculate subparagraph (A) above by (i) taking the total number of seconds the Options Participant disseminates quotes in each assigned options series, excluding Quarterly Option Series, any Adjusted Option Series, and any option series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options; and (ii) dividing that time by the eligible total number of seconds each assigned options series is open for trading that day. Quoting is not required in every assigned options series. Compliance with this requirement is determined by reviewing the aggregate of quoting in assigned options series for the Options Participant.

(C) BX Regulation may consider exceptions to the requirement to quote 90% (or higher) of the trading day based on demonstrated legal or regulatory requirements or other mitigating circumstances. For purposes of the Exchange's surveillance of an Options Participant compliance with this Rule, the Exchange may determine compliance on a monthly basis. The Exchange's monthly compliance evaluation of the quoting requirement does not relieve an Options Participant of the obligation to provide two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against an Options Participant for failing to meet the quoting obligation each trading day.

(D) If a technical failure or limitation of a System of the Exchange prevents a Directed Market Maker from maintaining, or prevents a Directed Market Maker from communicating to the Exchange, timely and accurate electronic quotes in an issue, the duration of such failure shall not be considered in determining whether the Directed Market Maker has satisfied the 90% quoting standard with respect to that option issue. The Exchange may consider other exceptions to this intra-day electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

Supplementary Material to Options 2, Section 10

.01 Definitions

(a) The term “Directed Order” means any order to buy or sell which has been directed to a particular Market Maker by an Order Flow Provider.

(b) The term “Order Flow Provider” means any Participant that submits, as agent, orders to the Exchange.

.02 A Directed Market Maker may be the Lead Market Maker appointed to the options class or any Market Maker appointed to the options class.]

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Options 3 Options Trading Rules

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Section 7. Types of Orders and Order and Quote Protocols

The Exchange may determine to make certain order types and time-in-force, respectively, available on a class or System basis.

(a) The term "Order" shall mean a single order submitted to the System by a Participant that is eligible to submit such orders. The term "Order Type" shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

* * * * *

(2) Reserved["Directed Order" is an order to buy or sell which has been directed, provided it is properly marked as such, to a particular Market Maker ("Directed Market Maker"). Directed Orders are handled within the System pursuant to Options 3, Section 10. Directed Orders may be available only in certain options.]

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Section 10. Order Book Allocation

(a) System Orders shall be executed through the BX Book Process set forth below:

(1) Execution Algorithm - The Exchange will determine to apply, for each option, one of the following execution algorithms described in paragraphs (A) or (B). The Exchange will issue an Options Alert specifying which execution algorithm will govern which options any time it is modified.

(A) Price/Time - The System shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the best price, trading interest will be executed in time priority.

(B) Size Pro-Rata - The System shall execute trading interest within the System in price priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Within each price level, if there are two or more quotes or orders at the best price, trading interest will be executed based on the size of each Participant's quote or order as a percentage of the total size of all orders and quotes resting at that price. If the result is not a whole number, it will be rounded up to the nearest whole number.

(C) Priority Overlays

(1) Priority Overlays Applicable to Price/Time Execution Algorithm: the Exchange may apply the following designated Participant priority overlays, when the Price/Time execution algorithm is in effect:

(a) Public Customer Priority: the highest bid and lowest offer shall have priority except that Public Customer orders shall have priority over non-Public Customer orders at the same price. If there are two or more Public Customer orders for the same options series at the same price, priority shall be afforded to such Public Customer orders in the sequence in which they are received by the System. Public Customer Priority is always in effect when the Price/Time execution algorithm is in effect.

(b) Lead Market Maker ("LMM") Priority: An LMM may be assigned by the Exchange in each option class in accordance with Options 2, Section 3. LMM participant entitlements shall only be in effect when the Public Customer Priority Overlay is also in effect. After all Public Customer orders have been fully executed, upon receipt of an order, provided the LMM's quote is at or improves on the better of the NBBO or internal BBO, the LMM will be afforded a participation entitlement. The LMM shall not be entitled to receive a number of contracts that is greater than the displayed size associated with such LMM. LMM participation entitlements will be considered after the Opening Process. The LMM participation entitlement is as follows:

(1) A BX Options LMM shall receive the greater of:

(a) contracts the LMM would receive if the allocation was based on time priority pursuant to subparagraph (C)(1)(a) above with Public Customer priority;

(b) 50% of remaining interest if there is one other non-Public Customer Order or Market Maker order or quote at that price;

(c) 40% of remaining interest if there are two other non-Public Customer Order or Market Maker orders or quotes at that price; or

(d) 30% of remaining interest if there are more than two other non-Public Customer Order or Market Maker orders or quotes at that price[; or].

[(e) the Directed Market Maker ("DMM") participation entitlement, if any, set forth in subsection (C)(1)(d) below (if the order is a Directed Order and the LMM is also the DMM).]

Rounding will be up to the nearest integer.

[Notwithstanding the foregoing, when a Directed Order is received and the DMM's quote is at or improves on the better of the NBBO or internal BBO and the LMM is at the same price level and is not the DMM, the LMM participation entitlement set forth in this subsection (C)(1)(b)(1) will not apply with respect to such Directed Order.]

(c) Entitlement for Orders of 5 contracts or fewer. This Entitlement for Orders of 5 contracts or fewer shall be allocated to the Lead Market Maker as described below. The allocation will only apply after the Opening Process and shall not apply to auctions. A Lead Market Maker is not entitled to receive a number of contracts that is greater than the size that is associated with its quote. On a quarterly basis, the Exchange will evaluate what percentage of the volume executed on the Exchange is comprised of orders for 5 contracts or fewer allocated to Lead Market Makers, and will reduce the size of the orders included in this provision if such percentage is over 40%.

(1) A Lead Market Maker is entitled to priority with respect to Orders of 5 contracts or fewer[, including when the Lead Market Maker is also the Directed Market Maker,] if the Lead Market Maker has a quote at the better of

the internal BBO or the NBBO, with no other Public Customer interest[or Directed Market Maker interest] with a higher priority.

(2) If the Lead Market Maker's quote is at the better of the internal BBO or the NBBO, with other Public Customer interest[(including when the Lead Market Maker is also the Directed Market Maker) or other Directed Market Maker interest with a higher priority at the time of execution], a Lead Market Maker is not entitled to priority with respect to Orders of 5 contracts or fewer; thereafter orders will be allocated pursuant to paragraph (a)(1)(C)(1)([e]d).

[(d) DMM Priority: A Market Maker which receives a Directed Order is a DMM with respect to that Directed Order. DMM participant entitlements shall only be in effect when the Public Customer Priority Overlay is also in effect. After all Public Customer orders have been fully executed, upon receipt of a Directed Order, provided the DMM's quote is at or improves on the better of the internal BBO or the NBBO, the DMM will be afforded a participation entitlement. The DMM shall not be entitled to receive a number of contracts that is greater than the size at a given price point associated with such DMM. DMM participation entitlements will be considered after the Opening Process. Pursuant to the DMM participation entitlement, the DMM shall receive, with respect to a Directed Order, the greater of:

- (1) contracts the DMM would receive if the allocation was based on time priority pursuant to subparagraph (C)(1)(a) above with Public Customer priority;
- (2) 40% of remaining interest; or
- (3) the LMM participation entitlement (if the DMM is also the LMM).

If there are multiple DMM quotes at the same price which are at or improve the better of the internal BBO or the NBBO when the Directed Order is received, the DMM participation entitlement shall apply only once to the DMM quote which has the highest time priority at the last price executed upon receipt of the Directed Order which is equal to or better than the better of the internal BBO or the NBBO. Rounding will be up to the nearest integer.]

[(e]d) All Other Remaining Interest: If there are contracts remaining, after LMM[or DMM] participation entitlements have been applied, such contracts shall be executed based on the Price/Time execution algorithm.

[(f) Only one participation entitlement, LMM or DMM, may be applied on a given order.]

(2) Priority Overlays Applicable to Size Pro-Rata Execution Algorithm: the Exchange may apply the following designated Participant priority overlays, when the Size Pro-Rata execution algorithm is in effect.

- (i) Public Customer Priority: the highest bid and lowest offer shall have priority except that Public Customer orders shall have priority over non-Public Customer orders at the same price. If there are two or more Public Customer orders for the same options series at the

same price, priority shall be afforded to such Public Customer orders in the sequence in which they are received by the System. Public Customer Priority is always in effect when Size Pro-Rata execution algorithm is in effect.

(ii) LMM Priority: An LMM may be assigned by the Exchange in each option class in accordance with Options 2, Section 3. After all Public Customer orders have been fully executed, upon receipt of an order, provided the LMM's quote is at or improves on the better of the NBBO or internal BBO, the LMM will be afforded a participation entitlement. The LMM shall not be entitled to receive a number of contracts that is greater than the displayed size associated with such LMM. LMM participation entitlements will be considered after the Opening Process. The LMM participation entitlement is as follows:

(1) A BX Options LMM shall receive the greater of:

(a) the LMM's Size Pro-Rata share under (1)(C)(2)(iv) below;

(b) 50% of remaining interest if there is one other Market Maker order or quote at that price;

(c) 40% of remaining interest if there are two other Market Maker orders or quotes at that price; or

(d) 30% of remaining interest if there are more than two other Market Maker orders or quotes at that price[; or].

[(e) the DMM participation entitlement, if any, set forth in subsection (C)(2)(iv) below (if the LMM is also the DMM).]

Rounding will be up to the nearest integer.

[Notwithstanding the foregoing, when a Directed Order is received and the DMM's quote is at or improves on the better of the internal BBO or the NBBO and the LMM is at the same price level and is not the DMM, the LMM participation entitlement set forth in this subsection (C)(2)(ii)(1) will not apply with respect to such Directed Order.]

(iii) Entitlement for Orders of 5 contracts or fewer. This Entitlement for Orders of 5 contracts or fewer shall be allocated to the Lead Market Maker as described below. The allocation will only apply after the Opening Process and shall not apply to auctions. A Lead Market Maker is not entitled to receive a number of contracts that is greater than the size that is associated with its quote. On a quarterly basis, the Exchange will evaluate what percentage of the volume executed on the Exchange is comprised of orders for 5 contracts or fewer allocated to Lead Market Makers, and will reduce the size of the orders included in this provision if such percentage is over 40%.

(1) A Lead Market Maker is entitled to priority with respect to Orders of 5 contracts or fewer[, including when the Lead Market Maker is also the Directed Market Maker,] if the Lead Market Maker has a quote at the better of the internal BBO or the NBBO, with no other Public Customer [or Directed Market Maker]interest with a higher priority.

(2) If the Lead Market Maker's quote is at the better of the internal BBO[, excluding All-or-None Orders that cannot be satisfied], or the NBBO, with other Public Customer interest [including when the Lead Market Maker is also the Directed Market Maker) or other Directed Market Maker interest with a higher priority at the time of execution], a Lead Market Maker is not entitled to priority with respect to Orders of 5 contracts or fewer, however the Lead Market Maker is eligible to receive such contracts pursuant to paragraph (a)(1)(C)(2)(iv); thereafter orders will be allocated pursuant to paragraph (a)(1)(C)(2)(v[i]).

[(iv) DMM Priority: A Market Maker which receives a Directed Order is a DMM with respect to that Directed Order. After all Public Customer orders have been fully executed, upon receipt of a Directed Order, provided the DMM's quote is at or improves the better of the internal BBO or the NBBO, the DMM will be afforded a participation entitlement. The DMM shall not be entitled to receive a number of contracts that is greater than the displayed size at a given price point associated with such DMM. DMM participation entitlements will be considered after the Opening Process. Pursuant to the DMM participation entitlement, the DMM shall receive, with respect to a Directed Order, the greater of:

- (1) the DMM's Size Pro-Rata share under (1)(C)(2)(iv) below;
- (2) 40% of remaining interest; or
- (3) the LMM participation entitlement (if the DMM is also the LMM).

If there are multiple DMM quotes at the same price which are at or improve on the better of the internal BBO or the NBBO when the Directed Order is received, the DMM participation entitlement shall apply only to the DMM quote which has the highest time priority at the last price executed upon receipt of the Directed Order which is equal to or better than the better of the internal BBO or the NBBO; additional DMM quotes at such price will receive no further allocation of the Directed Order. Rounding will be up to the nearest integer.]

(iv) Market Maker Priority: After all Public Customer orders have been fully executed and LMM [or DMM]participation entitlements applied, if applicable, BX Options Market Makers shall have priority over all other Participant orders at the same price. If there are two or more BX Options Market Maker quotes and orders for the same options series at the same price, those shall be executed based on the Size Pro-Rata execution algorithm.

(v[i]) All Other Remaining Interest: If there are contracts remaining after all Market Maker interest has been fully executed, such contracts shall be executed based on the Size Pro-Rata execution algorithm.

[(vii) Only one participation entitlement, LMM or DMM, may be applied on a given order.]

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