

## Nasdaq BX Rules, Regulation, Section 1., Nasdaq BX, Arbitration

[Click to open document in a browser](#)

The rules contained in The Nasdaq Stock Market LLC General 6, as such rules may be in effect from time to time (the "General 6 Rules"), are hereby incorporated by reference into this Nasdaq BX, Inc. General 6, and are thus Nasdaq BX Rules and thereby applicable to Nasdaq BX Members. Nasdaq BX Members shall comply with the General 6 Rules as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the General 6 Rules shall be read to refer to the Nasdaq BX related meaning of such term.

### General 6 Rules

Adopted Oct. 9, 2018 (SR-BX-2018-048), operative Nov. 9, 2018.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Nasdaq BX, General 7 Consolidated Audit Trail Compliance

[Click to open document in a browser](#)

The rules contained in The Nasdaq Stock Market LLC General 7, as such rules may be in effect from time to time (the “General 7 Rules”), are hereby incorporated by reference into this Nasdaq BX General 7, and are thus Nasdaq BX Rules and thereby applicable to Nasdaq BX Members. Nasdaq BX Members shall comply with the General 7 Rules as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the General 7 Rules shall be read to refer to the Nasdaq BX related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term “Exchange” in the General 7 Rules shall be read to refer to the Nasdaq BX Exchange; the defined term “Rule” in the General 7 Rules shall be read to refer to the Nasdaq BX Rule.

### General 7 Rules

Adopted Jan. 24, 2018 (SR-BX-2018-007); amended Apr. 10, 2018 (SR-BX-2018-015), operative May 10, 2018.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. (“Nasdaq, Inc.”) under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Nasdaq BX, General 8 Connectivity

[Click to open document in a browser](#)

The rules contained in The Nasdaq Stock Market LLC General 8, as such rules may be in effect from time to time (the "General 8 Rules"), are hereby incorporated by reference into this Nasdaq BX General 8, and are thus Nasdaq BX Rules and thereby applicable to Nasdaq BX Members. Nasdaq BX Members shall comply with the General 8 Rules as though such rules were fully set forth herein. All defined terms, including any variations thereof, contained in the General 8 Rules shall be read to refer to the Nasdaq BX related meaning of such term. Solely by way of example, and not in limitation or in exhaustion: the defined term "Exchange" in the General 8 Rules shall be read to refer to the Nasdaq BX Exchange; the defined term "Rule" in the General 8 Rules shall be read to refer to the Nasdaq BX Rule.

Adopted June 13, 2018 (SR-BX-2018-024); amended Oct. 29, 2019 (SR-BX-2018-052); amended Dec. 19, 2018 (SR-BX-2018-064), operative Jan. 21, 2019.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Section 1., Nasdaq BX, Charges for Membership, Services, and Equipment**

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 10., Nasdaq BX, Membership Fees

[Click to open document in a browser](#)

(a) Each Exchange member will be assessed a membership fee of \$3,000 per year and a trading rights fee of \$1,000 per month. The membership fee will be imposed on all persons that are Exchange members as of a date determined by the Exchange in December of each year, and the trading rights fee will be assessed on all persons that are Exchange members as of a date determined by the Exchange in each month. The fees are not refundable in the event that a person ceases to be an Exchange member following the date on which the fees are assessed.

(b) Applicants for membership in the Exchange will be assessed a non-refundable application fee of \$2,000. The application fee will be waived for BX Members, approved pursuant to Exchange Rules, who solely conduct an options business.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended May 18, 2012 (SR-BX-2012-037); amended Apr. 10, 2015 (SR-BX-2015-022), operative Apr. 1, 2015; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 20., Nasdaq BX, Sales Fee

[Click to open document in a browser](#)

A Sales Fee is assessed by the Exchange to each member for sales of securities through Exchange transaction execution systems with respect to which the Exchange is obligated to pay a fee to the SEC under Section 31 of the Act. The Sales Fee is collected indirectly from members through their clearing firms by NSCC on behalf of the Exchange. The amount of the Sales Fee is equal to (i) the Section 31 fee rate multiplied by (ii) the member's aggregate dollar amount of covered sales resulting from transactions through the Exchange's transaction execution systems during any computational period.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 30., Nasdaq BX, Regulatory, Registration and Processing Fees

[Click to open document in a browser](#)

- (a) The following fees will be collected and retained by FINRA via the Web CRD registration system for the registration of associated persons of Exchange members that are not also FINRA members:
- (1) \$100 for each initial Form U4 filed for the registration of a representative or principal;
  - (2) \$110 for the additional processing of each initial or amended Form U4, Form U5 or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings;
  - (3) \$45 annually for each of the member's registered representatives and principals for system processing;
  - (4) \$15 for processing and posting to the CRD system each set of fingerprints submitted electronically by the member, plus a pass-through of any other charge imposed by the United States Department of Justice for processing each set of fingerprints;
  - (5) \$30 for processing and posting to the CRD system each set of fingerprint cards submitted in non-electronic format by the member to FINRA, plus any other charge that may be imposed by the United States Department of Justice for processing each set of fingerprints;
  - (6) \$30 for processing and posting to the CRD system each set of fingerprint results and identifying information that has been processed through a self-regulatory organization other than FINRA;
  - (7) a \$100 session fee (\$55.00 if the Continuing Education is Web-based) for each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to Exchange Rule 1120 (S101 and S201); and
  - (8) \$110 for the additional processing of each initial or amended Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings.

Adopted Jan 14, 2009 (SR-BX-2009-004). Amended Sept. 14, 2009 (SR-BX-2009-043); amended May 16, 2012 (SR-BX-2012-031), operative June 1, 2012; amended Oct. 26, 2012 (SR-BX-2012-070), operative Jan. 2, 2013; amended Aug. 22, 2013 (SR-BX-2013-049); amended Apr. 10, 2015 (SR-BX-2015-022), operative Apr. 1, 2015; amended Jan. 13, 2016 (SR-BX-2016-004), operative Jan. 4, 2016; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 100., Nasdaq BX, System Services

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Section 111., Nasdaq BX, Collection of Exchange Fees and Other Claims and Billing Policy

[Click to open document in a browser](#)

(a) Each BX member, and all applicants for registration as such, shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to the rules, as specified below, and 8000 series rules which are due and owing to BX. If a BX member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater. The 8000 Series Rules and the following Rules will be subject to this Section: Equity 7, Section 10 (Membership Fees), Equity 7, Section 115 (Ports and other Services), Equity 7, Section 116 (BX Pre-Trade Risk Management), Equity 7, Section 118 (Nasdaq BX Equities System Order Execution and Routing), Equity 7, Section 121 (BX Trading and Compliance Data Package Fee), Equity 7, Section 127 (Aggregation of Activity of Affiliated Members), Equity 7, Section 129 (Installation, Removal or Relocation), Equity 7, Section 130 (Other Services), General 8, Section 1 (Co-Location Services), General 8, Section 2 (Direct Connectivity), Equity 7, Section 155 (Short Sale Monitor), Equity 7, Section 158 (QView).

(b) All pricing disputes concerning fees or rebates which are billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation.

(1) All pricing disputes must be submitted no later than sixty (60) days after receipt of a billing invoice.

(2) The following Rules will be subject to this Section: Equity 7, Section 10 (Membership Fees), Equity 7, Section 115 (Ports and other Services), Equity 7, Section 116 (BX Pre-Trade Risk Management), Equity 7, Section 118 (Nasdaq BX Equities System Order Execution and Routing), Equity 7, Section 121 (BX Trading and Compliance Data Package Fee), Equity 7, Section 127 (Aggregation of Activity of Affiliated Members), Equity 7, Section 129 (Installation, Removal or Relocation), Equity 7, Section 130 (Other Services), General 8, Section 1 (Co-Location Services), General 8, Section 2 (Direct Connectivity to BX), Equity 7, Section 155 (Short Sale Monitor), Equity 7, Section 158 (QView).

Adopted Oct. 16, 2014 (SR-BX-2014-050), operative Jan. 1, 2015; amended Oct. 24, 2014 (SR-BX-2014-054), operative Jan. 1, 2015; amended Nov. 30, 2016 (SR-BX-2016-066); amended Oct. 18, 2017 (SR-BX-2017-045); amended June 13, 2018 (SR-BX-2018-024); amended Sept. 17, 2018 (SR-BX-2018-046).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 112., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 113., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 114., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 115., Nasdaq BX, Ports and other Services.

[Click to open document in a browser](#)

The following charges are assessed by the Exchange for ports to establish connectivity to the Nasdaq BX Equities Market, as well as ports to receive data from the Nasdaq BX Equities Market:

OUCH	\$500/port/month
FIX Trading Port (FIX and FIX Lite (FLITE))	\$500/port/month
RASH	\$500/port/month
Multicast TotalView-ITCH (software-based)	\$1,000/port/month
TCP ITCH data feed	\$750/port/month
DROP	\$500/port/month
Trading Ports used in Test Mode	\$100/port/month
Data Retransmission Port	No charge
Disaster recovery port (OUCH, FIX Trading Port, RASH, and DROP)	\$25/port/month
Disaster recovery port (all other ports)	No charge

- Remote Multicast ITCH Wave Ports:

Mahwah, NJ: \$5,000 for installation and then \$7,500 per month;

All others: \$2,500 for installation and then \$5,000 per month.

These fees are subject to a 30-day testing period during which otherwise applicable fees are waived, and a one-year minimum purchase period.

- TradeInfo BX is available to Members for a fee of \$95 per user per month.

†Fees are assessed in full month increments under this section, and thus are not prorated.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended Mar. 20, 2009 (SR-BX-2009-05); amended May 1, 2009 (SR-BX-2009-023); amended July 1, 2009 (SR-BX-2009-036); amended August 3, 2009 (SR-BX-2009-046); amended Oct. 5, 2009 (SR-BX-2009-62); amended Dec. 28, 2011 (SR-BX-2011-088), operative Jan. 3, 2012; amended Aug. 28, 2013 (SR-BX-2013-051); amended Feb. 14, 2014 (SR-BX-2014-005), operative Mar. 16, 2014; amended Sep. 30, 2014 (SR-BX-2014-047); amended Dec. 29, 2015 (SR-BX-2015-087), operative Jan. 28, 2016; amended Feb. 23, 2016 (SR-BX-2016-013), operative Feb. 1, 2016; amended Nov. 30, 2016 (SR-BX-2016-066); amended Feb. 1, 2017 (SR-BX-2017-003); amended Feb. 9, 2017 (SR-BX-2017-010); amended Sept. 17, 2018 (SR-BX-2018-046); amended Oct. 18, 2017 (SR-BX-2017-045); amended Dec. 20, 2018 (SR-BX-2018-066), operative Jan. 2, 2019.

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.

## Nasdaq BX Rules, Regulation, Section 116., Nasdaq BX, BX Pre-Trade Risk Management

[Click to open document in a browser](#)

(a) Users of BX Pre-trade Risk Management ("PRM") will be assessed a monthly fee based on the following table, and such fees will not exceed \$25,000 per member firm, per month:

Port Tiers	Number of PRM-Enabled Ports	Monthly Fee <sup>†</sup>
Tier 1	50 or more	\$400 per port, per month
Tier 2	20 to 49	\$500 per port, per month
Tier 3	5 to 19	\$550 per port, per month
Tier 4	1 to 4	\$600 per port, per month

<sup>†</sup> Fees are assessed in full month increments under this section, and thus are not prorated.

(b) Users of PRM services specified below will be assessed the following charges in addition to the applicable PRM-enabled port charges:

PRM Modules	No charge
Aggregate Total Checks	No charge
PRM Workstation Addons to an existing Workstation or WeblinkACT 2.0	\$100 per each PRM Workstation Add-on per month

Adopted Aug. 16, 2011 (SR-BX-2011-057), operative Sept. 1, 2011; amended Feb. 1, 2017 (SR-BX-2017-003); amended Feb. 9, 2017 (SR-BX-2017-010); amended Sept. 17, 2018 (SR-BX-2018-046).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 117., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 118., Nasdaq BX, Nasdaq BX Equities System Order Execution and Routing

[Click to open document in a browser](#)

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

Credit for entering order that accesses liquidity in the Nasdaq BX Equities System:

Order that receives price improvement and executes against an \$0.0000 per share executed order with a Non-displayed price:

Order with Midpoint pegging that removes liquidity: \$0.0000 per share executed

Order that accesses liquidity in securities (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

displayed price) entered by a member that accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month:

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

displayed price) entered by a member that accesses liquidity equal to or exceeding 0.12% of total Consolidated Volume during a month:

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

displayed price) entered by a member that (i) adds liquidity equal to or exceeding 0.60% of total Consolidated Volume during a month; and (ii) accesses liquidity equal to or exceeding 0.10% of total Consolidated Volume during a month:

Order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

displayed price) entered by a member that accesses liquidity equal to or exceeding 0.070% of total Consolidated Volume during month:

Order that accesses liquidity in securities in Tapes A and C (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

displayed price) entered by a member that: (i) accesses liquidity equal to or exceeding 0.15% of total Consolidated Volume during a month; and (ii) accesses 20% more liquidity as a percentage of Consolidated Volume than the member accessed in December 2018:

Order that accesses liquidity in securities in Tape B (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

displayed price) entered by a member that: (i) accesses liquidity

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)



equal to or exceeding 0.15% of total Consolidated Volume during a month; and (ii) accesses 20% more liquidity as a percentage of Consolidated Volume than the member accessed in December 2018:

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

Order that accesses liquidity in securities in Tape B (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that, during a given month: (i) has a total volume (accessing and adding liquidity) equal to or exceeding 0.40% of total Consolidated Volume during that month; (ii) has a total volume that is at least 20% greater (as a percentage of Consolidated Volume) than its total volume in December 2018; and (iii) of the 20% or more increase in total volume described in (ii) herein, at least 30% is attributable to adding liquidity: \$0.0019 per share executed

Order that accesses liquidity in securities in Tape A (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.30% of total Consolidated Volume during a month: \$0.0018 per share executed

All other orders: \$0.0001 per share executed

Charge for providing liquidity through the Nasdaq BX Equities System:

Displayed order entered by a member that adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month: \$0.0014 per share executed

Displayed order entered by a member that adds liquidity equal to or exceeding 0.15% of total Consolidated Volume during a month: \$0.0017 per share executed

Displayed order entered by a member that adds liquidity equal to or exceeding 0.06% of total Consolidated Volume during a month, and removes liquidity equal to or exceeding 0.40% of total Consolidated Volume during a month: \$0.0016 per share executed

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

Order with Midpoint pegging entered by other member excluding a buy (sell) order that receives an execution price that is lower (higher) than the midpoint of the NBBO: \$0.0015 per share executed

Buy (sell) order with Midpoint pegging that receives an execution price that is lower (higher) than the midpoint of the NBBO: \$0.0024 per share executed

Non-displayed orders (other than orders with Midpoint pegging) \$0.0024 per share executed entered by a member that adds 0.06% of total Consolidated

Volume of non-displayed liquidity:

Non-displayed orders (other than orders with Midpoint pegging) \$0.0020 per share executed entered by a member that meets the QMM qualification criteria

and adds 0.10% of total Consolidated Volume of non-displayed liquidity:

All other non-displayed orders:	\$0.0030 per share executed
All other orders:	\$0.0020 per share executed
Charge for BSTG or BSCN order that executes in a venue other than the Nasdaq BX Equities System:	\$0.0030 per share executed at NYSE
	\$0.0030 per share executed at venues other than NYSE
Charge for BMOP order that executes in a venue other than the Nasdaq BX Equities System:	\$0.0035 per share executed at NYSE
	\$0.0035 per share executed at venues other than NYSE
Charge for BTFY order that executes in a venue other than the Nasdaq BX Equities System:	\$0.0030 per share executed at NYSE
	\$0.0030 per share executed at Nasdaq
	\$0.0030 per share executed at Nasdaq PSX
	\$0.0007 per share executed at venues other than NYSE, Nasdaq and Nasdaq PSX
Charge for BCRT order that executes in a venue other than the Nasdaq BX Equities System:	\$0.0030 per share executed at Nasdaq PSX
	\$0.0030 per share executed at Nasdaq
Charge for BDRK and BCST order that executes in a venue other than the Nasdaq BX Equities System:	\$0.0010 per share executed

**(b)** The following charges shall apply to the use of the order execution services of the Nasdaq BX Equities System by members for all securities priced at less than \$1 per share that it trades.

Charge to member entering order that accesses liquidity in the Nasdaq BX Equities System: 0.10% of the total transaction cost

Charge to member providing liquidity through the Nasdaq BX Equities System: \$0

Charge for order that executes in a venue other than the Nasdaq BX Equities System: 0.3% of the total transaction cost

**(c)** For purposes of determining a member's average daily volume for this Section, any day that the market is not open for the entire trading day will be excluded from such calculation.

**(d)** Reserved

**(e)** Retail Price Improvement Program Pricing for Retail Orders and Retail Price Improvement Orders

Notwithstanding the foregoing, the following fees and credits shall apply to execution of Retail Orders and Retail Price Improvement Orders under Rule 4780:

Charge for Retail Price Improvement Order that provides liquidity: \$0.0025 per share executed

Charge or Credit for Retail Orders that access liquidity:

Retail Order that accesses liquidity provided by a Retail Price Improvement Order: Credit of \$0.0021 per share executed

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

Retail Order that receives price improvement (when the accepted price of an order is different than the executed price of an order) and accesses non-Retail Price Improvement order with Midpoint pegging:	Credit of \$0.0000 per share executed
Retail Order that accesses other liquidity on the Exchange book:	Credit of \$0.0017 per share executed
Type 2 Retail Order that is routed to another trading venue for execution:	The charge or credit otherwise applicable to routed orders under Equity 7, Section 118(a) or Section 118(b)

**(f) Qualified Market Maker (“QMM”) Program**

(1) A member may be designated as a QMM if the member (i) quotes at the NBBO at least 25% of the time during Market Hours in an average of at least 400 securities per day during a month, and (ii) provides add volume of at least 0.125% of total Consolidated Volume during a month. For purposes of this rule, a member is considered to be quoting at the NBBO if one of its MPIDs has a displayed order at either the national best bid or the national best offer or both the national best bid and offer. On a daily basis, the Exchange will determine the number of securities in which each of a member’s MPIDs satisfied the 25% NBBO requirement. The Exchange will aggregate all of a member’s MPIDs to determine the number of securities for purposes of the 25% NBBO requirement. To qualify for QMM designation, the member must meet the requirement for an average of 400 securities per day over the course of the month.

(2) The Exchange will charge a fee of \$0.0016 per share executed with respect to all displayed orders of a QMM in securities priced at \$1 or more per share that provide liquidity.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended Mar. 2, 2009 (SR-BX-2009-12); amended Apr. 1, 2009 (SR-BX-2009-18); amended Aug. 17, 2009 (SR-BX-2009-049); amended Aug. 17, 2009 (SR-BX-2009-050), operational Sep. 1, 2009; amended Oct. 22, 2009 (SR-BX-2009-55), operational Apr. 1, 2009; amended Oct. 28, 2009 (SR-BX-2009-070), operational Nov. 2, 2009; amended Jan. 29, 2010 (SR-BX-2010-013), operational Feb. 1, 2010; amended Apr. 13, 2010 (SR-BX-2010-030); operational Apr. 15, 2010; amended May 3, 2010 (SR-BX-2010-035); amended Oct. 27, 2010 (SR-BX-2010-074), operational Nov. 1, 2010; amended Nov. 24, 2010 (SR-BX-2010-082); amended Dec. 22, 2010 (SR-BX-2010-092), operational Jan. 3, 2011; amended May 25, 2011 (SR-BX-2011-030), operational June 1, 2011; amended Nov. 22, 2011 (SR-BX-2011-078); amended Nov. 29, 2011 (SR-BX-2011-082), operational Dec. 1, 2011; amended March 1, 2012 (SR-BX-2012-016); amended March 29, 2012 (SR-BX-2012-021), operative April 2, 2012; amended April 26, 2012 (SR-BX-2012-028), operative May 1, 2012; amended May 14, 2012 (SR-BX-2012-033), operative June 1, 2012; amended May 24, 2012 (SR-BX-2012-038), operative July 2, 2012; amended June 25, 2012 (SR-BX-2012-042), operative July 2, 2012; amended June 28, 2012 (SR-BX-2012-044), operative July 2, 2012; amended July 31, 2012 (SR-BX-2012-058), operative Aug. 1, 2012; amended Oct. 1, 2012 (SR-BX-2012-067); amended Jan. 31, 2013 (SR-BX-2013-011), operative Feb. 1, 2013; amended Feb. 27, 2013 (SR-BX-2013-019); amended Apr. 30, 2013 (SR-BX-2013-034), operative May 1, 2013; amended June 3, 2013 (SR-Phlx-2013-038); amended July 26, 2013 (SR-BX-2013-044), operative Aug. 1, 2013; amended Aug. 28, 2013 (SR-BX-2013-051); amended Sep. 27, 2013 (SR-BX-2013-054), operative Oct. 1, 2013; amended Nov. 29, 2013 (SR-BX-2013-059), operative Dec. 2, 2013; amended Dec. 30, 2013 (SR-BX-2013-065), operative Jan. 2, 2014; amended Jan. 22, 2014 (SR-BX-2014-006); amended Feb. 3, 2014 (SR-BX-2014-009); amended Apr. 8, 2014 (SR-BX-2014-018); amended June 6, 2014 (SR-BX-2014-031); amended Oct. 23, 2014 (SR-BX-2014-053), operative Nov. 3, 2014; amended Nov. 12, 2014 (SR-BX-2014-056); amended Dec. 3, 2014 (SR-BX-2014-059), operative Dec. 1, 2014; amended Jan. 12, 2015 (SR-BX-2015-005); amended Feb. 9, 2015 (SR-BX-2015-011); amended Feb. 11, 2015 (SR-BX-2015-013); amended Apr. 10, 2015 (SR-BX-2015-022), operative Apr. 1, 2015; amended June 1, 2015 (SR-BX-2015-033); amended July 1, 2015 (SR-BX-2015-038); amended Sept. 1, 2015 (SR-BX-2015-056); amended Jan. 4, 2016 (SR-BX-2016-001); amended Feb. 29, 2016 (SR-BX-2016-014), operative Mar. 1, 2016; amended Mar. 30, 2016 (SR-BX-2016-020), operative Apr. 1, 2016; amended May 31, 2016 (SR-BX-2016-029); amended June 30, 2016 (SR-BX-2016-041), operative July 1, 2016; amended Mar. 1, 2017 (SR-BX-2017-017); amended Apr. 3, 2017 (SR-BX-2017-019); amended Apr. 11, 2017 (SR-BX-2017-020); amended June 1, 2017 (SR-BX-2017-028); amended June 30, 2017 (SR-BX-2017-031); amended Oct. 18, 2017 (SR-BX-2017-045); amended Nov. 1, 2017 (SR-BX-2017-050); amended Apr. 2, 2018 (SR-BX-2018-011); amended Apr. 30, 2018 (SR-BX-2018-018), operative May 1, 2018; amended June 29, 2018 (SR-BX-2018-028), operative July 1, 2018; amended July 10, 2018 (SR-BX-2018-032); amended July 31, 2018 (SR-BX-2018-037), operative Aug. 1, 2018; amended Sept. 4, 2018 (SR-BX-2018-043); amended Sept. 17, 2018 (SR-BX-2018-046); amended Nov. 1, 2018 (SR-BX-2018-053); amended Nov. 6, 2018 (SR-BX-2018-054); amended Nov. 16, 2018 (SR-BX-2018-057); amended Dec. 3, 2018 (SR-BX-2018-062); amended Dec. 21, 2018 (SR-BX-2018-069), operative Jan. 2, 2019; amended Mar. 1, 2019 (SR-BX-2019-003); amended Apr. 1, 2019 (SR-BX-2019-006).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. (“Nasdaq, Inc.”) under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

*BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 119., Nasdaq BX, Market Data Distributor Fees

[Click to open document in a browser](#)

(a) The charge to be paid by Distributors of the following real time data feeds of the Exchange shall be:

	<b>Monthly Direct Access Fee</b>	<b>Monthly Internal Distributor Fee</b>	<b>Monthly External Distributor Fee</b>
BX TotalView	\$1,000	\$750	\$1,500

(b) A "distributor" of Exchange data is any entity that receives a feed or data file of Exchange data directly from the Exchange or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All distributors shall execute an Exchange distributor agreement. The Exchange itself is a vendor of its data feed(s) and has executed an Exchange distributor agreement and pays the distributor charge.

(c) "Direct Access" means a telecommunications interface with the Exchange for receiving Exchange data, or receiving an Exchange data feed within the Exchange co-location facility, or receiving Exchange data via an Extranet access provider or other such provider that is fee-liable under Equity 7, Section 125.

Adopted Mar. 20, 2009 (SR-BX-2009-005); amended Nov. 24, 2010 (SR-BX-2010-081), operative Dec. 1, 2010; amended Dec. 9, 2010 (SR-BX-2010-089), operative Jan. 1, 2011; amended Dec. 9, 2010 (SR-BX-2010-089), operative Jan. 1, 2011; amended May 20, 2011 (SR-BX-2011-028); amended Dec. 20, 2016 (SR-BX-2016-073); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 120., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 121., Nasdaq BX, BX Trading and Compliance Data Package Fee

[Click to open document in a browser](#)

BX Participants shall be entitled to receive the BX Trading and Compliance Data Package via NasdaqTrader.com. The BX Trading and Compliance Data Package provides historical data reports containing trading reporting information about the Participant's own activity in BX, for delivery on an end-of-day or T+1 basis. The Exchange may modify the contents of the BX Trading and Compliance Data Package from time to time based on subscriber interest. There shall be no fee for the BX Trading and Compliance Data Package.

Adopted Feb. 8, 2012 (SR-BX-2012-009); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 122., Nasdaq BX, Administrative Reports

[Click to open document in a browser](#)

Administrative Reports — \$25 per user, per month.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Section 123., Nasdaq BX, BX TotalView

[Click to open document in a browser](#)

### (a) BX TotalView Entitlement

The BX TotalView entitlement allows a subscriber to see all individual Nasdaq BX Equities System participant orders and quotes displayed in the system, the aggregate size of such orders and quotes at each price level, and the trade data for executions that occur within the Nasdaq BX Equities System.

(1) Except as provided elsewhere in this Section, for the BX TotalView entitlement there shall be a \$20 monthly charge for each Subscriber of BX TotalView for Nasdaq issues and a \$20 monthly charge for each Subscriber of BX TotalView for NYSE and regional issues for display usage or non-display usage not based upon Direct Access.

(2) Distributors shall pay a monthly fee of \$55 for each Professional Subscriber for non-display usage of BX TotalView for all issues based upon Direct Access.

(3) As an alternative to (a)(2), a market participant may purchase an enterprise license at a rate of \$20,000 per month for internal use of non-display data, based upon Direct Access. The enterprise license entitles a distributor to provide BX TotalView to an unlimited number of non-display devices within its firm.

### (4) Free-Trial Offers

(A) For a period of one year from the launch of the Nasdaq BX Equities System, the Exchange shall waive the Subscriber fee, Direct Access fees, and Distributor fees for BX TotalView.

(B) After the period of one year from the launch of the Nasdaq BX Equities System, the Exchange shall offer all new individual Subscribers and potential new individual Subscribers a 30-day waiver of the user fees for BX TotalView. This fee waiver period shall be applied on a rolling basis, determined by the date on which a new individual Subscriber or potential individual Subscriber is first entitled by a distributor to receive access to BX TotalView. A distributor may only provide this waiver to a specific individual Subscriber once.

For the period of any waiver, the BX TotalView fees of \$20 or \$55 per Subscriber per month, as applicable, shall be waived.

### (b) Non-Professional Services

(1) The charge to be paid by non-professional subscribers for access to TotalView Service through an authorized vendor shall be \$1.00 per interrogation device per month.

(2) A "non-professional" is a natural person who is neither:

(A) registered or qualified in any capacity with the Commission, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association;

(B) engaged as an "investment adviser" as that term is defined in Section 201(11) of the Investment Advisors Act of 1940 (whether or not registered or qualified under that Act); nor

(C) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt.

(c) A "Subscriber" is any access that a distributor of the data entitlement package(s) provides to: (1) access the information in the data entitlement package(s); or (2) communicate with the distributor so as to cause the distributor to access the information in the data entitlement package(s). If a Subscriber is part of an electronic network between computers used for investment, trading or order routing activities, the burden shall be on the distributor to demonstrate that the particular Subscriber should not have to pay for an entitlement. For example, in some display systems the distributor gives the Subscriber a choice to see the data or not; a Subscriber that chooses not to see the data would not be charged. Similarly, in a non-display system, Subscribers may have a choice of basic or advanced computerized trading or order routing services, where only the advanced version uses the information. Subscribers of the basic service then would be excluded from the entitlement requirement.

Adopted Mar. 20, 2009 (SR-BX-2009-005); amended June 10, 2010 (SR-BX-2010-027); amended Oct. 18, 2017 (SR-BX-2017-045); amended Dec. 26, 2017 (SR-BX-2017-058), operative Jan. 1, 2018; amended Jan. 5, 2018 (SR-BX-2018-002); amended Jan. 18, 2018 (SR-BX-2018-005); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 124., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 125., Nasdaq BX, Access and Redistribution Fee

[Click to open document in a browser](#)

(a) Definitions: For purposes of this Section 125:

(1) The term "Equipment Configuration" shall mean any line, circuit, router package, or other technical configuration used to provide a connection to the Exchange market data feeds.

(2) The term "Extranet Provider" shall mean any entity that has signed the Exchange Extranet Connection Agreement and that establishes a telecommunications connection in the Exchange's co-location facility.

(3) The term "Distributor" shall have the meaning set forth in Equity 7, Section 119(b).

(b) Extranet Providers that establish a connection with the Exchange to offer direct access connectivity to market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Equipment Configuration. If an Extranet Provider uses multiple Equipment Configurations to provide Exchange market data feeds to recipients, the access and redistribution fee shall apply to each such Equipment Configuration. Extranet Providers that use the same Equipment Configuration for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Equipment Configuration.

(c) Distributors (other than Extranet Providers) that utilize a Direct Circuit Connection to the Exchange pursuant to General 8, Section 2(a) to receive Exchange market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Direct Circuit Connection. If a Distributor (other than an Extranet Provider) uses multiple Direct Circuit Connections to receive market data feeds, the monthly fee shall apply to each. Distributors that use the same Direct Circuit Connection for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Direct Circuit Connection.

(d) The access and redistribution fees set forth above will not be charged for connectivity to market data feeds containing only consolidated data. For purposes of this Section, consolidated data is data disseminated by the Securities Information Processor for the Consolidated Tape Association Plan.

Adopted Mar. 20, 2009 (SR-BX-2009-005); amended Dec. 19, 2013 (SR-BX-2013-063), operative Jan. 2, 2014; amended Jan. 31, 2014 (SR-BX-2014-008); amended Mar. 28, 2014 (SR-BX-2014-015), operative Apr. 1, 2014; amended Jan. 5, 2015 (SR-BX-2015-003); amended Sep. 29, 2017 (SR-BX-2017-041); amended Oct. 2, 2017 (SR-BX-2017-042); amended Oct. 12, 2017 (SR-BX-2017-043); amended Oct. 25, 2017 (SR-BX-2017-048); amended June 13, 2018 (SR-BX-2018-024); amended Sept. 17, 2018 (SR-BX-2018-046).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 126., Nasdaq BX, Distribution Models

[Click to open document in a browser](#)

**(a)** Managed Data Solutions.

Distributors and Subscribers of Managed Data Solutions products containing BX TotalView data (non-display use only) shall pay the following fees:

Fee schedule for Managed Data Solutions	Price
Managed Data Solutions Administration Fee (for the right to offer Managed Data Solutions to client organizations)	\$1,500/mo Per Distributor
BX Depth Data Professional Managed Data Solutions Subscriber Fee ( <b>Internal Use Only</b> and includes BX TotalView)	\$150/mo Per Subscriber
BX Depth Data Managed Data Solutions Non-Professional Subscriber Fee ( <b>Internal Use Only</b> and includes BX TotalView)	\$20/mo Per Subscriber

**(b)** Definitions.

For purposes of this Section, the terms set forth below shall have the following meanings:

- (1) The term "Non-Professional" shall have the same meaning as set forth in Equity 7, Section 123(b).
- (2) The term "Distributor" shall have the same meaning as set forth in Equity 7, Section 119(b).
- (3) The term "Subscriber" shall have the same meaning as set forth in Equity 7, Section 123(c).
- (4) The term "BX TotalView" shall have the same meaning as set forth in Equity 7, Section 123(a).

Adopted Feb. 22, 2013 (SR-BX-2013-018), operative Mar. 1, 2013; amended Dec. 18, 2015 (SR-BX-2015-084), operative Jan. 1, 2016; amended Sept. 17, 2018 (SR-BX-2018-046).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 127., Nasdaq BX, Aggregation of Activity of Affiliated Members

[Click to open document in a browser](#)

(a) For purposes of applying any provision of the Equity 7 Rules where the charge assessed, or credit provided, by the Exchange depends upon the volume of a member's activity, a member may request that the Exchange aggregate its activity with the activity of its affiliates.

(1) A member requesting aggregation of affiliate activity shall be required to certify to the Exchange the affiliate status of entities whose activity it seeks to aggregate prior to receiving approval for aggregation, and shall be required to inform the Exchange immediately of any event that causes an entity to cease to be an affiliate. The Exchange shall review available information regarding the entities, and reserves the right to request additional information to verify the affiliate status of an entity. The Exchange shall approve a request unless it determines that the certification is not accurate.

(2) If two or more members become affiliated on or prior to the sixteenth day of a month, and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of that month. If two or more members become affiliated after the sixteenth day of a month, or submit a request for aggregation after the twenty-second day of the month, an approval of the request by the Exchange shall be deemed to be effective as of the first day of the next calendar month.

(b) For purposes of applying any provision of the Equity 7 Rules where the charge assessed, or credit provided, by the Exchange depends upon the volume of a member's activity, references to an entity (including references to a "member" or a "participant") shall be deemed to include the entity and its affiliates that have been approved for aggregation.

(c) For purposes of this Section 127, the term "affiliate" of a member shall mean any member under 75% common ownership or control of that member.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended July 1, 2011 (SR-BX-2011-042); amended Aug. 21, 2014 (SR-BX-2014-041), operative Dec. 1, 2014; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 128., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 129., Nasdaq BX, Installation, Removal or Relocation

[Click to open document in a browser](#)

Upon installation, removal, relocation of terminal and related equipment, or combination thereof, the subscriber shall pay charges incurred by the Exchange, on behalf of the subscriber for the work being performed by the maintenance organization retained by the Exchange.

Adopted Jan. 14, 2009 (SR-BX-2009-004); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Section 130., Nasdaq BX, Other Services

[Click to open document in a browser](#)

(a) Reserved

(b) Other Requests for Data

The Exchange may impose and collect compensatory charges for data the Exchange supplied upon request, where there is no provision elsewhere in this Equity 7 or General 8, Sections 1-2 for charges for such service or sale.

(c) Reserved

(d) Testing Facilities

The Exchange operates two test environments. One is located in Ashburn, Virginia and the other in Carteret, New Jersey. Unless otherwise noted, reference to the "Testing Facility" applies to both environments.

(1) Subscribers that conduct tests of their Exchange access protocols connection or market data vendor feeds through the Exchange's Testing Facility (Testing Facility) shall pay \$300 per port, per month. This fee will be waived for BX Options testing.

(2) Subscribers to the Testing Facility located in Carteret, New Jersey shall pay a fee of \$1,000 per hand-off, per month for connection to the Testing Facility. The handoff fee includes either a 1Gb or 10Gb switch port and a cross connect to the Testing Facility. Subscribers shall also pay a one-time installation fee of \$1,000 per hand-off.

The connectivity provided under this Section also provides connectivity to the other testing environments of The Nasdaq Stock Market LLC, Nasdaq PHLX LLC, Nasdaq ISE, LLC, Nasdaq MRX LLC, and Nasdaq GEMX, LLC.

Adopted Mar. 20, 2009 (SR-BX-2009-005); amended Oct. 29, 2010 (SR-BX-2010-075), operative Nov. 1, 2010; amended May 18, 2012 (SR-BX-2012-037); amended Nov. 27, 2013 (SR-BX-2013-058); amended Oct. 18, 2017 (SR-BX-2017-045); amended Jan. 22, 2018 (SR-BX-2018-006), operative Feb. 21, 2018; amended June 13, 2018 (SR-BX-2018-024); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 131., Nasdaq BX, Partial Month Charges

[Click to open document in a browser](#)

Distributors may elect to have the charges for the month of commencement or termination of service be billed on a full month basis or prorated based on the number of trade days in that month.

Adopted Mar. 20, 2009 (SR-BX-2009-005); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 132., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 133., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 134., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 135., Nasdaq BX, Monthly Administrative Fee

[Click to open document in a browser](#)

The Monthly Administrative Fee shall be assessed to market data distributors that receive any proprietary Exchange data feed product. Each such distributor shall, on a monthly basis, be assessed the higher of the applicable Monthly Administrative Fees:

Delayed distributor	\$50
Real-Time distributor (includes delayed fee, if applicable)	\$100

The Exchange may waive the foregoing fee for colleges and universities for devices used by students and professors in performing university or college research or classroom-related activities. The Monthly Administrative Fee will be waived for BX Members, approved pursuant to Exchange Rules, who solely conduct an options business.

Adopted Mar. 20, 2009 (SR-BX-2009-005); amended May 18, 2012 (SR-BX-2012-037); amended Dec. 14, 2016 (SR-BX-2016-071), operative Jan. 1, 2017; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 139., Nasdaq BX, BX Last Sale and Nasdaq Last Sale Plus Data Feeds

[Click to open document in a browser](#)

(a) BX Last Sale. The Exchange shall offer proprietary data feeds containing real-time last sale information for trades executed on the Exchange. There shall be no fee for BX Last Sale Data Feeds.

(1) "BX Last Sale for Nasdaq" shall contain all transaction reports for Nasdaq-listed securities; and

(2) "BX Last Sale for NYSE/Amex" shall contain all such transaction reports for NYSE- and Amex-listed securities.

(b) Nasdaq Last Sale Plus ("NLS Plus"). NLS Plus is a comprehensive data feed produced by NASDAQ OMX Information LLC. It provides last sale data as well as consolidated volume of Nasdaq U.S. equity markets (BX, The Nasdaq Stock Market ("Nasdaq"), and Nasdaq PSX ("PSX")) and the FINRA/Nasdaq Trade Reporting Facility ("TRF"). NLS Plus also reflects cumulative volume real-time trading activity across all U.S. exchanges for Tape C securities. NLS Plus also contains: Trade Price, Trade Size, Sale Condition Modifiers, Cumulative Consolidated Market Volume, End of Day Trade Summary, Adjusted Closing Price, IPO Information, and Bloomberg ID. Additionally, pertinent regulatory information such as Market Wide Circuit Breaker, Reg SHO Short Sale Price Test Restricted Indicator, Trading Action, and Symbol Directory are included. NLS Plus may be received by itself or in combination with Nasdaq Basic. Additionally, NLS Plus reflects cumulative volume real-time trading activity across all U.S. exchanges for Tape A securities and Tape B securities.

(1) Firms that receive NLS Plus shall pay the monthly administrative fees for NLS, BX Last Sale, and PSX Last Sale. Additionally, Internal Distributors or External Distributors shall pay a data consolidation fee of \$350 per month. "Internal Distributors" are Distributors that receive NLS Plus data and then distribute that data to one or more Subscribers within the Distributor's own entity. "External Distributors" are Distributors that receive NLS Plus data and then distribute that data to one or more Subscribers outside the Distributor's own entity.

(2) Firms that receive NLS Plus would either be liable for NLS fees or Nasdaq Basic fees.

(3) In the event that Nasdaq BX and/or Nasdaq PHLX adopt user fees for BX Last Sale and/or PSX Last Sale, firms that receive NLS Plus would also be liable for such fees.

(4) Firms that purchase a market data enterprise license for display usage under Nasdaq Rule 7032 shall not pay monthly administrative fees for NLS, BX Last Sale and PSX Last Sale, a data consolidation fee for Internal or External Distributors, or user fees for BX Last Sale and/or PSX Last Sale, in the event that such fees are adopted.

Adopted Dec. 1, 2009 (SR-BX-2009-077); amended Aug. 5, 2015 (SR-BX-2015-047); amended Aug. 24, 2015 (SR-BX-2015-054); amended Oct. 27, 2015 (SR-BX-2015-063), operative Oct. 16, 2015; amended Dec. 14, 2015 (SR-BX-2015-082); amended Feb. 15, 2017 (SR-BX-2017-012); amended Oct. 18, 2017 (SR-BX-2017-045); amended July 3, 2018 (SR-BX-2018-031); amended July 17, 2018 (SR-BX-2018-034); amended July 27, 2018 (SR-BX-2018-036); amended Sept. 17, 2018 (SR-BX-2018-046).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

*and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Section 147., Nasdaq BX, BX BBO Feeds

[Click to open document in a browser](#)

(a) The Exchange shall offer proprietary data feeds containing real-time market information from the Exchange Market Center. There shall be no fee for BX BBO Feeds.

- (1) "BX BBO for Nasdaq" shall contain the Exchange's best bid and offer for Nasdaq-listed securities;
- (2) "BX BBO for NYSE" shall contain the Exchange's best bid and offer for NYSE-listed securities; and
- (3) "BX BBO for Amex" shall contain the Exchange's best bid and offer for Amex-listed securities.

Adopted Dec. 1, 2009 (SR-BX-2009-077); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 151., Nasdaq BX, Reserved

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 155., Nasdaq BX, Short Sale Monitor

[Click to open document in a browser](#)

(a) The Short Sale Monitor is a real-time surveillance and alert tool that assists member firms with monitoring and post trade analysis of their short sale and short sale exempt trades reported to the FINRA/ Nasdaq Trade Reporting Facility ("TRF"), which includes real-time alerts of covered securities subject to the restrictions of SEC Rule 201, reports of a member firm's trades marked as "short" that are subject to the restrictions of SEC Rule 201, and reports of a member firm's trades marked as "short exempt."

The Short Sale Monitor is available to each member firm at no cost for a trial period ending March 31, 2011, and for a fee of \$750 per MPID, per month thereafter.

(b) The BX Data Add-On service provides an MPID subscribed to the Short Sale Monitor subscription with a record of trades in covered securities executed on BX that are marked "short exempt." The BX Data Add-On service is available at no cost for a trial period ending March 31, 2011, and for a fee of \$50 per MPID, per month. An MPID subscribed to the Short Sale Monitor of Nasdaq or Nasdaq PSX need not subscribe additionally to the BX Short Sale Monitor to subscribe to the BX Data Add-On service.

Adopted February 4, 2011 (SR-BX-2011-008); amended Oct. 18, 2017 (SR-BX-2017-045); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 158., Nasdaq BX, QView

[Click to open document in a browser](#)

QView is a web-based tool designed to give a subscribing member the ability to track its order flow on BX, and create both real-time and historical reports of such order flow. Members may subscribe to QView for a fee of \$200 per month, per member firm.

Adopted Sep. 21, 2012 (SR-BX-2012-061); amended Oct. 9, 2012 (SR-BX-2012-068), operative Oct. 15, 2012; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 100, Nasdaq BX, Exercises and Deliveries

[Click to open document in a browser](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 101, Nasdaq BX, Exercise of Options Contracts

[Click to open document in a browser](#)

(a) Subject to the restrictions set forth in Chapter III, Section 9 of these Rules (Exercise Limits) and to such restrictions as may be imposed pursuant to Chapter III, Section 12 of these Rules (Other Restrictions on Options Transactions and Exercises) or pursuant to the Rules of the Clearing Corporation, an outstanding options contract may be exercised during the time period specified in the Rules of the Clearing Corporation by the tender to the Clearing Corporation of an exercise notice in accordance with the Rules of the Clearing Corporation. An exercise notice may be tendered to the Clearing Corporation only by the Clearing Participant in the account of which such options contract is carried with the Clearing Corporation. Participants may establish fixed procedures as to the latest time they will accept exercise instructions from customers.

(b) Special procedures apply to the exercise of equity options on the business day of their expiration, or in the case of option contracts expiring on a day that is not a business day, on the last business day before their expiration ("expiring options"). Unless waived by The Options Clearing Corporation (also known in this Rule as the Clearing Corporation), expiring options are subject to the Exercise-by-Exception ("Ex-by-Ex") procedure under Clearing Corporation Rule 805. This Rule provides that, unless contrary instructions are given, option contracts that are in-the-money by specified amounts shall be automatically exercised. In addition to the Rules of the Clearing Corporation, the following Exchange requirements apply with respect to expiring options. Option holders desiring to exercise or not exercise expiring options must either:

- (1) take no action and allow exercise determinations to be made in accordance with the Clearing Corporation's Ex-by-Ex procedure where applicable; or
- (2) submit a "Contrary Exercise Advice" to the Exchange as specified in paragraph (d) below.

(c) Exercise cut-off time. Option holders have until 5:30 p.m. Eastern Time on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the business day immediately prior to the expiration date, to make a final decision to exercise or not exercise an expiring option. Participants may not accept exercise instructions for customer or non-customer accounts after 5:30 p.m. Eastern Time.

(d) Submission of Contrary Exercise Advices. A Contrary Exercise Advice is a communication either: (i) to not exercise an option that would be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure, or (ii) to exercise an option that would not be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure.

A Contrary Exercise Advice may be submitted by a Participant by using the Clearing Corporation's ENCORE system, a Contrary Exercise Advice form of any other national securities exchange of which the firm is a Participant and where the option is listed, or such other method as the Exchange may prescribe. A Contrary Exercise Advice may be canceled by filing an Advice Cancel at any time up to the submission cut-off times specified below.

For customer accounts, Participants have until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice to the Exchange.

For noncustomer accounts, Participants have until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice to the Exchange if such Participant employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders. Participants are required to manually submit a Contrary Exercise Advice by 5:30 p.m. for non-customer accounts if such Participants do not employ an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.

(e) If the Clearing Corporation has waived the Ex-by-Ex procedure for an options class, Participants must either:

- (1) submit to the Exchange, a Contrary Exercise Advice, in a manner specified by the Exchange, within the time limits specified in paragraph (d) above if the holder intends to exercise the option; or

- (2) take no action and allow the option to expire without being exercised. In cases where the Ex-by-Ex procedure has been waived, the Rules of the Clearing Corporation require that Participants wishing to exercise such options must submit an affirmative Exercise Notice to the Clearing Corporation, whether or not a Contrary Exercise Advice has been filed with the Exchange.

(f) A Participant that has accepted the responsibility to indicate final exercise decisions on behalf of another Participant or non-Participant broker-dealer shall take the necessary steps to ensure that such decisions are properly indicated to the Exchange. Such Participant may establish a processing cut-off time prior to the Exchange's exercise cutoff time at which it will no longer accept final exercise decisions in expiring options from option holders for whom it indicates final exercise decisions. Each Participant that indicates final exercise decisions through another broker-dealer is responsible for ensuring that final exercise decisions for all of its proprietary (including market maker) and public customer account positions are indicated in a timely manner to such brokerdealer.

(g) Notwithstanding the foregoing, Participants may make final exercise decisions after the exercise cutoff time but prior to expiration without having submitted a Contrary Exercise Advice in the circumstances listed below. A memorandum setting forth the circumstance giving rise to instructions after the exercise cutoff time shall be maintained by the Participant and a copy thereof shall be filed with the Exchange no later than 12:00 noon Eastern Time on the first business day following the respective expiration. An exercise decision after the exercise cut-off time may be made:

- (1) in order to remedy mistakes or errors made in good faith; or
- (2) where exceptional circumstances have restricted an option holder's ability to inform a Participant of a decision regarding exercise, or a Participant's ability to receive an option holder's decision by the cut-off time. The burden of establishing any of the above exceptions rests solely on the Participant seeking to rely on such exceptions.

(h) In the event the Exchange provides advance notice on or before 5:30 p.m. Eastern Time on the business day immediately prior to the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, the second business day immediately prior to the expiration date indicating that a modified time for the close of trading in equity options on such business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Paragraph (c) of this Section 101. However, Participants have until 7:30 Eastern Time to deliver a Contrary Exercise Advice or Advice Cancel to the Exchange for customer accounts and noncustomer accounts where such Participant employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, Participants that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a Contrary Exercise Advice or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in Paragraph (d) of this Section 101.

(i) Modification of cut-off time.

- (1) The Exchange may establish extended cut-off times for decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances. For purposes of this subparagraph (i)(1), an "unusual circumstance" includes, but is not limited to, increased market volatility; significant order imbalances; significant volume surges and/or systems capacity constraints; significant spreads between the bid and offer in underlying securities; internal system malfunctions affecting the ability to disseminate or update market bids and offers and/or execute or route orders; or other similar occurrences.
- (2) The Exchange with at least one (1) business day prior advance notice, by 12:00 noon on such day, may establish a reduced cut-off time for the decision to exercise or not exercise an expiring

option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances; provided, however, that under no circumstances should the exercise cut-off time and the time for submission of a Contrary Exercise Advice be before the close of trading. For purposes of this subparagraph (i) (2), an "unusual circumstance" includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day the option contract expires, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately prior to expiration.

(j) Submitting or preparing an exercise instruction, contrary exercise advice or advice cancel after the applicable exercise cut-off time in any expiring options on the basis of material information released after the cut-off time is activity inconsistent with just and equitable principles of trade.

(k) The failure of any Participant to follow the procedures in this Section 101 may result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined by the Exchange.

(l) Clearing Participants must follow the procedures of the Clearing Corporation when exercising American-style cash-settled index options contracts issued or to be issued in any account at the Clearing Corporation. Options Participants must also follow the procedures set forth below with respect to American-style cash-settled index options:

- (1) For all contracts exercised by the Options Participant or by any customer of the Options Participant, an "exercise advice" must be delivered by the Options Participant in such form or manner prescribed by the Exchange no later than 4:20 p.m. Eastern Time, or if trading hours are extended or modified in the applicable options class, no later than five (5) minutes after the close of trading on that day.
- (2) Subsequent to the delivery of an "exercise advice," should the Options Participant or a customer of the Options Participant determine not to exercise all or part of the advised contracts, the Options Participant must also deliver an "advice cancel" in such form or manner prescribed by the Exchange no later than 4:20 p.m. Eastern Time, or if trading hours are extended or modified in the applicable options class, no later than five (5) minutes after the close of trading on that day.
- (3) The Exchange may determine to extend the applicable deadline for the delivery of "exercise advice" and "advice cancel" notifications pursuant to this paragraph (l) if unusual circumstances are present.
- (4) No Options Participant may prepare, time stamp or submit an "exercise advice" prior to the purchase of the contracts to be exercised if the Options Participant knew or had reason to know that the contracts had not yet been purchased.
- (5) The failure of any Options Participant to follow the procedures in this paragraph (l) may result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined by the Exchange.
- (6) Preparing or submitting an "exercise advice" or "advice cancel" after the applicable deadline on the basis of material information released after such deadline, in addition to constituting a violation of this Rule, is activity inconsistent with just and equitable principles of trade.
- (7) The procedures set forth in subparagraphs (1)-(2) of this subparagraph (l) do not apply (A) on the business day prior to expiration in series expiring on a day other than a business day or (B) on the expiration day in series expiring on a business day.
- (8) Exercises of American-style, cash-settled index options (and the submission of corresponding "exercise advice" and "advice cancel" forms) shall be prohibited during any time when trading in such options is delayed, halted, or suspended, subject to the following exceptions:
  - (A) The exercise of an American-style, cash-settled index option may be processed and given effect in accordance with and subject to the rules of the Clearing Corporation while trading in the option is delayed, halted, or suspended if it can be documented, in a form prescribed



- by the Exchange, that the decision to exercise the option was made during allowable time frames prior to the delay, halt, or suspension.
- (B) Exercises of expiring American-style, cash-settled index options shall not be prohibited on the business day of expiration, or in the case of index option contracts expiring on a day that is not a business day, the last business day prior to their expiration.
  - (C) Exercises of American-style, cash-settled index options shall not be prohibited during a trading halt that occurs at or after 4:00 p.m. Eastern Time. In the event of such a trading halt, exercises may occur through 4:20 p.m. Eastern Time. In addition, if trading resumes following such a trading halt (pursuant to the procedure described in Section 8 of Chapter V of these Rules (Opening the Market)), exercises may occur during the resumption of trading and for five (5) minutes after the close of the resumption of trading. The provisions of this subparagraph 3) are subject to the authority of the Exchange to impose restrictions on transactions and exercises pursuant to Section 14 of Chapter III of these Rules (Limit on Outstanding Uncovered Short Positions).
  - (D) The Exchange may determine to permit the exercise of American-style, cash-settled index options while trading in such options is delayed, halted, or suspended.

### **Commentary**

**.01** For purposes of this Section 101, the terms "customer account" and "non-customer account" have the same meaning as defined in the Clearing Corporation By-Laws Article I(C)(28) and Article I(N)(2), respectively

**.02** Each Participant shall prepare a memorandum of every exercise instruction received showing the time when such instruction was so received. Such memoranda shall be subject to the requirements of SEC Rule 17a-4(b).

**.03** Reserved.

**.04** Each Participant shall establish fixed procedures to insure secure time stamps in connection with their electronic systems employed for the recording of submissions to exercise or not exercise expiring options.

**.05** The filing of a Contrary Exercise Advice required by this Section 101 does not serve to substitute as the effective notice to the Clearing Corporation for the exercise or non-exercise of expiring options.

Adopted Nov. 14, 2018 (SR-BX-2018-056).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 102, Nasdaq BX, Allocation of Exercise Notices

[Click to open document in a browser](#)

(a) Each Options Participant shall establish fixed procedures for the allocation of exercise notices assigned in respect of a short position in such Options Participant's customers' accounts. The allocation shall be on a "first in, first out," or automated random selection basis that has been approved by the Exchange, or on a manual random selection basis that has been specified by the Exchange. Each Options Participant shall inform its customers in writing of the method it uses to allocate exercise notices to its customers' account, explaining its manner of operation and the consequences of that system.

(b) Each Options Participant shall report its proposed method of allocation to the Exchange and obtain the Exchange's prior approval thereof, and no Options Participant shall change its method of allocation unless the change has been reported to and approved by the Exchange. The requirements of this paragraph shall not be applicable to allocation procedures submitted to and approved by another SRO having comparable standards pertaining to methods of allocation.

(c) Each Options Participant shall preserve for a three-year period sufficient work papers and other documentary materials relating to the allocation of exercise notices to establish the manner in which allocation of such exercise notices is in fact being accomplished.

Adopted Nov. 14, 2018 (SR-BX-2018-056).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 103, Nasdaq BX, Delivery and Payment

[Click to open document in a browser](#)

- (a) Delivery of the underlying security upon the exercise of an options contract, and payment of the aggregate exercise price in respect thereof, shall be in accordance with the Rules of the Clearing Corporation.
- (b) As promptly as possible after the exercise of an options contract by a customer, the Options Participant shall require the customer to make full cash payment of the aggregate exercise price in the case of a call options contract, or to deposit the underlying security in the case of a put options contract, or to make the required margin deposit in respect thereof if the transaction is effected in a margin account, in accordance with the Rules of the Exchange, the provisions of Chapter XIII of these Rules, and the applicable regulations of the Federal Reserve Board.
- (c) As promptly as practicable after the assignment to a customer of an exercise notice the Options Participant shall require the customer to deposit the underlying security in the case of a call options contract if the underlying security is not carried in the customer's account, or to make full cash payment of the aggregate exercise price in the case of a put options contract, or in either case to deposit the required margin in respect thereof if the transaction is effected in a margin account, in accordance with the Rules of the Exchange, the provisions of Chapter XIII of these Rules, and the applicable regulations of the Federal Reserve Board.
- (d) In accordance with the applicable rules of The Options Clearing Corporation ("OCC"), upon exercise of an in-the-money U.S. Dollar-Settled Foreign Currency option structured as a call, the holder receives, from OCC, U.S. dollars representing the difference between the exercise strike price and the closing settlement value of the U.S. Dollar-Settled Foreign Currency options contract multiplied by the number of units of currency covered by the contract. For a U.S. Dollar-Settled Foreign Currency option structured as a put, the holder receives U.S. dollars representing the excess of the exercise price over the closing settlement value of the U.S. Dollar- Settled Foreign Currency option contract multiplied by the number of units of foreign currency covered by the contract.

Adopted Nov. 14, 2018 (SR-BX-2018-056).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options 7 Pricing Schedule

BX Options Participants may be subject to the Charges for Membership, Services and Equipment in the Equity 7 Rules, General 8, Sections 1-2, as well as the fees in this Options 7. For purposes of assessing fees and paying rebates, the following references should serve as guidance.

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

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

The term "**Lead Market Maker**" or ("LMM") applies to a registered BX Options Market Maker that is approved pursuant to Chapter VII, Section 13 to be the LMM in an options class (options classes).

The term "**Non-BX Options Market Maker**" or ("O") is a registered market maker on another options exchange that is not a BX Options Market Maker. A Non-BX Options Market Maker must append the proper Non-BX Options Market Maker designation to orders routed to BX Options.

The term "**Firm**" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

The term "**Professional**" or ("P") means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

The term "**Broker-Dealer**" or ("B") applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

The term "**Common Ownership**" shall mean Participants under 75% common ownership or control. Common Ownership shall apply to all pricing in Options 7, Section 2 for which a volume threshold or volume percentage is required to obtain the pricing.

(a) For purposes of applying any options transaction fee or rebate where the fee assessed, or rebate provided by BX depends upon the volume of an Options Participant's activity, an Options Participant may request that BX aggregate its activity with the activity of its affiliates.

(1) An Options Participant requesting aggregation of affiliate activity shall be required to certify to BX the affiliate status of entities whose activity it seeks to aggregate prior to receiving approval for aggregation, and shall be required to inform BX immediately of any event that causes an entity to cease to be an affiliate. BX shall review available information regarding the entities, and reserves the right to request additional information to verify the affiliate status of an entity. BX shall approve a request unless it determines that the certification is not accurate.

(2) If two or more Options Participants become affiliated on or prior to the sixteenth day of a month, and submit the required request for aggregation on or prior to the twenty-second day of the month, an approval of the request by BX shall be deemed to be effective as of the first day of that month. If two or more

Options Participants become affiliated after the sixteenth day of a month, or submit a request for aggregation after the twenty-second day of the month, an approval of the request by BX shall be deemed to be effective as of the first day of the next calendar month.

(b) For purposes of applying any options transaction fee or rebate where the fee assessed, or rebate provided, by BX depends upon the volume of an Options Participant's activity, references to an entity (including references to a "Options Participant") shall be deemed to include the entity and its affiliates that have been approved for aggregation.

(c) For purposes of options pricing, the term "affiliate" of an Options Participant shall mean any Options Participant under 75% common ownership or control of that Options Participant.

The term "**Appointed MM**" is a BX Options Market Maker who has been appointed by an Order Flow Provider ("OFP") for purposes of qualifying as an Affiliated Entity. An OFP is a Participant that submits orders, as agent or principal, to the Exchange.

The term "**Appointed OFP**" is an OFP who has been appointed by a BX Options Market Maker for purposes of qualifying as an Affiliated Entity.

The term "**Affiliated Entity**" is a relationship between an Appointed MM and an Appointed OFP for purposes of aggregating eligible volume for pricing in Options 7, Section 2(1) for which a volume threshold or volume percentage is required to qualify for higher rebates or lower fees. BX Options Market Makers and OFPs are required to send an email to the Exchange to appoint their counterpart, at least 3 business days prior to the last day of the month to qualify for the next month. The Exchange will acknowledge receipt of the emails and specify the date the Affiliated Entity is eligible for applicable pricing in Options 7, Section 2(1). Each Affiliated Entity relationship will commence on the 1st of a month and may not be terminated prior to the end of any month. An Affiliated Entity relationship will terminate after a one (1) year period, unless either party terminates earlier in writing by sending an email to the Exchange at least 3 business days prior to the last day of the month to terminate for the next month. Affiliated Entity relationships must be renewed annually. Participants under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each Participant may qualify for only one (1) Affiliated Entity relationship at any given time.

The term "**Joint Back Office**" or "**JBO**" applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC and is identified with an origin code as a JBO. A JBO will be priced the same as a Broker-Dealer as of September 1, 2014. A JBO participant is a Participant that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System as further discussed in Chapter XIII, Section 5.

With respect to Options 7, Sections 2(1) and (2) the order that is received by the trading system first in time shall be considered an order adding liquidity and an order that trades against that order shall be considered an order removing liquidity.

Adopted Feb. 7, 2013 (SR-BX-2013-014); amended May 29, 2014 (SR-BX-2014-029), operative Sep. 1, 2014; amended Aug. 20, 2014 (SR-BX-2014-039), operative Dec. 1, 2014; amended Jan. 9, 2015 (SR-BX-2015-004); amended July 8, 2016 (SR-BX-2016-034); amended June 13, 2018 (SR-BX-2018-024); amended Sept. 17, 2018 (SR-BX-2018-046).

## Nasdaq BX Rules, Regulation, Section 1, Nasdaq BX, Collection of Exchange Fees and Other Claims-BX Options

[Click to open document in a browser](#)

Each BX Options Participant, and all applicants for registration, shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation ("NSCC") for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to Rule 1002(c)(1). If a member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 2, Nasdaq BX, BX Options Market— Fees and Rebates

[Click to open document in a browser](#)

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

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

	Fees and Rebates (per executed contract)			
	Customer	BX Op- tions Mar- ket Maker	Non-Cus- tomer <sup>1</sup>	Firm
<b>Penny Pilot Options (Excluding Options in Select Symbols):</b>				
Rebate to Add Liquidity	#	\$0.10 <sup>2</sup>	N/A	N/A
Fee to Add Liquidity	#	\$0.39 <sup>3</sup>	\$0.45	\$0.45
Rebate to Remove Liquidity	#	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	#	\$0.46	\$0.46
<b>Non-Penny Pilot Options:</b>				
Rebate to Add Liquidity	*	N/A	N/A	N/A
Fee to Add Liquidity	*	\$0.50/ \$0.95 <sup>5</sup>	\$0.98	\$0.98
Rebate to Remove Liquidity	*	N/A	N/A	N/A
Fee to Remove Liquidity	N/A	*	\$0.89	\$0.89

<sup>4</sup> Reserved

<sup>1</sup> A Non-Customer includes a Professional, Broker-Dealer and Non-BX Options Market Maker.

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

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

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

# Penny Pilot Options Tier Schedule (excluding Select Symbols Options)

	When:	Rebate to Add Liquidity Customer	Fee to Add Liquidity Customer	Rebate to Remove Liquidity Customer	Fee to Remove Liquidity BX Op- tions Mar- ket Maker	Fee To Re- move Liq- uidity BX Op- tions Mar- ket Maker
	Trading with:	Non-Cus- tomer, BX Options Market Maker, or Firm	Customer	Non-Cus- tomer, BX Options Market Maker, Customer, or Firm	Customer	Non-Cus- tomer, BX Options Market Maker, or Firm
Tier 1	Participant executes less than 0.05% of total industry customer equity	\$0.00	\$0.39	\$0.00	\$0.39	\$0.46

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

Tier 2	and ETF option ADV contracts per month. Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.39	\$0.25	\$0.39	\$0.46
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month	\$0.20	\$0.39	\$0.35	\$0.30	\$0.46

Select Symbols Options Tier Schedule

		<b>Rebate to Add Liquidity Customer</b>	<b>Fee to Add Liquidity BX Options Market Maker Customer</b>	<b>Rebate to Remove Liquidity Customer</b>	<b>Fee to Remove Liquidity BX Options Market Maker Customer</b>	<b>Fee to Add Liquidity BX Options Market Maker Non-Customer or BX Options Market Maker, or Firm</b>
<b>When:</b>						
<b>Trading with:</b>		<b>Non-Customer or BX Options Market Maker, or Firm</b>	<b>Customer</b>	<b>Non-Customer, BX Options Market Maker, Customer, or Firm</b>	<b>Customer</b>	<b>Non-Customer or BX Options Market Maker, or Firm</b>
Tier 1	Participant executes less than 0.05% of total industry customer equity and ETF option ADV contracts per month.	\$0.00	\$0.44	\$0.00	\$0.42	\$0.14
Tier 2	Participant executes 0.05% to less than 0.15% of total industry customer equity and ETF option ADV contracts per month.	\$0.10	\$0.44	\$0.25	\$0.42	\$0.10
Tier 3	Participant executes 0.15% or more of total industry customer equity and ETF option ADV contracts per month	\$0.20	\$0.40	\$0.37	\$0.39	\$0.04
Tier 4	Participant executes greater than 10,000 PRISM Agency Contracts per month; or Participant executes BX Options Market Maker volume of 0.30% or more of total industry customer equity and ETF options ADV per month	\$0.25	\$0.29	\$0.37	\$0.25	\$0.00



## BX Options Select Symbol List

The following are Select Symbols: ASHR, DIA, DXJ, EEM, EFA, EWJ, EWT, EWW, EWY, EWZ, FAS, FAZ, FXE, FXI, FXP, GDX, GLD, HYG, IWM, IYR, KRE, OIH, QID, QLD, QQQ, RSX, SDS, SKF, SLV, SRS, SSO, TBT, TLT, TNA, TZA, UNG, URE, USO, UUP, UVXY, UYG, VXX, XHB, XLB, XLE, XLF, XLI, XLK, XLP, XLU, XLV, XLY, XME, XOP, XRT

- Firm fee to add liquidity and fee to remove liquidity in Select Symbols Options will be \$0.37 per contract, regardless of counterparty.
- Non-Customer fee to add liquidity and fee to remove liquidity in Select Symbols Options will be \$0.46 per contract, regardless of counterparty.
- BX Options Market Maker fee to remove liquidity in Select Symbols Options will be \$0.46 per contract when trading with Firm, Non-Customer, or BX Options Market Maker.
- Customer fee to add liquidity in Select Symbols Options when contra to another Customer is \$0.33 per contract.
- Volume from all products listed on BX Options will apply to the Select Symbols Options Tiers.

## SPY Options Tier Schedule

	<b>Applied to: Trading with:</b>	<b>Rebate to Remove Liquidity (per contract) Customer Non-Customer, BX Options Market Maker, Customer, or Firm</b>
<b>Tier 1</b>	Participant removes less than 500 SPY Options contracts per day in the customer range	\$0.01
<b>Tier 2</b>	Participant removes 500 to not more than 999 SPY Options contracts per day in the customer range	\$0.10
<b>Tier 3</b>	Participant removes 1000 to not more than 1999 SPY Options contracts per day in the customer range	\$0.35
<b>Tier 4</b>	Participant removes 2000 to not more than 3999 SPY Options contracts per day in the customer range	\$0.43
<b>Tier 5</b>	Participant removes more than 3999 SPY Options contracts per day in the customer range	\$0.52

- Note 1: Firm fee to add liquidity and fee to remove liquidity in SPY Options will be \$0.41 per contract, regardless of counterparty.
- Note 2: Non-Customer fee to add liquidity and fee to remove liquidity in SPY Options will be \$0.44 per contract, regardless of counterparty.
- Note 3: BX Options Market Maker fee to remove liquidity in SPY Options will be \$0.44 per contract when trading with Firm, Non-Customer, or BX Options Market Maker.
- Note 4: Customer fee to add liquidity in SPY Options when contra to another Customer will be \$0.38 per contract. There will be no fee or rebate for Customer SPY Options that add liquidity when contra to Firm, BX Options Market Maker or Non Customer.
- Note 5: BX Options Market Maker fee to add liquidity and BX Options Market Maker fee to remove liquidity in SPY Options will each be \$0.39 per contract when trading with Customer.
- Note 6: BX Options Market Maker fee to add liquidity in SPY Options will be \$0.14 per contract when trading with Firm, BX Options Market Maker or Non Customer.

\* Non-Penny Pilot Options Tier Schedule

<b>Rebate to Add Liq-uidity</b>	<b>Fee to Add Liquidity</b>	<b>Rebate to Remove Liquidity</b>	<b>Fee to Re-move Liq-uidity</b>	<b>Fee To Re-move Liq-uidity</b>
---------------------------------	-----------------------------	-----------------------------------	----------------------------------	----------------------------------

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

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

**(2) Opening Cross** All orders executed in the Opening Cross:

Customer orders will receive the Rebate to Remove Liquidity during the Exchange's Opening Cross, unless the contra-side is also a Customer (in which case no Fee to Remove Liquidity is assessed and no Rebate to Remove Liquidity is received). Professionals, Firms Broker-Dealers and Non-BX Options Market Makers will be assessed the Fee to Remove Liquidity during the Exchange's Opening Cross.

**(3) Fees for routing contracts to markets other than the BX Options Market shall be assessed as follows:**

<b>Non-Customer</b>	• \$0.99 per contract to any options exchange.
<b>Customer</b>	• Routing Fees to NOM and PHLX: \$0.13 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed.
	• Routing Fees to all other options exchanges: \$0.23 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee will be \$0.13.

**(4) Fees for execution of contracts on the BX Options Market that generate an order exposure alert per BX Chapter VI, Section 11(a):**

	<b>Fees and Rebates (per executed contract)</b>		
	<b>Customer</b>	<b>BX Options Mar- ket Maker</b>	<b>Non-Cus- tomer<sup>1</sup></b>
<b>Penny Pilot Options:</b>			
<b>Rebate for Order triggering order exposure alert:</b>	\$0.34	\$0.00	\$0.00
<b>Fee for Order responding to order exposure alert:</b>	\$0.39	\$0.39	\$0.45
<b>Non-Penny Pilot Options:</b>			
<b>Rebate for Order triggering order exposure alert:</b>	\$0.70	\$0.00	\$0.00

Fee for Order responding to order exposure alert: \$0.85 \$0.85 \$0.89

(5) Fees and rebates for BX Price Improvement Auction ("PRISM")

Type of Market Participants	Fees and rebates (per contact)						
	Submitted PRISM Order			Responded to PRISM Auction		PRISM Order Traded With PRISM Response	
	Agency Order	Contra-Side Order	Order	Penny Classes	Non-Penny Classes	Penny Classes	Non-Penny Classes
Customer	\$0.00	\$0.00	\$0.00	\$0.49	\$0.94	\$0.35	\$0.70
BX Options Market Maker	\$0.30	\$0.05	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00
Non-Customer	\$0.30	\$0.05	\$0.05	\$0.49	\$0.94	\$0.00	\$0.00

BX will apply the rebate to market participants that submitted a PRISM Order pursuant to a PRISM Auction and the PRISM Order traded with PRISM Response. The Agency Order fee for Submitted PRISM Order will be applicable to any contract(s) for which a rebate is provided for PRISM Order Traded with PRISM Response.

(6) Removal of Days for Purposes of Pricing Tiers:

(i) (A) Any day that the Exchange announces in advance that it will not be open for trading will be excluded from the options tier calculations set forth in its Pricing Schedule; and (B) any day with a scheduled early market close ("Scheduled Early Close") may be excluded from the options tier calculations only pursuant to paragraph (iii) below.

(ii) The Exchange may exclude the following days ("Unanticipated Events") from the options tier calculations only pursuant to paragraph (iii) below, specifically any day that: (A) the market is not open for the entire trading day, (B) the Exchange instructs Participants in writing to route their orders to other markets, (C) the Exchange is inaccessible to Participants during the 30-minute period before the opening of trade due to an Exchange system disruption, or (D) the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours.

(iii) If a day is to be excluded as a result of paragraph (i)(B) or (ii) above, the Exchange will exclude the day from any Participant's monthly options tier calculations as follows:

(A) the Exchange may exclude from the ADV calculation any Scheduled Early Close or Unanticipated Event; and

(B) the Exchange may exclude from any other applicable options tier calculation provided for in its Pricing Schedule (together with (ii)(A), "Tier Calculations") any Scheduled Early Close or Unanticipated Event.

provided, in each case, that the Exchange will only remove the day for Participants that would have a lower Tier Calculation with the day included.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended June 26, 2012 (SR-BX-2012-043), operative July 2, 2012; amended July 10, 2012 (SR-BX-2012-051); amended August 30, 2012 (SR-BX-2012-060); amended October 31, 2012 (SR-BX-2012-071), operative November 1, 2012; amended Dec. 18, 2012 (SR-BX-2012-074), operative Jan. 2, 2013; amended Jan. 2, 2013 (SR-BX-2013-002); amended Jan. 15, 2013 (SR-BX-2013-005), operative Feb. 1, 2013; amended Feb. 7, 2013 (SR-BX-2013-014); amended Feb. 21, 2013 (SR-BX-2013-017); amended Mar. 8, 2013 (SR-BX-2013-023), operative Apr. 1, 2013; amended Apr. 9, 2013 (SR-BX-2013-030), operative May 1, 2013; amended May 24, 2013 (SR-BX-2013-037), operative June 3, 2013; amended July 26,

2013 (SR-BX-2013-046), operative Aug. 1, 2013; amended Sep. 23, 2013 (SR-BX-2013-052), operative Oct. 1, 2013; amended Dec. 2, 2013 (SR-BX-2013-060); amended Mar. 3, 2014 (SR-BX-2014-012); amended May 16, 2014 (SR-BX-2014-026), operative June 2, 2014; amended July 1, 2014 (SR-BX-2014-036); amended Oct. 23, 2014 (SR-BX-2014-052), operative Nov. 3, 2014; amended Jan. 9, 2015 (SR-BX-2015-004); amended May 11, 2015 (SR-BX-2015-029), operative May 1, 2015; amended Nov. 20, 2015 (SR-BX-2015-075), operative Nov. 12, 2015; amended Dec. 11, 2015 (SR-BX-2015-081); amended Dec. 11, 2015 (SR-BX-2015-079), operative Nov. 16, 2015; amended Feb. 1, 2016 (SR-BX-2016-010); amended Feb. 29, 2016 (SR-BX-2016-016), operative Mar. 1, 2016; amended May 19, 2016 (SR-BX-2016-027), operative May 2, 2016; amended July 14, 2016 (SR-BX-2016-045), operative July 1, 2016; amended Aug. 31, 2016 (SR-BX-2016-049), operative Sept. 1, 2016; amended Nov. 1, 2017 (SR-BX-2017-051); amended Sept. 17, 2018 (SR-BX-2018-046); amended Dec. 21, 2018 (SR-BX-2018-068); amended Jan. 31, 2019 (SR-BX-2019-001).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 3, Nasdaq BX, BX Options Market - Ports and other Services

[Click to open document in a browser](#)

The below charges are assessed by BX for connectivity to the BX Options Market.

A port is a logical connection or session that enables a market participant to send inbound messages and/or receive outbound messages from the Exchange using various communication protocols. Fees are assessed in full month increments and are not prorated.

An account number shall mean a number assigned to a Participant. Participants may have more than one account number.

(i) The following order and quote protocols are available on BX:

(1) <b>FIX Port Fee</b> <sup>1</sup>	\$650 per port, per month, per account number
(2) <b>SQF Port Fee</b>	\$500 per port, per month
(3) <b>SQF Purge Port Fee</b>	\$500 per port, per month

(ii) The following order and execution information is available to Participants.

(1) <b>CTI Port Fee</b> <sup>1</sup>	\$650 per port, per month
(2) <b>FIX DROP Port Fee</b> <sup>1</sup>	\$650 per port, per month
(3) <b>TradeInfo BX Interface</b>	\$95 per user, per month

(iii) The following data ports fees apply in connection with data subscriptions pursuant to BX Rules at Options 7, Section 4. The below port fees do not apply if the subscription is delivered via multicast. These ports are available to non-BX Participants and BX Participants.

(1) <b>BX Depth Port Fee</b> <sup>1</sup>	\$650 per port, per month
(2) <b>BX TOP Port Fee</b> <sup>1</sup>	\$650 per port, per month

<sup>1</sup> The maximum monthly fees in the aggregate for FIX Port, CTI Port, FIX DROP Port, BX Depth Port and BX TOP Port Fees will be \$7,500.

(iv) Other ports:

**Disaster Recovery Port Fee for ports in subsections (i) - \$0 per port, per month**

(iii)

(v) Access and Redistribution Fee

(1) Definitions: For purposes of this Section:

(A) The term "Equipment Configuration" shall mean any line, circuit, router package, or other technical configuration used to provide a connection to the Exchange market data feeds.

(B) The term "Extranet Provider" shall mean any entity that has signed the Exchange Extranet Connection Agreement and that establishes a telecommunications connection in the Exchange's co-location facility.

(C) The term "Distributor" shall have the meaning set forth in Equity 7, Section 119(b).

(2) Extranet Providers that establish a connection with the Exchange to offer direct access connectivity to market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Equipment Configuration. If an Extranet Provider uses multiple Equipment Configurations to provide Exchange

market data feeds to recipients, the access and redistribution fee shall apply to each such Equipment Configuration. Extranet Providers that use the same Equipment Configuration for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Equipment Configuration.

(3) Distributors (other than Extranet Providers) that utilize a Direct Circuit Connection to the Exchange pursuant to General 8, Section 2 to receive Exchange market data feeds shall be assessed a monthly access and redistribution fee of \$1,000 per Direct Circuit Connection. If a Distributor (other than an Extranet Provider) uses multiple Direct Circuit Connections to receive Exchange market data feeds, the monthly fee shall apply to each. Distributors that use the same Direct Circuit Connection for the receipt of equities and options Exchange market data feeds will be assessed a single fee for that Direct Circuit Connection.

(4) The access and redistribution fees set forth above will not be charged for connectivity to market data feeds containing only consolidated data. For purposes of this Section, consolidated data is data disseminated by the Securities Information Processor for the Options Price Regulatory Authority.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended June 29, 2012 (SR-BX-2012-049), operative July 2, 2012; amended Dec. 15, 2014 (SR-BX-2014-060), operative Jan. 2, 2015; amended Jan. 2, 2015 (SR-BX-2015-002); amended Jan. 12, 2016 (SR-BX-2016-003), operative Jan. 4, 2016; amended Nov. 30, 2016 (SR-BX-2016-066); amended Feb. 1, 2017 (SR-BX-2017-005); amended Feb. 8, 2017 (SR-BX-2017-009); amended Feb. 21, 2017 (SR-BX-2017-015); amended Sep. 29, 2017 (SR-BX-2017-041); amended Oct. 2, 2017 (SR-BX-2017-042); amended Oct. 12, 2017 (SR-BX-2017-043); amended Oct. 25, 2017 (SR-BX-2017-048); amended Apr. 27, 2018 (SR-BX-2018-017); amended June 13, 2018 (SR-BX-2018-024); amended Sept. 17, 2018 (SR-BX-2018-046); amended Nov. 27, 2018 (SR-BX-2018-060).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 4, Nasdaq BX, BX Options Market Data Distributor Fees

[Click to open document in a browser](#)

(a) The charges to be paid by recipients of BX Top and BX Depth options data feeds shall be:

	<b>Monthly Internal Distributor Fee</b>	<b>Monthly External Distributor Fee</b>	<b>Monthly Non-Display Enterprise License Fee</b>
BX Top and BX Depth *	\$1,500/firm	\$2,000/firm	\$2,500/firm

\* One Distributor fee allows access to both the BX Top and BX Depth data feeds.

### **Monthly Per Subscriber Fee**

BX Top	\$5/professional Subscriber	\$1/non-professional Subscriber
BX Depth	\$10 professional Subscriber	\$1/non-professional Subscriber

(b) A "Distributor" of BX options market data is any entity that receives a feed or data file of BX data directly from the Exchange or indirectly through another entity and then distributes the data either internally (within that entity) or externally (outside that entity). All Distributors shall execute a Distributor agreement with the Exchange. BX itself is a vendor of its data feed(s) and has executed a Distributor agreement and pays the associated charges.

(c) An "Non-Display Enterprise License" entitles a Distributor to provide BX Top or BX Depth market data pursuant to this Section to an unlimited number of non-display devices within the firm without any per Subscriber charge associated with those devices.

(d) BX Top of Market (BX Top) is data that includes the BX Options Market ("BX") Best Bid and Offer and last sale information for trades executed on BX.

(e) BX Depth of Market (BX Depth) is data feed that includes quotation information for individual orders on the BX book, last sale information for trades executed on BX, and Order Imbalance Information as set forth in BX Rules Chapter VI, Section 8.

(f) The term "Non-Professional" shall have the same meaning as in BX Equity 7, Section 123(b)(2).

(g) 30-Day Free Trial Offer. BX may offer all new individual (non-firm) Subscribers and potential new individual Subscribers a 30-day waiver of the Subscriber fees for Nasdaq options market data pursuant to this Section. This fee waiver period shall be applied on a rolling basis, determined by the date on which a new individual Subscriber is first entitled by a Distributor to receive access to BX options market data. A Distributor may only provide this waiver to a specific individual Subscriber once.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended June 11, 2013 (SR-BX-2013-040); amended Sept. 17, 2018 (SR-BX-2018-046).

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

## Nasdaq BX Rules, Regulation, Section 5, Nasdaq BX, BX Options Regulatory Fee

[Click to open document in a browser](#)

BX Participants will be assessed an Options Regulatory Fee of \$0.0005 per contract side.

The Options Regulatory Fee ("ORF") is assessed by BX to each BX Participant for options transactions cleared by OCC in the Customer range where: (1) the execution occurs on BX or (2) the execution occurs on another exchange and is cleared by a BX Participant. The ORF is collected by OCC on behalf of BX from (1) BX clearing members for all Customer transactions they clear or (2) non-members for all Customer transactions they clear that were executed on BX. BX uses reports from OCC when assessing and collecting ORF. The Exchange will notify Participants via an Options Trader Alert of any change in the amount of the fee at least 30 calendar days prior to the effective date of the change.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended Jan. 21, 2016 (SR-BX-2016-007), operative Feb. 1, 2016; amended July 6, 2016 (SR-BX-2016-043), operative Aug. 1, 2016; amended July 26, 2017 (SR-BX-2017-032), operative Aug. 1, 2017; amended Oct. 2, 2017 (SR-BX-2017-040); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Section 6, Nasdaq BX, BX Options Maintenance Tool

[Click to open document in a browser](#)

The BX Options Maintenance Tool will be available to each subscriber for a subscription fee of \$200 per month, per user.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended June 29, 2012 (SR-BX-2012-049), operative July 2, 2012; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 7, Nasdaq BX, BX Options Fee Disputes

[Click to open document in a browser](#)

- (a) All fee disputes concerning fees which are billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation.
- (b) All fee disputes must be submitted no later than sixty (60) days after receipt of a billing invoice.
- (c) This Section applies to the following BX Options market fees:
  - (1) Section 2 "BX Options Market - Fees";
  - (2) Section 3 "BX Options Market - Ports and other Services", with the exception of the TradeInfo Fee; and
  - (3) Section 5 "BX Options Regulatory Fee."

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended Nov. 30, 2016 (SR-BX-2016-066); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 8, Nasdaq BX, Sales Fee - Options

[Click to open document in a browser](#)

A Sales Fee is assessed by BX to each member for sales of securities through BX transaction execution systems in the following circumstances:

- (a) When a sale in option securities occurs with respect to which BX is obligated to pay a fee to the SEC under Section 31 of the Act;
- (b) When a sell order in option securities is routed for execution at a market other than the BX Options market, resulting in a covered sale on that market and an obligation of the routing facility of BX to pay the related sales fee of that market;

The Sales Fee is collected indirectly from members through their clearing firms by a designated clearing agency, as defined by the Act, on behalf of BX. The amount of the Sales Fee is equal to (i) the Section 31 fee rate multiplied by (ii) the member's aggregate dollar amount of covered sales resulting from transactions through BX transaction execution systems during any computational period.

Adopted by SR-BX-2012-030 eff. June 26, 2012; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 9, Nasdaq BX, Testing Facilities

[Click to open document in a browser](#)

The Exchange operates a test environment in Carteret, New Jersey. References to the "Testing Facility" refers to this test environment.

Subscribers to the Testing Facility shall pay a fee of \$1,000 per hand-off, per month for connection to the Testing Facility. The hand-off fee includes either a 1Gb or 10Gb switch port and a cross connect to the Testing Facility. Subscribers shall also pay a one-time installation fee of \$1,000 per hand-off.

The connectivity provided under this Section also provides connectivity to the other test environments of The Nasdaq Stock Market LLC and Nasdaq PHLX LLC. Additionally, the connectivity may be utilized for either equities or options testing.

Adopted Oct. 16, 2015 (SR-BX-2015-059), operative Oct. 26, 2015; amended Oct. 18, 2017 (SR-BX-2017-045); amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Section 10, Nasdaq BX, Participant Fee - Options

[Click to open document in a browser](#)

BX Options Participants will be subject to a Participant Fee of \$500 per month.

Adopted Dec. 17, 2015 (SR-BX-2015-083), operative Jan. 4, 2016; amended Sept. 17, 2018 (SR-BX-2018-046).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, QUALIFICATIONS FOR MEMBERSHIP

[Click to open document in a browser](#)

(a) The Corporation shall act for those organizations, entities or persons accepted by the Corporation as Members under these Rules. A person, partnership, corporation or other organization or entity shall be qualified to become a Member if it is not subject to any statutory disqualification and it satisfies at least one of the following qualifications:

(i) it is a broker or dealer registered under the Securities Exchange Act of 1934;

(ii) it is a bank or trust company, including a trust company having limited power, which is a member of the Federal Reserve System or is supervised and examined by state or federal authorities having supervision over banks;

(iii) it is a Registered Clearing Agency;

(iv) it is an insurance company subject to supervision or regulation pursuant to the provisions of state insurance laws;

(v) it is an investment company registered under the Investment Company Act of 1940, as amended; or

(vi) it is one which demonstrates to the Corporation that its business and capabilities are such that it could reasonably expect material benefits from direct access to the Corporation's services.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, APPROVAL OF APPLICANTS**

[Click to open document in a browser](#)

The Corporation shall approve on a nondiscriminatory basis the application to become a Member of any applicant meeting the qualifications of Section 1 upon a determination by the Corporation that the applicant meets the following additional standards for qualification:

- (a)** The applicant has sufficient financial ability to pay its anticipated contribution to the Clearing Fund and to meet its obligations to the Corporation on the basis of the value of the positions which the applicant proposes to maintain with, and the transactions which the applicant proposes to process through, the Corporation.
- (b)** The applicant has affirmatively shown that it has, and has undertaken to continue to maintain, adequate personnel, physical facilities, books and records, and procedures to fulfill its anticipated commitments to the Corporation and to other Members.
- (c)** The applicant has demonstrated the ability to settle transactions via DTC including its institutional delivery System and, in the case of Broker/Dealers to clear transactions via NSCC.
  - (i)** Broker/Dealers joining the Corporation who are also members of NSCC or who are clearing transactions through an NSCC Member, must sign a Regional Interface Operation ("RIO") Agreement with both NSCC and the Corporation.
  - (ii)** Broker/Dealers joining the Corporation as Member-Specialists not financed by the Corporation must fulfill the requirements of Section 2(c) (i) for RIO Membership.
  - (iii)** Broker/Dealers joining the Corporation as Member Specialists financed by the Corporation must:
    - (A)** Agree to abide by all policies and procedures set forth and from time to time, amended by the Corporation that enables the Corporation to meet all necessary NSCC and DTC requirements.
    - (B)** Sign a Member Specialist's "Consent to Loan of Securities."
- (d)** The Corporation has received no substantial information which would reasonably and adversely reflect on the applicant, any affiliate of the applicant (as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934), or any person associated with the applicant in a responsible capacity, to such an extent that the applicant should be denied access to the Corporation; provided, however, that no application shall be denied pursuant to this subsection (d) unless the Corporation shall have reasonable grounds to believe that the applicant or any such affiliate or associate:
  - (i)** has been responsible for fraud, fraudulent acts, breach of fiduciary duty, or the willful violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, or any rule or regulation adopted pursuant to any of said Acts;
  - (ii)** has been convicted within ten years preceding the filing of the application or at any time thereafter of (A) any criminal offense involving the purchase, sale or delivery of any security, or the taking of a false oath, or the making of a fraudulent statement, or the making of a false report, or bribery, or perjury, or burglary, or conspiracy to commit any offense referred to in this clause (ii), (B) the larceny, theft, robbery, embezzlement, extortion, fraudulent conversion, fraudulent concealment, forgery or misappropriation of funds, securities or other property, (C) any violation of Section 152, 1341, 1342 or 1343 or Chapter 25 or 47 of Title 18, United States Code, or (D) any other offense involving breach of fiduciary obligation,

or arising out of the conduct of business as a broker, dealer, investment adviser, bank, trust company, fiduciary, insurance company or other financial institution;

(iii) has been permanently or temporarily enjoined or prohibited by order, judgment or decree of any court or other governmental authority of competent jurisdiction from acting as, or as a person associated with, a broker, dealer, investment adviser or underwriter, or as an affiliated person or employee of any investment company, bank, trust company, fiduciary, insurance company or other financial institution or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security;

(iv) has been suspended or expelled from a national securities exchange, a national or affiliated securities association, a clearing agency or a securities depository registered under the Securities Exchange Act of 1934, or has been barred or suspended from being associated with members of such an exchange, association, Clearing Agency or securities depository; or

(v) has made a misstatement of a material fact or has omitted to state a material fact to the Corporation in connection with its application or thereafter.

The Corporation may waive any standard as to any applicant, either unconditionally or on an appropriate temporary or other conditional basis, if the Corporation determines that said standard, as applied to such applicant, is unduly or disproportionately severe or that the conduct of said applicant has been such that it would not be against the best interest of the Corporation, its Members and the public to waive said standard.

(e) Notwithstanding the foregoing, the Corporation may decline to accept the application of any applicant upon a determination by the Corporation that the Corporation does not have adequate personnel, space, data processing capacity or other operational capabilities at that time to furnish service to additional Members without impairing its ability to provide services for its then existing Members, to effect the prompt and orderly settlement of securities transactions, to safeguard the funds and securities held for Members, or to otherwise carry out its functions; provided, however, that applicants whose applications are denied pursuant to this paragraph shall be approved as promptly as the capabilities of the Corporation permit.

(f) Any applicant aggrieved by action taken by the Corporation pursuant to the Rule shall be entitled to review in accordance with the provision of Rule XI.

**Amended.**

February 23, 2004

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## **Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, AGREEMENTS OF MEMBERS**

[Click to open document in a browser](#)

An applicant whose application to become a Member has been approved by the Corporation shall pay to the Corporation its original contribution to the Clearing Fund and shall sign and deliver to the Corporation an instrument in writing whereby it agrees:

- (a) That the applicant while a Member will abide by the Rules and Procedures of the Corporation and shall be bound by all the provisions thereof, including the provisions prescribing the liens which the Corporation shall have upon stocks and securities which are the subject of transactions had for the applicant's account, and the Corporation shall have all the liens, rights, and remedies contemplated by the By-Laws and Rules of the Corporation.
- (b) That the By-Laws and Rules of the Corporation shall be a part of the terms and conditions of every contract or transaction which the applicant while a Member may make or have with the Corporation.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, NON-MEMBER USE OF SERVICES

[Click to open document in a browser](#)

(a) Only Members shall be entitled to settle contracts through the Corporation. A Member who compares, settles or carries out through the Corporation any contract or transaction for a person who is not a Member shall, so far as the rights of the Corporation and all other Members are concerned, be liable as principal.

(b) Limited services of the Corporation shall be available to such persons, partnerships or corporations approved by it which are not members but which have entered into an agreement with the Corporation for the purpose of utilizing the Corporation's equipment and personnel for direct computer processing with DTC or NSCC.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 5., Nasdaq BX, TERMINATION OF MEMBERSHIP

[Click to open document in a browser](#)

The Corporation may at any time cease to make its services available to a Member in accordance with Rule IX or X and the Member shall, upon receipt of notice thereof given by the Corporation as provided in Rule IX or X, cease to be a Member; provided, however, that if the Corporation notifies a Member that it has ceased to act for it with respect to a particular transaction or transactions, the Member will, in all other respects, continue to be a Member.

**(b)** A Member may voluntarily terminate its membership in the Corporation in accordance with the provisions of Rule IX.

**(c)** In the event that a Member shall cease to be a Member, the Corporation shall thereupon cease to make its services available to the Member except that the Corporation may perform services necessary to terminate the business of the Member, and the Member shall pay to the Corporation all fees and charges with respect to services so provided by the Corporation. The Corporation shall immediately notify the Securities and Exchange Commission when it ceases to make its services available to a Member.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 6., Nasdaq BX, MEMBER BOUND BY ACTION TAKEN**

[Click to open document in a browser](#)

Each Member shall be bound by action of the Corporation taken pursuant to these Rules.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, MAINTENANCE AND PURPOSE

[Click to open document in a browser](#)

The Corporation shall maintain a fund, known as the "Clearing Fund," to make good losses suffered by the Corporation incident to the operation of the clearance and settlement business of the Corporation. Each Member shall contribute to the Clearing Fund as provided in this Rule, except that Specialists shall be deemed to meet this requirement up to the amount specified by Section 2 of this Rule pursuant to their Minimum Equity Requirement under Chapter XXII, Section 2(f) of the Exchange Rules, and such portion of the Minimum Equity Requirement shall be deemed Clearing Fund for purposes of this Rule.

Rule II, Section 1 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. For the purposes of the Corporation's rules, policies and procedures, the Corporation is deemed inactive when it suspends clearing of security purchases or sales on the Exchange or other markets and the receipt, deliver and transfer of securities pursuant thereto and settlement money payment thereon; has provided written notice to its Members of the suspension of its operations; and does not hold any deposits in the Clearing Fund.

Amended Oct. 7, 1996; amended Feb. 23, 2004, amended Dec. 20, 2010 (SR-BSECC-2010-002).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, AMOUNT OF DEPOSIT

[Click to open document in a browser](#)

Each Member shall be required to make a deposit to the Clearing Fund in an amount fixed by the Corporation. The minimum contribution for each Member shall be \$6,000, ("Minimum Contribution") unless changed by the Board of Directors. The Board of Directors in its discretion may establish a formula and, from time to time, change the formula pursuant to which the contributions of Members are fixed; provided that any such formula for determining contributions in excess of the Minimum Contribution shall be based upon a Member's usage of the Corporation's services, and that notice of any such change shall be given to each Member at least 10 business days in advance of the effective date thereof.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, FORM OF DEPOSIT

[Click to open document in a browser](#)

(a) The Member's Minimum Contribution to the Clearing Fund shall be in manner and form of funds acceptable to the Corporation.

(b) The Corporation may permit all or part of Member's contribution to the Clearing Fund that is in excess of the Minimum Contribution to be evidenced by an open account indebtedness secured by unmatured debt obligations of the United States or instrumentalities of the United States, or unmatured bonds which are general obligations of, or obligations guaranteed as to principal and interest by a State or political subdivision thereof which are in the first or second ratings of any nationally known statistical service ("Qualifying Bonds"). Qualifying Bonds shall be valued at the lesser of the par value or 100% of the current market value thereof. Such Qualifying Bonds shall be pledged to the Corporation on such terms and conditions as it shall require. The Board of Directors may, ten (10) business days after giving written notice thereof to all Members, increase or decrease the amount of the Members' contributions required to be maintained in cash; provided that such requirement shall apply to all Members. In the discretion of the Corporation Qualifying Bonds shall be pledged to the Corporation's account at a Registered Clearing Agency as defined in Section 3(a)(23) of the Securities Exchange Act of 1934 or shall be held by the Corporation or for its account by a bank or trust company (other than the Member) designated by the Member and acceptable to the Corporation.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, INVESTMENT OF CONTRIBUTIONS

[Click to open document in a browser](#)

(a) In the discretion of its Board of Directors any cash contained in the Clearing Fund may be partially or wholly invested by the Corporation for its account in securities issued or guaranteed by the United States or its agencies or invested in certificates of deposit or similar deposits of FDIC insured banks; provided however that the Corporation shall invest no more in any one approved bank than an amount which will insure maximum FDIC insurance protection, and to the extent not so invested shall be deposited by the Corporation in its name in such FDIC insured banks as may be selected by the Corporation.

(b) Any interest paid by a depository on the Minimum Contributions of Members or earned on securities in which such Minimum Contributions may be invested by the Corporation shall belong to the Corporation. Each Member shall be entitled to any interest paid on Qualifying Bonds and to any interest earned by the Corporation on cash contributions in excess of the Minimum Contribution.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## **Nasdaq BX Rules, Regulation, Sec. 5., Nasdaq BX, USE AND APPLICATION OF CLEARING FUND**

[Click to open document in a browser](#)

**(a)** Subject to the limitations contained in this Rule and the use of a Member's contribution to satisfy its obligations to the Corporation as provided herein, the use of the Clearing Fund shall be limited to satisfaction of losses or liabilities of the Corporation incident to the operation of the clearance and settlement business of the Corporation.

**(b)** The Clearing Fund may be used by the Corporation as security for loans made to the Corporation; provided that the proceeds of such loans are used for a purpose permissible under this Section. If such loans are made as a result of a loss or liability suffered by the Corporation, the Corporation will promptly, but in no event exceeding 30 days from the day the loan is made, repay the loan in full.

**(c)** No cash in the Clearing Fund and no proceeds of any loans made to the Corporation upon the pledge by the Corporation of Qualifying Bonds pledged by a Member to secure the Member's open account indebtedness, and no money payments received from Members and payable to others ("Cash Receipts") shall be used by the Corporation for any purpose other than

**(i)** the investment of any Clearing Fund Cash or Cash Receipts in securities issued or guaranteed as to principal and interest by the United States or its agencies, or invested in certificates of deposit or similar deposits of FDIC insured banks selected by the Corporation, or deposited by the Corporation in its name in a FDIC insured bank selected by the Corporation;

**(ii)** the payment of Cash Receipts to the persons entitled thereto for the purposes for which such Cash Receipts were received by the Corporation, including the allocation of fees, fines and other charges receivable by the Corporation to the Corporation's general account;

**(iii)** the application of Clearing Fund cash to satisfy any loss or liability of the Corporation to the extent permissible pursuant to this Rule or the return of the deposit of a Member pursuant to this Rule; or

**(iv)** the loan of Clearing Fund cash to the Corporation to permit the Corporation to meet its settlement obligations.

**(d)** If any Member shall fail to discharge any liability to the Corporation or the Exchange (if the Member is also a member of the Exchange), its contribution to the Clearing Fund, or so much thereof as is necessary, shall forthwith be applied toward the discharge of such liability; provided however that the rights, if any, of the Exchange shall be subordinated and junior to the rights of the Corporation or its Members and no application of a Member's Clearing Fund deposit shall be made to satisfy a Member's obligation to the Exchange until such time as all obligations to the Corporation or other Members arising hereunder have been satisfied. Such Member shall, upon demand, make good the deficiency in the amount of its contribution resulting from such application. Failure by a Member to do so shall constitute grounds for termination of such Member or other appropriate disciplinary action pursuant to these Rules.

**(e)** If the Corporation suffers loss or liability by reason of a Member's default, any loss or liability charged to the Clearing Fund shall be charged pro rata against the contributions of the nondefaulting Members, as such contributions were fixed at the time the loss or liability is discovered. Notice shall be provided to the Members and the Securities and Exchange Commission of a charge against the Clearing Fund and shall state the amount of the charge and the reason therefore.

**Amended.  
February 23, 2004.**

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 6., Nasdaq BX, PRO RATA CHARGES TO CLEARING FUND**

[Click to open document in a browser](#)

**(a)** If a pro rata charge is made against a Member's contribution to the Clearing Fund, such Member shall immediately, upon demand, make good the deficiency in the amount of its contribution resulting from such pro rata charge. Failure by a Member to make good the deficiency on demand shall constitute grounds for termination or other appropriate disciplinary action pursuant to these Rules.

**(b)** Notwithstanding the foregoing, if, prior to or within ten (10) days after issuance of notice to it of a pro rata charge hereunder, a Member shall give written notice to the Corporation of its election that the Corporation shall definitively cease to act for it, such Member's aggregate liability to the Corporation in respect of such a pro rata charge, and all other pro rata charges made thereafter by reason of transactions occurring before it ceases to be a Member, shall not exceed an amount equal to double the amount of its total contribution to the Clearing Fund as fixed immediately prior to such pro rata charge. The amount of the Members' deposit in the Clearing Fund shall be credited against such aggregate liability.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 7., Nasdaq BX, RECOVERY OF LOSS CHARGED PRO RATA**

[Click to open document in a browser](#)

If a loss charged pro rata against the contributions of Members is afterwards recovered by the Corporation, in whole or in part, the net amount of such recovery shall be paid pro rata to the non-defaulting Members against whose contributions the loss was originally charged, whether or not they are still Members.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 8., Nasdaq BX, NOTICE OF CHANGE IN CONTRIBUTIONS

[Click to open document in a browser](#)

(a) Any increase in a Member's contribution to the Clearing Fund shall not become effective until such Member is given not less than ten (10) days written notice thereof. If, prior to the time and date established in such notice for the effectiveness of such increase, the Member has given the Corporation written notice of its election that the Corporation shall definitively cease to act for it, it shall not be liable for such increased contribution.

(b) At least once each calendar quarter the Corporation shall determine whether the amount contributed by each Member to the Clearing Fund is equal to the required contribution. If the Corporation determines that any such excess exists, it shall promptly so notify the Member, specifying the amount thereof. At the Member's written request, the Corporation shall cause to be returned to the Member such excess deposit as soon as all open transactions from which losses and payments chargeable to the Clearing Fund might result have been closed and after the amounts, if any, to be charged against the Member's contribution have been satisfied. In the event that the Corporation determines that there exists a deficiency in the amount of the Member's required contribution it shall cause said Member to make such additional deposits as necessary to cure such deficiency.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 9., Nasdaq BX, CESSATION OF MEMBERSHIP**

[Click to open document in a browser](#)

(a) Whenever a Member ceases to be such, for whatever reason, the amount of its contribution to the Clearing Fund shall be returned, but not until all transactions open at the time it ceases to be a Member, from which losses or payments chargeable to the Clearing Fund might result, have been closed and all amounts chargeable against its contribution have been satisfied.

(b) A former Member shall continue to be obligated for contributions for deficiencies or charges arising out of transactions occurring prior to its termination of membership. However, such former Members aggregate liability to the Corporation for charges against the Clearing Fund shall not exceed an amount equal to double the amount of its total obligation for contribution to the Clearing Fund as of the time of termination of Membership.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, RECORDS AND REPORTS**

[Click to open document in a browser](#)

**(a)** All records provided the Members by the Corporation, NSCC and/or DTC will be forwarded to the Member in a manner specified in the Procedures of the Corporation.

**(b)** It is the responsibility of the Member to verify the accuracy of all reports received and immediately notify the Corporation of any discrepancies, irregularities or omissions.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, DUAL MEMBER BROKER/DEALER ACCOUNTS

[Click to open document in a browser](#)

- (a) A Dual Member Broker/Dealer, in addition to being a Member of the Corporation, shall also be a direct member of National Securities Clearing Corporation (NSCC) or utilize the services of a direct member of NSCC for clearing and settling transactions.
- (b) The Corporation will provide a Purchase and Sales Blotter for all trades executed on the floor of the Boston Stock Exchange by Members which are also Members of the Boston Stock Exchange and transmit these transactions to the Member's NSCC account for clearance.
- (c) The Corporation may perform additional NSCC and/or DTC functions on behalf of the Member upon request.

**Amended.**  
**February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, SPECIALIST MEMBER

[Click to open document in a browser](#)

- (a) A Specialist Member is a Member of the Corporation who acts as a Specialist on the floor of the Exchange.
- (b) The Corporation will provide Purchase and Sales Blotters for all trades executed on the floor of the Boston Stock Exchange and transmit these transactions to the Corporation's NSCC Specialist Omnibus account for clearance.
- (c) The Corporation will perform necessary functions for the usual clearance and settlement of transactions and provide daily records of such transaction.
- (d) The Corporation may perform additional functions on behalf of the Member upon request.
- (e) The Corporation will normally settle all Member's trades executed on the floor of the Boston Stock Exchange with NSCC. If such settlement requires that the Corporation pay more money than is held by it for the Member, the Corporation may, in its discretion, loan money to the Member and bill that Member at an appropriate rate of interest in the monthly billing in accordance with the provisions of Rule IV Section 4.
- (f) The Corporation will provide safekeeping and settlement service for those securities held by the Member that are not eligible for DTC's book entry system and provide timely records of the performance of such services.

**Amended.**  
**February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, INSTITUTIONAL MEMBER**

[Click to open document in a browser](#)

- (a)** An Institutional Member is a bank, trust company, insurance company or investment company, as defined in Rule I, which is a Member of the Corporation whose membership in DTC, for the purpose of settling transactions, is sponsored by the Corporation.
- (b)** The Corporation will perform necessary functions for the usual settlement of transactions with NSCC and/or DTC on behalf of the Member.
- (c)** Daily settlement of the Member's net DTC obligation shall be paid by or to the Member in manner and form of funds acceptable to the Corporation.
- (d)** The Corporation may perform additional NSCC and/or DTC functions on behalf of the Member upon request.
- (e)** The Corporation will provide safekeeping and settlement service for those securities held by the Member that are not eligible for DTC's bookentry system and provide timely records of the performance of such services.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Nasdaq BX, [Section 6 Deleted]

[Click to open document in a browser](#)

**[Section 6 deleted effective July 1, 1993.]**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, MEMBER REPRESENTATIVES**

[Click to open document in a browser](#)

- (a) Every Member shall have at least one representative, accessible to the Corporation, each business day between the hours of 9:30 A.M. and 4:30 P.M. Boston time, authorized in the name and on behalf of the Member, to sign all instruments, correct errors and perform such duties as may be required under these Rules and to transact all business in connection with the Member's business with the Corporation. If the Representative of a Member which is a partnership or a sole proprietorship is not a principal of said Member, such representative shall be authorized to act only by written power of attorney. In the case of a Member which is a corporation such representative shall be authorized to act by resolution of the Board of Directors of such corporation. Such power of attorney or resolution shall be in form approved by the Corporation.
- (b) Every Member shall file with the Corporation the signature of each person who is authorized to act on behalf of the Member pursuant to Section 1(a) of this Rule together with the powers of attorney or resolutions bestowing such authority.
- (c) A Member may appoint, with the written consent of the Corporation, another Member as its agent with respect to any or all of the appointing Member's business carried out with the Corporation. Such appointments shall be in such form as the Corporation may require.
- (e) The Corporation may accept and rely upon any instruction given to the Corporation by a Member or its Agent including wire transmission, physical delivery, or by means of instructions recorded on magnetic tape or other media or of facsimile copies of instructions, in manner and form acceptable to the Corporation, which reasonably is understood by the Corporation to have been delivered by the Member, or agent. The Corporation shall have no responsibility or liability for any errors which may occur, without negligence on the Corporation's part, in the course of transmission or recording of any transmissions, or which may exist in any magnetic tape, document or other media so delivered to the Corporation.
- (f) Any Member delivering instructions as provided above shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members who may sustain any loss, liability or expense as a result of (i) any act done in reliance upon the authenticity of any instruction received by the Corporation, (ii) the inaccuracy of the information contained therein or (iii) effecting transactions in reliance upon such information or instruction so long as such transactions are effected in accordance with such information and instructions as given, and so long as the person asserting a right to indemnification shall not have knowledge of such inaccuracy or lack of authenticity at the time of the event or events giving rise to such loss, liability or expense.
- (g) Notwithstanding the foregoing, the Corporation shall cease acting upon any non-written instruction commencing one business day after the Corporation receives written notice from the Member bearing an original signature of the Member, its representative or Agent, directing that the Corporation shall not accept such non-written instructions. A Member shall withdraw such notice in writing, bearing an original signature of the Member, its representative or Agent.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

---

**©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.**

**Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)**

## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, ADMISSION TO PREMISES OF CORPORATION

[Click to open document in a browser](#)

(a) The Corporation shall issue credentials to representatives of Members approved by the Corporation. Such credentials must be shown on demand. Credentials may be revoked at any time by the Corporation in its discretion, and prompt notice of such revocation shall be given to the employer of the persons whose credentials have been so revoked.

(b) Every person to whom, as the representative of a Member, credentials have been or may hereafter be issued by the Corporation shall be deemed to have been authorized by such Member to receive and deliver securities or envelopes on behalf of such member.

(c) Unless revoked by the Corporation, all credentials, authorizations, and powers of attorney issued pursuant to this Rule or in connection with the work of the Corporation shall remain in full force and effect until the Corporation shall have received written notice from the Member of the revocation thereof and any credentials issued by the Corporation are delivered to the Corporation.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, BILLS RENDERED

[Click to open document in a browser](#)

(a) The Corporation will render bills to Members for all Clearing fees, floor commission charges and fines imposed during any month on or before the seventh calendar day of the next succeeding month.

(b) Payment of bills rendered in accordance with section 4(a), above, shall be due and payable on or before the sixteenth (16th) calendar day of the month in which rendered. Balances unpaid in accordance herewith shall be charged to the delinquent Member's settlement.

**Amended.**

**February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, NOTICES

[Click to open document in a browser](#)

Any notice from the Corporation to the Member under these Rules shall be sufficiently served on such Member if the notice is in writing, is delivered to the Member's distribution box, if any, maintained with the Corporation on its premises or, if no distribution box is maintained for the Member, is mailed to the Member's office address to the attention of such person if any, as the Member shall have designated in writing. Any notice from a Member to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered to the address of the Corporation. Any notice to a Member, if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Member at its office address or such other address as it shall specify or, if delivered to the Member's distribution box, shall be deemed to have been given when deposited in the Member's distribution box. Any such notice to the Corporation shall be deemed to have been given when received by the Corporation at the address specified above.

**Amended.**  
**February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 5., Nasdaq BX, BUSINESS DAYS

[Click to open document in a browser](#)

The Corporation shall be open for business on every day that the Federal Reserve Bank of Boston, NSCC and/or DTC is open except as the Board of Directors may from time to time specify. The Corporation shall not be required to be open for business on any day solely because it is a business day in one or more locations where Members engage in business. Any deliveries which the Corporation is required to make, and any transactions which the Corporation is instructed to effect on days on which the Corporation is not open for business will be accepted, made or effected on the next day on which the Corporation is open for business.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## **Nasdaq BX Rules, Regulation, Sec. 6., Nasdaq BX, ACCESS TO BOOKS AND RECORDS OF MEMBERS**

[Click to open document in a browser](#)

The books and records of a Member, to the extent that they relate to the Member's dealings with the Corporation, shall at all times be open to the inspection of the duly authorized representatives of the Corporation. The Corporation shall be furnished with all such information, in respect to the Member's business and transactions as it may require, provided that (A) the aforesaid rights of the Corporation shall be subject to any applicable laws or rules or regulations of regulatory bodies having jurisdiction over the Member which relate to the confidentiality of records, and (B) if the Member shall cease to be a Member, the Corporation shall have no right to inspect the Member's books and records or to require information relating to transactions wholly subsequent to the time when the Member ceases to be a Member.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 7., Nasdaq BX, MEMBER ACCOUNTS

[Click to open document in a browser](#)

The Member shall maintain its accounts with the Corporation in compliance with all applicable laws, all rules and regulations thereunder, and all provisions of the Member's contracts with its customers. The maintenance of any account by the Member with the Corporation shall constitute such Member's representation to the Corporation as to such compliance.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, SCHEDULE OF CHARGES**

[Click to open document in a browser](#)

**(a)** The Board of Directors shall adopt, and may from time to time amend, a non-discriminatory schedule of charges for the services rendered.

**(b)** A Member may be charged for any unusual expenses caused directly or indirectly by such Member including but without limitation, the cost of producing records pursuant to a court order or other legal process in any litigation or other legal proceeding whether or not such Member is a party to such litigation or proceeding.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, PAYMENT OF CHARGES**

[Click to open document in a browser](#)

The Corporation will bill each Member and receive payment as described in Rule IV Section 4.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, ANNUAL AUDIT

[Click to open document in a browser](#)

The annual financial statements of the Corporation shall be audited by a firm of independent public accountants selected by the Board of Directors of the Corporation. Such audit shall be conducted in accordance with generally accepted auditing standards.

Rule VI, Section 1 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. The Corporation shall, however, provide a review of business operations in lieu of an audit during the year in which all clearing funds were returned to the members.

Amended Dec. 20, 2010 (SR-BSECC-2010-002).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, REVIEW OF INTERNAL ACCOUNTING CONTROLS

[Click to open document in a browser](#)

A study and evaluation of the system of internal accounting controls pertaining to participants' security positions and related money balances shall be conducted annually by independent public accountants. Such study and evaluation shall be conducted in accordance with standards established by the American Institute of Certified Public Accountants.

Rule VI, Section 2 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status. This suspension is also in effect during the year in which all clearing funds were returned to the members.

Amended Dec. 20, 2010 (SR-BSECC-2010-002).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, FINANCIAL REPORTS

[Click to open document in a browser](#)

(a) Within 90 days after the end of each fiscal year of the Corporation, the Corporation shall provide to each Member financial statements of the Corporation audited by independent public accountants for such fiscal year.

(b) Within 30 days after the close of any fiscal quarter, the Corporation shall provide to any Member upon request, unaudited quarterly financial statements of the Corporation.

Rule VI, Section 3 shall be suspended during any period in which the Corporation has suspended its operations and is in an inactive status.

Amended Dec. 20, 2010 (SR-BSECC-2010-002).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, VOLUNTARY TERMINATION**

[Click to open document in a browser](#)

- (a) Any Member may, upon not less than 30 days prior written notice to the Corporation, terminate its membership.
- (b) Membership in NSCC and/or DTC as a Boston Representative Account will cease upon termination of membership in the Corporation.
- (c) After a Member ceases to be such, the amount of its Clearing fund contribution will be returned, but not until all obligations to the Corporation have been fulfilled and all transactions contracted during Membership are settled in accordance with Rule II, Section 9.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## **Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, TERMINATION FOR CAUSE**

[Click to open document in a browser](#)

**(a)** Based upon its judgment that adequate cause exists to do so, the Corporation may at any time cease to act for a Member either with respect to a particular transaction or to transactions generally. Adequate cause for ceasing to act shall be deemed to exist if:

**(i)** The Member has failed to make full contribution to the Clearing Fund as required by these Rules for a period of 10 business days after demand;

**(ii)** The Member has failed to pay any fine, fee or other charge provided for in these Rules on the payment date therefor;

**(iii)** The Member has failed to pay any amounts owing in respect of securities delivered to it by the time required or reasonable grounds exist for a determination by the Corporation that the Member will not make such timely payment;

**(iv)** The Member is in such financial or operating condition that the Corporation determines that continuation as a Member would jeopardize the interests of other Members or the Corporation;

**(v)** The Member does not continue to meet the qualifications and requirements for membership set forth in Rule I of these Rules.

**(b)** Notwithstanding the foregoing, the Corporation may discipline any Member for violation of any provision of these Rules by expulsion, suspension, limitation of activities, functions and operations, fine or censure, or any other fitting sanction permitted by the Securities Exchange Act of 1934 or the Rules and Regulations adopted thereunder, including the right summarily to suspend a Member for the reasons specified in the Securities Exchange Act of 1934.

**(c)** The Corporation may determine that adequate cause for ceasing to act does not exist, if the Corporation determines that any standard specified in this Rule, as applied to a Member is unduly or disproportionately severe and that to continue to act for such member is not contrary to the interest of the Corporation, other Members or the public.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, SUMMARY SUSPENSION**

[Click to open document in a browser](#)

The Corporation, by its Chairman, President or any Executive Vice President, may summarily suspend and close the accounts of a member who (i) has been and is expelled or suspended from any self-regulatory organization, (ii) is in default of any delivery of funds or securities to the Corporation, or (iii) is in such financial or operating difficulty that the Corporation determines and so notifies the appropriate regulatory agency for such participant that such suspension and closing of accounts are necessary for the protection of the Corporation, its members, creditors, or investors. A member so summarily suspended shall be promptly afforded an opportunity for a hearing by the Corporation in accordance with provisions of this rule. The suspended Member may, pending such hearing, appeal such suspension to the Securities and Exchange Commission.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, POST TERMINATION PROCEDURE

[Click to open document in a browser](#)

- (a) When the Corporation ceases to act for a Member, it shall promptly file a written report of the reasons for such action with the Corporation's records, notify such Member, the SEC and such other Members as it deems proper. The notice that it has ceased to act for a Member given by the Corporation shall state in general terms how pending transactions will be affected.
- (b) After the Corporation has ceased to act for a Member generally, it shall decline to accept instructions from other Members with respect to any transfer of deposited securities or funds to such Member and shall decline to accept instructions from such Member with respect to the transfer of deposited securities to other Members except as provided by the Board of Directors in any particular case.
- (c) After the Corporation has ceased to act for a Member, either in respect to a particular transaction or transactions generally, the Corporation shall nevertheless have the same rights and remedies in respect to any debit balance due from such Member or any liability incurred on the Member's behalf as though it had not ceased to act for the Member.
- (d) As security for any and all liabilities existing, or arising, of a Member to the Corporation, the Corporation shall maintain a lien on all property placed by a Member in its possession, including but not limited to, securities and cash in the process of clearance or on deposit with, or pledged to the Corporation in satisfaction of a Member's Clearing Fund deposit. Notwithstanding the foregoing, the Corporation shall have no lien in respect of, nor any right to pledge or hypothecate, any Securities carried by a Member for the account of its customer in respect of which full payment shall have been made to the Corporation. With respect to securities held on behalf of the Corporation at a Correspondent Depository, unless the rules of the Correspondent Depository have been filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the Corporation shall not be authorized to grant to such depository any lien reserved by the Corporation pursuant to these Rules.
- Nothing in these Rules shall be deemed to require the Corporation, or any Correspondent Depository, nominee or other custodian of any Securities held by or for the Corporation, to deliver any Securities or other property in contravention of any notice of levy, seizure or similar notice, or order or judgement, issued or directed by a governmental agency or court, or officer thereof, having jurisdiction over the Corporation or such Correspondent Depository nominee or other custodian, which on its face affects such Securities or other property.
- (e) The provisions of this Rule shall not apply in a case where a Member is insolvent, as defined in Rule X and in such cases the provisions of such Rule X shall govern.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

## **Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, NOTICE OF INSOLVENCY**

[Click to open document in a browser](#)

A Member which fails to perform its contracts or obligations or determines that it is unable to do so shall immediately inform the Corporation orally and in writing of such fact.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, PROCEDURE UPON INSOLVENCY

[Click to open document in a browser](#)

- (a) As used in this Rule, the phrase "Time of Insolvency" shall mean the time when the Corporation determines to its reasonable satisfaction that the Member has failed to perform its contracts or obligations or is unable to do so.
- (b) From and after the Time of Insolvency of a Member the Corporation shall cease to act for it, except as hereinafter provided in this Rule or as determined by the Board of Directors in any particular case. The Corporation shall, as soon as possible after the Time of Insolvency notify the insolvent Member and other Members of action taken pursuant to the provisions of this Rule and such notice shall state in general terms, how pending matters will be affected and what steps are to be taken in connection therewith.
- (c) From and after the Time of Insolvency the Corporation shall decline to accept instructions from other Members with respect to any transfer of Securities to the insolvent Member and shall decline to accept instructions from the insolvent Member with respect to the transfer of Securities to other Members, except as provided by the Board of Directors in any particular case.
- (d) All open long and short positions in the account of an insolvent Member may be closed by off-setting transactions on the Exchange or on any other exchange, or in the over-the-counter market, or by private sale, where necessary. Any such closing of positions shall be subject to the directions of any authorized officer of the Exchange or of the Corporation. Following such closing of positions, the insolvent Member, or any trustee or receiver that has been appointed to act for it, will be notified as to the position closed-out and the prices at which such transactions were effected. Such notice may take the form of confirmation of the trades that are effected in conducting such closing of positions. The Corporation shall be entitled promptly to recover from the insolvent Member all amounts payable in such Member's account with the Corporation, including all amounts payable as a result of the foregoing transactions, together with all of the Corporation's expenses in connection therewith.
- (e) As security for any and all liabilities of a Member to the Corporation, the Corporation shall maintain a lien on all property placed by a Member in its possession, including but not limited to, securities and cash in the process of clearance or on deposit with, or pledged to, the Corporation in satisfaction and/or in excess of a Member's Clearing Fund deposit provided, however, that in no event shall the Corporation have any lien on securities carried by a Member for the account of its customers where such lien would be prohibited under Commission Rules 8c-1 and 15c2-1.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

## Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, SANCTIONS

[Click to open document in a browser](#)

The Corporation may censure, suspend, expel or limit the activities, functions or operations of any Member for any violation of the Rules or its agreements with the Corporation. The Corporation may, in addition to or in lieu of such sanctions, impose a fine on any Member for any violation of the Rules or procedures of, or its agreements with, the Corporation or for any neglect or refusal by such person to comply with any applicable order or direction of the Corporation or for any error, delay or other conduct embarrassing the operations of the Corporation.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, FINES

[Click to open document in a browser](#)

(a) The Corporation (in the person of the Chairman of the Board, the President, any Executive Vice President, any Vice President or the Secretary of the Corporation) may impose a fine on a Member for a violation of these Rules or agreements with the Corporation; or for errors, delays or other conduct detrimental to the Corporation; or for any neglect or refusal by such Member to comply with any applicable order or direction of the Corporation, provided however, that no fine imposed under this Section 2 for any given offense shall exceed the sum of \$5,000.00.

(b) A Member may appeal the imposition of a fine imposed pursuant to this section by submitting a written request for review to the Secretary of the Corporation within ten (10) days of receipt of written notice of the Fine. Such review shall be conducted by the Board of Directors of the Corporation and payment of any fine levied hereunder shall be stayed pending a decision.

(c) If a Member fails to request a hearing within ten (10) days of receipt of written notice, any such fine levied hereunder shall become final and nonappealable.

**Amended.**  
**February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, NOTICE

[Click to open document in a browser](#)

(a) Before any sanction is imposed or any fine is levied other than as provided in Section 2 of this Rule, or if levied as provided in Section 2, results in fines during any six preceding months exceeding \$30,000.00, or if the Corporation denies membership to an applicant, the Corporation shall

(i) Give the notices required by Section 17A(b) (5) of the Securities Exchange Act of 1934 as amended, by certified mail, return receipt requested, addressed to the Member or person to receive such notice at such Member's or person's address as appearing on the records of the Corporation. Such notice shall (a) contain the specific charges against, or specific grounds for denial, bar, prohibition or limitation of such Member or person (the "respondent"), and (b) advise such respondent of the right to file an answer or request a hearing regarding any such denial.

(b) Notice of specific disciplinary charges as required by (i) above shall be in the form of a written statement ("charge memorandum") and shall be signed by an authorized officer of the Corporation. The charge memorandum shall set forth the specific facts upon which the charges are based, the specific provisions of By laws, Rules, procedures or agreements alleged to have been violated, and the persons or organization alleged to have committed each of the violations.

(c) A respondent shall have twenty-five (25) days from the date of receipt of the notice referred to in this Rule to file an answer to said charge or request a hearing concerning such denial with the Secretary of the Corporation. Any such answer or request shall be in writing, signed by or on behalf of the respondent. The answer to a charge memorandum shall admit or deny each of the specific allegations set forth in the charge memorandum and contain, in reasonable detail, any affirmative defense or explanatory material which the respondent wishes to set forth. Any allegation in the charge memorandum not specifically denied in the answer may, for all purposes, be deemed admitted. Failure to file an answer within the specified time or such other extended time period as may be approved by the Hearing Officer may be deemed an admission of any facts and charges asserted in the charge memorandum.

(d) The Secretary of the Corporation shall forward copies of the charges, denial of membership, and any answer or request for hearing received to the Chief Hearing Officer.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, HEARING PANELS

[Click to open document in a browser](#)

- (a) Hearing with respect to disciplinary charges or denials of membership shall be held before a Hearing Panel consisting of at least three persons: A Hearing Officer who shall be the Chairman of the Panel and at least two Members of the Hearing Committee.
- (b) The Chairman of the Board shall, from time to time, subject to the approval of the Board of Directors, appoint members of the Board of Directors as Members of the Hearing Committee as the Chairman may deem necessary. Subject to the approval of the Board, the Chairman shall appoint a Chairman of the Hearing Committee who shall also serve as the Chief Hearing Officer.
- (c) Prior to a hearing, the Chief Hearing Officer shall select at least two prospective Panelists from the Hearing Committee to serve on the Hearing Panel. Such prospective Panelists may not have any direct or indirect interest in the outcome of the matter to be heard or any knowledge, opinions or relationship which would make their service on the Panel inappropriate. In the event that the Chief Hearing Officer is disqualified from serving on a Panel said Chief Hearing Officer shall appoint a member of the Hearing Committee to serve as Hearing Officer for the hearing.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 5., Nasdaq BX, HEARINGS

[Click to open document in a browser](#)

Hearings shall be conducted in accordance with the following procedures:

- (a) Parties to the hearing (the respondent and an authorized officer of the Corporation) shall be sent a list of prospective Panelists and the name of the Hearing Officer. Following such notification, the parties may, within ten days, file with the Hearing Officer objections for cause as to any or all of the prospective Panelists, or as to the Hearing Officer. The parties are prohibited from contacting, directly or indirectly, the prospective Members of the Hearing Panel. The Hearing Officer shall rule on all such objections and shall serve on the Hearing Panel. In the event that the Chief Hearing Officer, or other Hearing Officer is thus disqualified, the Chief Hearing Officer shall appoint another Member of the Hearing Committee to serve as the Hearing Officer.
- (b) Notice of the time and place for any such hearing and the Members of the Panel shall be set by the Hearing Officer.
- (c) Either party, prior to the hearing, may apply to the Chief Hearing Officer to resolve procedural matters relating to the case. After the hearing has begun such application should be made to the Hearing Officer assigned to the Hearing. Such applications must be made with notice to all parties. Ex parte communications with any Panelist or Hearing Officer are forbidden. The Chief Hearing Officer or a Hearing Officer designated shall, upon request, permit a respondent or the Corporation to inspect and copy documents or records in possession of either party which are material to the proceedings. This does not authorize the discovery or inspection of reports, memoranda or other internal Corporation documents prepared by the Corporation or respondent in preparation for the proceedings. A Hearing Officer may require a pre-hearing conference on any case. Appeal of any procedural determinations of the Hearing Officer may be made only after a Panel has issued its final decision on the charges. The Corporation and any member or person shall be entitled to be represented by counsel at any hearing held hereunder. The Hearing Panel may assist in attempting to obtain at the Hearing the presence of witnesses whose testimony is relevant and necessary.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 6., Nasdaq BX, CONDUCT OF HEARINGS**

[Click to open document in a browser](#)

(a) The Hearing Officer shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the Hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Corporation who, along with respondent may present evidence and produce witnesses. Witnesses shall testify under oath, shall be subject to cross examination and to questioning by the Hearing Panel. The Hearing Panel may, on its own motion, request the production of documentary evidence and witnesses. A transcript of the hearing shall be made and shall become a part of the record and a copy shall be made available to each party, upon request.

(b) In lieu of the procedures set forth in paragraph (a) above, a Hearing Panel, at a Hearing called for that purpose, shall also conduct disciplinary hearings on the basis of a written Stipulation of Consent entered into between the respondent and the Corporation. Any such Stipulation and Consent shall contain a stipulation with respect to the facts, or the basis for findings of fact by the Hearing Panel; a consent to findings of fact by the Hearing Panel, including a finding that a specified offense had been committed; and a consent to the imposition of a specified penalty. Neither of the parties will be permitted to offer any argument which is inconsistent with the stipulated facts or to ask for the imposition of any penalty other than that agreed upon in the stipulation. In any such Hearing, if the Hearing Panel determines that the respondent has committed an offense, it may impose the agreed upon penalty set forth in such Stipulation and Consent or any penalty which is less severe than the stipulated penalty, as it deems appropriate. In addition, a Hearing Panel may reject such Stipulation and Consent. Such rejection shall not preclude the parties to the proceeding from entering into a modified Stipulation and Consent which shall be presented to a Hearing Panel in accordance with the provisions of this section nor shall such rejection preclude the Corporation from bringing or presenting the same or different charges to a Hearing Panel in accordance with the provisions of this Rule.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 7., Nasdaq BX, DECISION

[Click to open document in a browser](#)

After a hearing the Panel shall:

- (a) In the case of disciplinary hearings not resulting from a Stipulation and Consent, determine by majority vote of all members of the Panel whether the respondent is guilty or not guilty with respect to each specific charge. If the Panel determines that the respondent is guilty with respect to one or more charges, the Panel shall announce its decision either orally or in writing and state whether it was by majority or unanimous vote. The parties shall be given an opportunity to present to the Panel their recommendation as to the appropriate penalty. The Panel shall then, by majority vote of all Members of the Panel, determine the penalty to be imposed.
- (b) In the case of a disciplinary hearing to consider a Stipulation and Consent, determine by majority vote whether to accept the Stipulation and Consent, reduce the penalty or reject it.
- (c) In the case of denial hearings, determine by majority vote of all members of the Panel whether or not such denial should be upheld or modified.
- (d) In all cases the Panel shall accompany its determination with the appropriate statement required pursuant to Section 17A(b) Securities Exchange Act of 1934, as amended. Statements and written decisions of the Panel shall be promptly served on the parties to the Hearing.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 8., Nasdaq BX, REQUEST FOR REVIEW

[Click to open document in a browser](#)

Except for decisions made by the Board of Governors, which shall become final when made, any determination made pursuant to this Rule shall become final within twenty (20) days after its filing with the Secretary of the Corporation unless a request for review thereof by the Board of Directors is filed with the Secretary prior to the end of such period. Such requests may be filed either by or on behalf of any party to the proceedings. Upon such request the Secretary shall make the record of the proceedings available to the Board of Directors.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 9., Nasdaq BX, REVIEW

[Click to open document in a browser](#)

Upon review, either summarily or after notice and opportunity for hearing (which may consist solely of written or oral argument), the Board of Directors may, by majority vote, sustain, reverse or modify such determination or return the matter to the Panel for further findings. The decision of the Board shall be final and conclusive.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 10., Nasdaq BX, NOTICE OF FINAL DECISION

[Click to open document in a browser](#)

The Secretary of the Corporation shall file notice of any final decision hereunder with the Securities and Exchange Commission 19(d)(2) and shall give the notice required by Section 19(d)(2) of the Securities Exchange Act of 1934, as amended.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 1., Nasdaq BX, DELEGATION

[Click to open document in a browser](#)

Except where action by the Board of Directors is specifically required by the Rules, the Corporation may act by the Chairman of the Board, the President, any Executive Vice President or any Vice President or by such other person or persons, whether or not employed by the Corporation, as may be designated by the Board of Directors from time to time.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Regulation, Sec. 2., Nasdaq BX, PROCEDURES

[Click to open document in a browser](#)

The Board of Directors shall, pursuant to these Rules prescribe Procedures and other regulations in respect of the business of the Corporation. The Board of Directors may by resolution delegate to the Chairman of the Board, the President, any Executive Vice President or any Vice President of the Corporation the power to prescribe procedures and regulations and any amendment thereto.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## **Nasdaq BX Rules, Regulation, Sec. 3., Nasdaq BX, AMENDMENTS TO BY-LAWS, RULES OR PROCEDURES**

[Click to open document in a browser](#)

**(a)** The By-Laws, Rules and Procedures of the Corporation may be amended by the Board of Directors to the shareholders of the Corporation. The Corporation shall give written notice to all Members when it shall have filed a proposed rules change with the Securities and Exchange Commission pursuant to the provisions of Rule 19b-4 of the Securities Exchange Act of 1934. The requirements of this Rule shall be deemed to have been satisfied if Members are notified that a proposed rules change has been filed and that copies thereof are available at all designated offices of the Corporation for inspection by interested Members. This Rule shall not require the Corporation to give notice of any modification that is made in a proposed rules change after the Corporation has given notice of such proposed rules change, although to the maximum extent practicable, the Corporation shall also give notice of such modifications. The failure of the Corporation to comply with this Rule in any respect shall not affect the validity, force or effect of any rules change or of any action taken by the Corporation pursuant thereto.

**(b)** Each Member shall be bound by any amendment to the By-Laws, Rules or Procedures of the Corporation with respect to any transaction occurring subsequent to the time such amendment takes effect as fully as though such amendment were a part of the By-Laws, Rules or Procedures of the Corporation at the time application is made, provided, however that no such amendment shall affect the applicant's right to cease to be a Member unless before such amendment becomes effective the applicant is given an opportunity to give written notice to the corporation of its election that the Corporation shall definitively cease to act for it.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 4., Nasdaq BX, SUSPENSION OF RULES OR PROCEDURES

[Click to open document in a browser](#)

(a) The time fixed by these Rules and the Procedures for the doing of any act or acts may be extended or the doing of any act or acts required by these Rules may be waived or any provision of these Rules may be suspended by the Board of Directors, by the President or any Executive Vice President whenever, in the judgement of the Corporation, such extension, waiver or suspension is deemed a necessary expedient.

(b) A written report of any such extension, waiver or suspension, stating the pertinent facts, the identity of the person or persons who authorized such extension, waiver or suspension, and the reason such extension waiver or suspension was deemed necessary or expedient, shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member during regular business hours on business days, provided, however, that no such written report need be made in connection with any extension of time for a period not in excess of eight (8) hours. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than sixty (60) calendar days after the date thereof unless it shall be approved by the Board of Directors within such period of sixty (60) calendar days.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 5., Nasdaq BX, CAPTIONS

[Click to open document in a browser](#)

Captions to any Rules are for information and guidance only, are not part of any Rule and are to be given no consideration in applying or construing any Rules.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Regulation, Sec. 6., Nasdaq BX, INDEMNIFICATION

[Click to open document in a browser](#)

Members shall indemnify and hold harmless the Corporation and the Exchange against any loss, liability or expense sustained, including (i) assessments, (ii) losses, liabilities and expenses arising from claims of third parties and from taxes or other government charges, and (iii) related expenses in respect to any security; provided, however, Members shall not be liable for any such losses, cost, expenses, damages and liabilities that may arise by reason of the negligent, fraudulent or criminal acts of the Corporation or its respective officers, employees or agents. Each Member acknowledges that it shall remain solely responsible and liable for its transactions. Except as provided in this Rule, the provision of such services described herein by the Corporation shall not be deemed as an assumption by the Corporation or the Exchange of any responsibility or liability.

**Amended.  
February 23, 2004.**

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 40, Nasdaq BX, (Dec. 16, 2016)

[Click to open document in a browser](#)

Friday, December 16, 2016

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through January 21, 2017

### Category:

Regulatory

### Markets Impacted:

[The Nasdaq Options Market](#)

[Nasdaq BX Options](#)

### Contact Information:

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

### Resources:

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on The Nasdaq Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **January 21, 2017** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 39, Nasdaq BX, (Dec. 7, 2016)

[Click to open document in a browser](#)

**Wednesday, December 07, 2016**

Nasdaq/ISE Announces Regulation SCI BC/DR Testing

**Category:**

Regulatory

**Markets Impacted:**

[ISE](#)

[ISE Gemini](#)

[ISE Mercury](#)

[The Nasdaq Stock Market](#)

[Nasdaq BX](#)

[Nasdaq PSX](#)

[Nasdaq PHLX](#)

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations - Futures & Options](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

In an effort to bring consistency for Regulation SCI DR Participation for ISE and Nasdaq participants, ISE, ISE Gemini and ISE Mercury will adopt rules similar to PHLX Rule 926, Nasdaq Rule 1170 and BX Rule 1170 in place of the existing Rule 803, Supplementary Material .02. A rule change has been filed with the Securities and Exchange Commission.

Regulation SCI requires that each SCI entity designate members/participants to take part in an annually scheduled Business Continuity and Disaster Recovery (BC/DR) Plan test. While Nasdaq encourages all Members, Member Organizations, PSX Participants and Options Participants of its markets to participate in testing, each Nasdaq exchange will designate certain Members, Member Organizations, PSX Participants, and Options Participants, as applicable, that are required to participate in the annual BC/DR plan test.

ISE, ISE Gemini and ISE Mercury Rules 803, Supplementary Material .02 will be amended to mirror PHLX Rule 926, Nasdaq Rule 1170 and BX Rule 1170. The ISE markets will have standards similar to the Nasdaq markets for the designation of applicable Members that are required to participate in the annual Business Continuity and Disaster Recovery Plan test. The standards for all nine markets are as follows:

- Nasdaq designates the top ten Members by volume executed on the Exchange during the four calendar months immediately prior to Nasdaq's announcement of the BC/DR test date.
- PHLX designates the top ten Options Participants by volume executed on PHLX during the four calendar months immediately prior to PHLX's announcement of the BC/DR Plan test date.
- ISE designates the top ten Members by volume (excluding contracts traded on PreISe) executed on ISE during the four calendar months immediately prior to ISE's announcement of the BC/DR Plan test date.

- BX designates the top five Members based on volume executed on BX during the four calendar months immediately prior to BX's announcement of the BC/DR Plan test date.
- PSX designates the top five PSX Participants by volume executed on each Exchange during the four calendar months immediately prior to PSX's announcement of the BC/DR Plan test date.
- NOM designates the top five Options Participants by volume executed on NOM during the four calendar months immediately prior to NOM's announcement of the BC/DR Plan test date.
- BX Options designates the top five Options Participants by volume executed on each Exchange during the four calendar months immediately prior to BX Options' announcement of the BC/DR Plan test date.
- ISE Gemini designates the top five Members by volume (excluding contracts traded on PrecISE) executed on ISE Gemini during the four calendar months immediately prior to ISE Gemini's announcement of the BC/DR Plan test date.
- ISE Mercury designates the top five Members based on volume (excluding contracts traded on PrecISE) executed on ISE Mercury during the four calendar months immediately prior to ISE Mercury's announcement of the BC/DR Plan test date.

Notice will be provided to the specific Members, Member Organizations, PSX Participants and Options Participants for each market that are required to test at least six months prior to the BC/DR Plan test date to provide those Members, Member Organizations, PSX Participants, and Options Participants the necessary lead time to prepare for the required testing.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Options Regulatory Alert #2016 - 38, Nasdaq BX, (Nov. 22, 2016)

[Click to open document in a browser](#)

**Tuesday, November 22, 2016**

Expiring Exercise Declaration Submissions for Friday, November 25, 2016

### **Category:**

[Nasdaq PHLX](#)

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

[ISE](#)

[ISE Gemini](#)

[ISE Mercury](#)

### **Markets Impacted:**

[Nasdaq PHLX](#)

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

[ISE](#)

[ISE Gemini](#)

[ISE Mercury](#)

### **Contact Information:**

Nasdaq Surveillance at +1 215 496 5295

ISE Surveillance at +1 646 805 1857

### **Resources:**

[PHLX Rule 1042 of the Nasdaq PHLX rules](#)

[Chapter VIII, Section 1 of the Nasdaq Options Market rules](#)

[Chapter VIII, Section 1 of the Nasdaq BX Options rules](#)

[ISE Rule 1100\(h\) of ISE Rules](#)

[ISE-Mercury Chapter 11 of ISE-Mercury Rules](#)

[ISE-Gemini Chapter 11 of ISE-Gemini Rules](#)

The Nasdaq PHLX ("PHLX"), Nasdaq Options Market ("NOM"), Nasdaq BX Options ("NOBO"), ISE, ISE Gemini and ISE Mercury will close early on Friday, November 25, 2016, at 1:00 p.m. ET (1:15 p.m. ET for certain index / ETF / FX options) in observance of the Thanksgiving holiday.

Pursuant to Nasdaq PHLX Rule 1042; Nasdaq Options Market Chapter VIII, Section 1; Nasdaq BX Options Chapter VIII, Section 1; and ISE Rule 1100(h), ISE-Gemini Chapter 11 and ISE-Mercury Chapter 11, the deadline to submit a final decision to exercise or not exercise an expiring option shall be 2:30 p.m. (ET) instead of 5:30 p.m. (ET) on Friday, November 25, 2016.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 36, Nasdaq BX, (Nov. 18, 2016)

[Click to open document in a browser](#)

**Friday, November 18, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through December 17, 2016

**Category:**

Regulatory

**Markets Impacted:**

The Nasdaq Options Market

Nasdaq BX Options

**Contact Information:**

U.S. Market Operations at +1 215 496 1571

U.S. Market Sales at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

Chapter VII, Section 6 of the Nasdaq Options Market Rules

Chapter VII, Section 6 of the Nasdaq BX Options Market Rules

The below market maker quote width requirements for options overlying "PCLN" on The Nasdaq Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **December 17, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 34, Nasdaq BX, (Oct. 31, 2016)

[Click to open document in a browser](#)

**Friday, October 21, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through November 19, 2016

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

[Chapter VII, Section 6](#) of the Nasdaq Options Market Rules

[Chapter VII, Section 6](#) of the Nasdaq BX Options Market Rules

The below market maker quote width requirements for options overlying "PCLN" on The NASDAQ Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **November 19, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 32, Nasdaq BX, (Oct. 30, 2016)

[Click to open document in a browser](#)

UPDATE: Nasdaq Announces Regulation SCI BC/DR Testing Date

### Category:

System Impact

### Markets Impacted:

[The Nasdaq Stock Market](#)

[Nasdaq BX](#)

[Nasdaq PSX](#)

[Nasdaq PHLX](#)

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

### Contact Information:

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

[Nasdaq Trading Services](#) at +1 212 231 5180 Option 1

### Resources:

[Nasdaq Rule 1170](#)

[BX Rule 1170](#)

[PHLX Rule 926](#)

[ERA #2016-2](#)

[ORA #2016-5](#)

### Designated Member

As announced in [ERA #2016-2](#) and [ORA #2016-5](#), Nasdaq will host its annual Business Continuity and Disaster Recovery Plan test on **Saturday, October 15, 2016**.

Regulation SCI requires that each SCI entity designate members/participants to take part in the annually scheduled Business Continuity and Disaster Recovery Plan test. While Nasdaq encourages all Members, Member Organizations, PSX Participants and Options Participants of its markets to participate in testing, each Nasdaq exchange has designated certain Members, Member Organizations, PSX Participants, and Options Participants, to participate in the annual Business Continuity and Disaster Recovery Plan test.

Pursuant to BX and Nasdaq Rules 1170 and PHLX Rule 926, Nasdaq's exchanges have established standards for the designation of applicable Members, Member Organizations, PSX Participants and Options Participants that are required to participate in the annual Business Continuity and Disaster Recovery Plan test.

Nasdaq notified the members/participants that are required to participate in this test in **February 2016**. If you are unsure whether your firm is required to participate, please contact US Market Sales at +1 800 846 0477.

### Testing Plan

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

## Test Schedule

- 09:00 AM ET – Pre-open Session Begins
- 09:30 AM ET – Opening Cross, Market Hours
- 10:00 AM ET – IPO “ZWZZT”
- 10:30 AM ET – IPO “ZXZZT”
- 12:00 PM ET – Closing Cross, After-market Session Begins
- 01:00 PM ET – Trading Session Ends

## System Availability

Nasdaq Markets (Nasdaq Market Center, Nasdaq BX, Nasdaq PSX, Nasdaq PHLX, Nasdaq BX Options, Nasdaq Options Market) will be available for testing. All order entry methods and market data feeds will be available for testing via the Chicago Data Center.

**UPDATE:** As the Legacy Nasdaq SIP will be the system of record during the time of the Industry DR/BCP test on October 15<sup>th</sup>, UTP data feeds and input ports will be available for testing via the Ashburn Data Center. However, the new Binary Nasdaq SIP will be also be available for optional testing via the Chicago Data Center.

## Member Participation

Designated Members are expected to test and validate their systems will function and perform appropriately for a disaster recovery event. Specific actions each member should take on the test day:

- For each exchange that a Designated Member will test, the Designated Member must register for the test by calling Trading Services at +1 212 231 5180.
- Equities Members/Participants are encouraged to validate the following as appropriate to their BCP/DR plans. Members/Participants will be asked to provide a confirmation of participation in tests marked with an asterisk (\*) below via an email to [Nasdaq Trading Services](#). A checklist to take notes during the test is provided [here](#).
  - Connectivity\*
  - Trading\*
  - Market Data\*
  - Opening Cross participation
  - IPO Participation (10:00 AM ET or 10:30 AM ET)
  - Closing Cross participation
  - After-market participation
- Options Members/Participants are encouraged to validate the following as appropriate to their BCP/DR plans. Members/Participants will be asked to provide a confirmation of participation in tests marked with an asterisk (\*) below via an email to [Nasdaq Trading Services](#). A checklist to take notes during the test is provided [here](#).
  - Connectivity\*
  - Quote Entry
  - Order Entry
    - Simple Order Entry
    - Complex Order Entry
    - Auction Order Entry
  - Trading\*
  - Opening Process participation

Further information about the test and who is required to participate is available [here](#). Please contact [Nasdaq Trading Services](#) or [U.S. Market Sales](#) with any questions.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 30, Nasdaq BX, (Sep. 16, 2016)

[Click to open document in a browser](#)

**Friday, September 16, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through October 22, 2016

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on The NASDAQ Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **October 22, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Options Regulatory Alert #2016 - 28, Nasdaq BX, (Aug. 19, 2016)

[Click to open document in a browser](#)

**Friday, August 19, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through September 17, 2016

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

[Chapter VII, Section 6](#) of the Nasdaq Options Market Rules

[Chapter VII, Section 6](#) of the Nasdaq BX Options Market Rules

The below market maker quote width requirements for options overlying "PCLN" on The NASDAQ Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **September 17, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 27, Nasdaq BX, (Aug. 15, 2016)

[Click to open document in a browser](#)

**Monday, August 15, 2016**

Reminder: Nasdaq Announces Regulation SCI BC/DR Testing Date

### **Category:**

System Impact

### **Markets Impacted:**

The Nasdaq Stock Market

Nasdaq BX

Nasdaq PSX

Nasdaq PHLX

Nasdaq Options Market

Nasdaq BX Options

### **Contact Information:**

U.S. Market Operations at +1 215 496 1571

U.S. Market Sales at +1 800 846 0477

Nasdaq Trading Services at +1 212 231 5180 Option 1

### **Resources:**

Nasdaq Rule 1170

BX Rule 1170

PHLX Rule 926

ERA #2016-2

ORA #2016-5

### **Designated Member**

As announced in ERA #2016-2 and ORA #2016-5, Nasdaq will host its annual Business Continuity and Disaster Recovery Plan test on **Saturday, October 15, 2016**.

Regulation SCI requires that each SCI entity designate members/participants to take part in the annually scheduled Business Continuity and Disaster Recovery Plan test. While Nasdaq encourages all Members, Member Organizations, PSX Participants and Options Participants of its markets to participate in testing, each Nasdaq exchange has designated certain Members, Member Organizations, PSX Participants, and Options Participants, to participate in the annual Business Continuity and Disaster Recovery Plan test.

Pursuant to BX and Nasdaq Rules 1170 and PHLX Rule 926, Nasdaq's exchanges have established standards for the designation of applicable Members, Member Organizations, PSX Participants and Options Participants that are required to participate in the annual Business Continuity and Disaster Recovery Plan test.

Nasdaq notified the members/participants that are required to participate in this test in **February 2016**. If you are unsure whether your firm is required to participate, please contact US Market Sales at +1 800 846 0477.

### **Testing Plan**

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

## Test Schedule

- 09:00 AM ET - Pre-open Session Begins
- 09:30 AM ET - Opening Cross, Market Hours
- 10:00 AM ET - IPO "ZWZZT"
- 10:30 AM ET - IPO "ZXZZT"
- 12:00 PM ET - Closing Cross, After-market Session Begins
- 01:00 PM ET - Trading Session Ends

## System Availability

Nasdaq Markets (Nasdaq Market Center, Nasdaq BX, Nasdaq PSX, Nasdaq PHLX, Nasdaq BX Options, Nasdaq Options Market) will be available for testing. All order entry methods and market data feeds will be available for testing via the Chicago Data Center.

## Member Participation

Designated Members are expected to test and validate their systems will function and perform appropriately for a disaster recovery event. Specific actions each member should take on the test day:

- For each exchange that a Designated Member will test, the Designated Member must register for the test by calling Trading Services at +1 212 231 5180 (a checklist to take notes will be provided to the Member after registration).
- Equities Members/Participants are encouraged to validate the following as appropriate to their BCP/DR plans:
  - Connectivity
  - Trading
  - Opening Cross participation
  - IPO Participation (10:00 AM ET or 10:30 AM ET)
  - Closing Cross participation
  - After-market participation
- Options Members/Participants are encouraged to validate the following as appropriate to their BCP/DR plans:
  - Connectivity
  - Quote Entry
  - Order Entry
    - Simple Order Entry
    - Complex Order Entry
    - Auction Order Entry
  - Trading
  - Opening Process participation

Further information about the test and who is required to participate is available [here](#). Please contact [Nasdaq Trading Services](#) or [U.S. Market Sales](#) with any questions.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services*

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

*and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 25, Nasdaq BX, (Jul. 15, 2016)

[Click to open document in a browser](#)

**Friday, July 15, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through August 20, 2016

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on The NASDAQ Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **August 20, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 24, Nasdaq BX, (Jul. 12, 2016)

[Click to open document in a browser](#)

**Tuesday, July 12, 2016**

NOM and BX Options Risk Mitigation Allowance of Less than 100%

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations - Futures & Options](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

**Resources:**

[SEC Notice of Filing and Immediate Effectiveness - BX Options](#)

[SEC Notice of Filing and Immediate Effectiveness - NOM](#)

Effective immediately, the Nasdaq Options Market (NOM) has received approval to amend NOM Rule Chapter VII, Section 6(f), entitled "Automated Removal of Orders and Quotes" and Nasdaq BX Options (BX Options) has received approval to amend BX Options Rule Chapter VII, Section 6(f), entitled "Automated Removal of Quotes". This amendment allows a NOM and BX Options Market Maker to establish a specified percentage of no less than 1% for which Rapid Fire will be applied in an option in which the Market Maker is appointed. Prior to this rule change, Market Makers were restricted to establishing specified percentages of no less than 100%.

The Exchange established default percentage and default time period will remain at 100% and 15 seconds respectively for Market Makers that have not, otherwise, established a specified percentage and/or volume for a specified time period.

Any Market Maker that wishes to change their existing settings may contact [NOM Market Operations](#) or [BX Options Market Operations](#).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 23, Nasdaq BX, (Jun. 29, 2016)

[Click to open document in a browser](#)

**Wednesday, June 29, 2016**

PHLX, NOM and BX Options Professional Order Calculation

### **Category:**

Regulation

### **Markets Impacted:**

[Nasdaq PHLX](#)

[Nasdaq NOM](#)

[Nasdaq BX Options](#)

### **Contact Information:**

[U.S. Market Operations - Futures & Options](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

### **Resources:**

[PHLX Rule 1000\(b\)\(14\) NOM, Chapter I, Section 1\(48\)](#)

[BX Options, Chapter I, Section 1\(49\)](#)

Effective **Friday, July 1, 2016**, pending filing with the SEC, the following amendments to the Professional definition shall apply to NOM and BX Options.

### **Calculation of Professional Orders**

When calculating the average number of listed Professional options orders, per day, during a calendar month for its own beneficial account(s), the following shall be taken in to account:

- Each order entered by a Professional counts toward the number of orders, regardless of the options exchange to which the order was routed in determining Professional orders. In other words, all order types count toward the determination of the daily 390 order threshold.
- An order that converts into multiple subordinate orders to achieve an execution strategy shall be counted as one order per side and series, even if the order is routed away. An order that cancels and replaces the resulting subordinate order and results in multiple sides/series shall be counted as a new order per side and series. An order that cancels and replaces the subordinate order on the same side and series shall be counted as one order. For purposes of counting Public Customer orders, if one Public Customer order on the same side and series is subsequently broken-up by a broker into multiple orders for purposes of execution or routed away, this order shall be counted as one order.
- A cancel and replace order which replaces a prior shall be counted as a second order, or multiple new orders in the case of "single-strike algorithms" which track the NBBO. A cancel message is not an order.

As a reminder, PHLX revised its definition of Professional orders effective as of April 1, 2016. For more information on counting Professional orders routed to PHLX, see [Phlx Rule](#)

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities*

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

*Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*



## Nasdaq BX Rules, Options Regulatory Alert #2016 - 20, Nasdaq BX, (Jun. 17, 2016)

[Click to open document in a browser](#)

**Friday, June 17, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through July 16, 2016

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on the NASDAQ Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **July 16, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 16, Nasdaq BX, (May 20, 2016)

[Click to open document in a browser](#)

**Friday, May 20, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through June 18, 2016

### **Category:**

Regulatory

### **Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

### **Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

### **Resources:**

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on the NASDAQ Options Market (NOM) and Nasdaq BX Options (BX Options) will be effective through **June 18, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 13, Nasdaq BX, (Apr. 15, 2016)

[Click to open document in a browser](#)

Friday, April 15, 2016

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through May 21, 2016

### Category:

Regulatory

### Markets Impacted:

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

### Contact Information:

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

### Resources:

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on NOM and BX Options will be effective through **May 21, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 11, Nasdaq BX, (Mar. 18, 2016)

[Click to open document in a browser](#)

**Friday, March 18, 2016**

NOM and BX Options Bid/Ask Differentials for "PCLN" Options Class through April 16, 2016

**Category:**

Regulatory

**Markets Impacted:**

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

MarketWatch at +1 800 211 4953

**Resources:**

[Chapter VII, Section 6 of the Nasdaq Options Market Rules](#)

[Chapter VII, Section 6 of the Nasdaq BX Options Market Rules](#)

The below market maker quote width requirements for options overlying "PCLN" on NOM and BX Options will be effective through **April 16, 2016** unless withdrawn by NOM and BX Options prior to that time.

The bid/ask differentials for "PCLN" option classes electronic quotes are as follows:

- If the bid is under \$20, the bid/ask spread may be up to \$5 wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be up to \$6 wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be up to \$12 wide.
- If the bid is from \$80 to \$199.90, the bid/ask spread may be up to \$18 wide.
- If the bid is from \$200 or greater, the bid/ask spread may be up to \$22 wide.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2016 - 5, Nasdaq BX, (Feb. 12, 2016)

[Click to open document in a browser](#)

**Friday, February 12, 2016**

Nasdaq Announces Regulation SCI BC/DR Testing Date

### **Category:**

System Impact

### **Markets Impacted:**

The Nasdaq Stock Market

Nasdaq BX

Nasdaq PSX

Nasdaq PHLX

Nasdaq Options Market

Nasdaq BX Options

### **Contact Information:**

U.S. Market Operations at +1 215 496 1571

U.S. Market Sales at +1 800 846 0477

Nasdaq Trade Desk at +1 212 231 5100

### **Resources:**

Nasdaq Rule 1170

BX Rule 1170

PHLX Rule 926

ERA #2015-5

ORA #2015-33

Nasdaq will host its annual Business Continuity and Disaster Recovery Plan test on **Saturday, October 15, 2016**.

Regulation SCI requires that each SCI entity designate members/participants to take part in the annually scheduled Business Continuity and Disaster Recovery Plan test. While Nasdaq encourages all Members, Member Organizations, PSX Participants and Options Participants of its markets to participate in testing, each Nasdaq exchange will designate certain Members, Member Organizations, PSX Participants, and Options Participants, to participate in the annual Business Continuity and Disaster Recovery Plan test.

Pursuant to BX and Nasdaq Rules 1170 and PHLX Rule 926, Nasdaq's exchanges have established standards for the designation of applicable Members, Member Organizations, PSX Participants and Options Participants that are required to participate in the annual Business Continuity and Disaster Recovery Plan test. These standards are as follows:

- Nasdaq designates the top ten Members based on volume executed on the Exchange during the four calendar months immediately prior to Nasdaq's announcement of the Business Continuity and Disaster Recovery Plan test date.

- PHLX designates the top ten Options Participants based on volume executed on PHLX during the four calendar months immediately prior to PHLX's announcement of the Business Continuity and Disaster Recovery Plan test date.
- BX designates the top five Members based on volume executed on BX during the four calendar months immediately prior to BX's announcement of the Business Continuity and Disaster Recovery Plan test date.
- PSX designates the top five PSX Participants based on volume executed on each Exchange during the four calendar months immediately prior to PSX's announcement of the Business Continuity and Disaster Recovery Plan test date.
- NOM designates the top five Options Participants based on volume executed on NOM during the four calendar months immediately prior to NOM's announcement of the Business Continuity and Disaster Recovery Plan test date.
- BX Options designates the top five Options Participants based on volume executed on each Exchange during the four calendar months immediately prior to BX Options' announcement of the Business Continuity and Disaster Recovery Plan test date.

Nasdaq expects to provide notice to the specific Members, Participants, and Options Participants that are required to test by **Monday, February 29, 2016**.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2015 - 17, Nasdaq, (May 20, 2015)

[Click to open document in a browser](#)

**Wednesday, May 20, 2015**

Sponsored Access Compliance

### Category:

System Impact

### Markets Impacted:

[The Nasdaq Stock Market](#)

[Nasdaq BX](#)

[Nasdaq PSX](#)

[Nasdaq PHLX](#)

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

### Contact Information:

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

### Resources:

[PHLX Rule 1094](#)

[Nasdaq Rule 4615](#)

[BX Rule 4615](#)

[SEC Rule 15c3-5](#)

[FAQ 15c-5 Risk Management Controls](#)

[Memberships Page](#)

The Exchange is issuing this as a reminder to all market participants of their obligations pursuant to PHLX Rule 1094, Nasdaq Rule 4615, and BX Rule 4615 to inform the respective exchange of any sponsored relationships.

Sponsoring Members are required to enter into a Sponsored Participant Access Agreement, with the respective exchange, wherein it is authorizing access to the exchange to a Sponsored Participant for the entry and execution of orders. Such access must be authorized in advance by the Sponsoring Member.

Sponsoring Members are required to enter into and maintain participant agreements with its Sponsored Participants and to establish a proper relationship and account through which the Sponsored Participant may trade on the Exchange.

Sponsoring Members shall agree to various obligations with respect to the Sponsored Participant, included but not limited to:

- All orders entered by the Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member Organization.

- Sponsoring Member Organization is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.
- Sponsoring Member Organization shall comply with the Exchange's Certificate of Incorporation, Limited Liability Company Agreement, By-Laws, Rules and procedures with regard to the Exchange (collectively "Rules") and Sponsored Participant shall comply with the Rules as if Sponsored Participant were an Exchange member organization.
- Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member Organization, upon request, a list of individuals authorized to obtain access to the Exchange on behalf of the Sponsored Participant.
- Sponsored Participant shall familiarize its authorized individuals with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the Exchange.
- Sponsored Participant may not permit anyone other than authorized individuals to use or obtain access to the Exchange
- Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the Exchange, including unauthorized entry of information into the Exchange, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of authorized individuals, and for the trading and other consequences thereof.
- Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and Participants' use and access to the Exchange for compliance with the terms of this agreement.
- Sponsored Participant shall pay, when due, all amounts, if any, payable to Sponsoring Member Organization, Exchange, or any other third parties that arise from the Sponsored Participant's access to and use of the Exchange. Such amounts include, but are not limited to applicable exchange and regulatory fees.

The Exchange's Sponsored Access forms for each respective exchange may be found on the [memberships page](#) of each market.

Pursuant to §240.15c3-5, concerning risk management controls for brokers or dealers with market access.

"A broker or dealer with market access, or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise, shall establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity. Such broker or dealer shall preserve a copy of its supervisory procedures and a written description of its risk management controls as part of its books and records in a manner consistent with §240.17a-4(e)(7). A broker-dealer that routes orders on behalf of an exchange or alternative trading system for the purpose of accessing other trading centers with protected quotations in compliance with Rule 611 of Regulation NMS (§242.611) for NMS stocks, or in compliance with a national market system plan for listed options, shall not be required to comply with this rule with regard to such routing services, except with regard to paragraph (c)(1)(ii) of this section."

Please see the [Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access](#) for additional information.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services*



*and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2015 - 10, Nasdaq BX, (Mar. 31, 2015)

[Click to open document in a browser](#)

**Tuesday, March 31, 2015**

Expiring Exercise Declaration Submissions for Thursday, April 2, 2015

### Category:

- ▶ System Impact

### Markets Impacted:

- ▶ [Nasdaq PHLX](#)
- ▶ [Nasdaq Options Market](#)
- ▶ [Nasdaq BX Options](#)

### Contact Information:

- ▶ [U.S. Market Operations](#) at +1 215 496 1571
- ▶ [U.S. Market Sales](#) at +1 800 846 0477
- ▶ [Nasdaq On-Floor Surveillance](#) at +1 215 496 5295
- ▶ MarketWatch at +1 800 211 4953

### Resources:

- ▶ [PHLX Rule 1042](#) of the Nasdaq PHLX Rules
- ▶ [NOM Chapter VIII, Section 1](#) of the Nasdaq Options Market Rules
- ▶ [BX Chapter VIII, Section 1](#) of the Nasdaq BX Options Rules

The PHLX, NOM, and BX Options markets will be **closed on Friday, April 3, 2015** for the Good Friday holiday.

All procedures that would normally apply to Expiration Friday will be enforced on Thursday, April 2, 2015. All Members and member organizations are urged to remind their branches or correspondent firms of the expiration procedures.

Pursuant to PHLX Rule 1042, NOM Chapter VIII-Section 1, and BX Chapter VIII-Section 1, the deadline to submit a final decision to exercise or not exercise an expiring option will be 5:30 p.m. ET on Thursday, April 2, 2015.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2015 - 4, Nasdaq BX, (Jan. 23, 2015)

[Click to open document in a browser](#)

Friday, January 23, 2015

Index Option Exercise Submission Processes

### Category:

System Impact

### Markets Impacted:

[Nasdaq PHLX](#)

[Nasdaq Options Market](#)

[Nasdaq BX Options](#)

### Contact Information:

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

[Nasdaq On-Floor Surveillance](#) at +1 215 496 5295

[Nasdaq Surveillance Department](#)

### Resources:

[PHLX Rule 1042A](#) of the Nasdaq PHLX Rules

[NOM Chapter VIII, Section 1](#) of the Nasdaq Options Market Rules

[BX Chapter VIII, Section 1](#) of the Nasdaq BX Options Rules

In accordance with PHLX Rule 1042A, NOM Chapter VIII-Section 1, and BX Chapter VIII-Section 1, members and member firms must submit a Memorandum to Exercise notice to the Exchange no later than five (5) minutes after the close of each respective American-style index option (i.e. 4:00 p.m. ET or 4:15 p.m. ET).

Members and member firms may submit a Memorandum to Exercise when exercising any American-style index option contract(s) in the following manner no later than five (5) minute after the close of trading:

- Complete, time-stamp and submit a PHLX Index Option Exercise Advice Form to the Nasdaq Surveillance Department
- Submit an index option exercise advice notice to the Options Clearing Corporation (“OCC”) through your respective clearing firm(s)
- Submit an e-mail index option exercise advice notice to the [Nasdaq Surveillance Department](#)

The provisions set forth of the aforementioned rules are not applicable on the last business day of expiration. In the case of an option contract expiring on a day that is not a business day, the aforementioned rules are not applicable the business day prior to the expiration of such series of options.

As a reminder, members and member firms may electronically submit Exercise Advice notices to the OCC or electronically e-mail index option exercise instructions to [Nasdaq Surveillance Department](#) in order to meet the five (5) minutes after the close of trading of each respective American-style index option 4:00 p.m. ET or 4:15 p.m. ET cut-off time. The time e-mail is **received** by the Exchange for an Exercise Advice or electronic submission is **received** by the OCC system for a Memorandum to Exercise will be the official time-stamp of the submission. It is the responsibility of the member to ensure the Exchange and OCC receive the instruction(s) by the cut-off time.

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

Members and member firms are also reminded that the Exercise Advice submission to the Exchange for compliance purposes does not replace or constitute intent to exercise to the OCC.

As such, please allow sufficient time for the e-mail to be received by the Exchange's e-mail system. Waiting too long to send your exercise instruction(s) may put you at risk of non-compliance with the submission cut-off time requirements. The Nasdaq Surveillance staff will confirm the receipt of your electronic exercise advice e-mail submission.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2014 - 34, Nasdaq

[Click to open document in a browser](#)

**Monday, September 22, 2014**

PHLX, NOM, and BX Options Notify Participants of Inconsistencies with the Risk Monitor Mechanism

**Category:**

Regulatory

**Markets Impacted:**

[NASDAQ OMX PHLX](#)

[NASDAQ Options Market](#)

[NASDAQ OMX BX Options](#)

**Contact Information:**

[U.S. Market Operations](#) at +1 215 496 1571

[U.S. Market Sales](#) at +1 800 846 0477

[NASDAQ OMX Options Regulation](#) at +1 215 496 1576

**Resources:**

[PHLX Rules 1093\(d,e\)](#)

[NOM Rule Chapter VI, Section 19](#)

[BX Options Rule](#)

[Chapter VI, Section 19](#)

After a review of the function of the PHLX Risk Monitor Mechanism, described in PHLX Rule 1093, NOM Chapter VI Sec.19, and BX Options Chapter VI Sec.19, the Exchange has determined that the Mechanism does not function exactly as described in the rules. The Exchange is working on rule changes to better align rule text with the functioning of the Risk Monitor Mechanism.

The Mechanism provides protection to participants from the risk of multiple executions across multiple series of an option. Quoting across many series in an option creates the possibility of "rapid fire" executions that can create large, unintended principal positions that expose market makers, who are required to continuously quote in assigned options, to potentially significant market risk.

The Exchange determined that the Mechanism did not function as the rule describes in the following instances:

- The counting program operates on a rolling basis with a time window after each transaction, not singular and sequential time segments.
- The Mechanism is engaged when a market maker's Specified Percentage (a defined exposure amount related to an underlying) is reached based on rounding the issue percentage to the near integer, not necessarily when the issue percentage equals or exceeds the market maker's Specified Percentage.
- The Mechanism is reset after a member firm purges their quotes in all options series for an underlying, not after they "refresh" their quote in one series.
- Contrary to PHLX Rule 1093(d), the Exchange does not submit a quote on behalf of the member firm after the Mechanism removes a member firm's quote (this rule discrepancy does not exist in the NOM or BX Options rulebooks).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq*

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

*BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2014 - 31, Nasdaq

[Click to open document in a browser](#)

**Wednesday, September 17, 2014**

Market Making Obligations

**Category:**

Regulatory

**Markets Impacted:**

The NASDAQ Options Market

NASDAQ OMX BX Options

**Contact Information:**

U.S. Market Operations at +1 215 496 1571

U.S. Market Sales at +1 800 846 0477

U.S. Regulation at +1 215 496 5161

**Resources:**

NOM Rule Chapter VII, Section 6

NASDAQ OMX BX Options Rule Chapter VII, Section 6

Effective **Monday, September 22, 2014**, NOM will alter Market Maker quoting obligations. As of September 22, 2014, a Market Maker must quote options 60% of the trading day (as a percentage of the total number of minutes in such trading day) or such higher percentage as NOM may announce in advance. This obligation will apply to all of a Market Maker's registered options collectively, rather than on an option-by-option basis.

While this rule provides flexibility it does not, however, diminish the Market Maker's obligation to continuously quote a significant part of the trading day in a significant percentage of series. NASDAQ Regulation may consider exceptions to the requirement to quote 60% (or higher) of the trading day based on demonstrated legal or regulatory requirements or other mitigating circumstances. The Exchange will review Market Makers' daily compliance in the aggregate of their registered options and determine the appropriate disciplinary action for single or multiple failures to comply with the continuous quoting requirement. The Exchange's ability to evaluate quoting compliance on a monthly basis does not relieve a Market Maker of the obligation to provide continuous two-sided quotes on a daily basis, nor will it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet the continuous quoting obligation for a single trading day.

As a reminder, the BX Options Market Maker quoting obligations were similarly amended on August 20, 2014.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2014-22

[Click to open document in a browser](#)

**Tuesday, July 01, 2014**

PHLX, NOM, and BX Options Notifies Participants of an Issue when the Exchange BBO is Locked by an Away Market

### Category:

- Regulatory
- System Impact

### Markets Impacted:

- [NASDAQ OMX PHLX](#)
- [NASDAQ Options Market](#)
- [NASDAQ OMX BX Options](#)

### Contact Information:

- [U.S. Market Operations - Options](#) at +1 215 496 1571
- [U.S. Market Sales](#) at +1 800 846 0477

### Resources:

- [PHLX Rule 1080](#)
- [NOM Rule Chapter VI, Sec. 11](#)
- [BX Rule Chapter VI, Sec. 11](#)

NASDAQ OMX identified a situation whereby an order on PHLX, NOM, or BX Options may be executed at a price outside of the National Best Bid/Offer (NBBO) after an away market locks PHLX, NOM, or BX. In the case where a DNR, FIND, SEEK, or SRCH order has had its price modified so that it posts on the Exchange at an Away Best Bid and Offer (ABBO) locking price and is displayed in the National Market System at a price one tick away from the ABBO, such order remains available for execution at its posted price even when an away market updates their disseminated market and locks the Exchange's local market. If the Exchange receives interest which is marketable against the posted order, the system will execute such interest at the posted order price which is now one tick outside of the locked NBBO.

This behavior has been in place since the PHLX XL II trading system was re-platformed to INET hardware and architecture in 2009, NOM re-platform in 2011, and the BX Options Exchange was launched in 2012. The Exchange has not received any complaints or inquiries about this issue from participants.

### System Changes

NASDAQ OMX is correcting the system to not allow executions of FIND, SEEK, SRCH, or DNR orders to occur outside of the locked NBBO. The correction is expected to be rolled into production on NOM and BX Options in late August and on PHLX in September 2014.

### Participant Impact

A participant may have had their DNR, FIND, SEEK, and SRCH orders executed through the NBBO when the order had its price modified to not lock the ABBO and the ABBO subsequently locks the Exchange's market.

In an analysis of trading days in 2014, PHLX has found only 31 occurrences outside of the one second allowance under the Lock/Cross Plan. This represents only .000007% of regular report trades on PHLX. The impact analysis is still being run for NOM and BX.

### About the NASDAQ OMX Group:

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)



The NASDAQ OMX Group, Inc. is the world's largest exchange company. It delivers trading, exchange technology and public company services across six continents, with more than 3,600 listed companies. NASDAQ OMX offers multiple capital raising solutions to companies around the globe, including its U.S. listings market, NASDAQ OMX Nordic, NASDAQ OMX Baltic, NASDAQ OMX First North, and the U.S. 144A sector. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and exchange-traded funds. NASDAQ OMX technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries. NASDAQ OMX Nordic and NASDAQ OMX Baltic are not legal entities but describe the common offering from NASDAQ OMX exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga, and Vilnius. For more information about NASDAQ OMX, visit [www.nasdaqomx.com](http://www.nasdaqomx.com).

**[View NASDAQTrader.com Mobile](#)**

**Subscribe to Email Alerts:**

NASDAQ OMX is offering customers the ability to self select news delivery across various NASDAQ OMX markets. Create and maintain a profile for updating alert preferences and contact information. Visit the [enrollment form](#) on the NASDAQ Trader website and sign up today! Please note that if you choose to unsubscribe from an email list, you may no longer receive potentially critical emails from the NASDAQ Stock Market regarding NASDAQ's trading and data products, regulatory issues or marketplace initiatives.

Please follow NASDAQ OMX on [Facebook](#) [RSS](#) and [Twitter](#).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2013 - 8, (Jun. 14, 2013)

[Click to open document in a browser](#)

FINRA Designates NASDAQ Global Large Mid Cap Index to serve as Additional Index for Calculating Position Limits on Conventional Equity Options

### Markets Impacted:

- [The NASDAQ Options Market](#)
- [NASDAQ OMX PHLX](#)
- [NASDAQ OMX BX Options](#)

### Contact Information:

- [NASDAQ OMX Transaction Services U.S. - Derivatives](#) at +1 800 846 0477 (Option #2)
- [NASDAQ OMX Global Indexes](#) at +1 301 978 8284

### What you need to know:

- FINRA has issued Regulatory Notice 13-20.
- Effective **Thursday, June 27, 2013**, FINRA will be allowing the use of the NASDAQ Global Large Mid Cap Index for Conventional Equity Options Position Limits Calculation for purposes of FINRA Rule 2360 (b) (3) (A) (viii).

### What has been announced?

Effective **June 27, 2013**, the Financial Industry Regulation Authority (FINRA) designates the NASDAQ Global Large Mid Cap Index to serve as an additional index for purposes of calculating position limits on conventional equity options overlying foreign securities, subject to the volume and float criteria outlined by FINRA in Rule 2360. Important additional information is contained in FINRA Regulatory Notice 13-20.

FINRA determined that the designation of this additional index is consistent with the designation of the currently utilized FTSE All-World Index in that the indexes are of similar geographic dispersion and composition including market capitalization sectors of large and mid-cap companies.

### What is the NASDAQ Global Large Mid Cap Index?

The NASDAQ Global Large Mid Cap Index is a free-float adjusted market capitalization weighted index designed to include 90 percent of the investable public equity in certain developed and emerging countries, subject to a semi-annual rebalancing schedule.

### What notice must firms provide upon using the NASDAQ Global Large Mid Cap Index for calculations?

If claiming a higher position limit, a firm must submit a post-trade notice filing **within one business day** to FINRA. The firm must submit the filing by email to the [Market Regulation Department](#), and must provide the necessary trade data or current float data to support the firm's position limit calculation as provided on the [Increase Option Position Limit Notification Form](#). Please contact FINRA with questions regarding the interpretation of FINRA Rule 2360.

### Where can I find more information?

- Refer to the [FINRA Regulatory Notice](#).
- Contact [NASDAQ OMX Global Indexes](#) at +1 301 978 8284.
- Contact [NASDAQ OMX Transaction Services U.S. - Derivatives](#) at +1 800 846 0477 (Option #2).

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2013 - 4, (Apr. 8, 2013)

[Click to open document in a browser](#)

**Monday, April 08, 2013**

Limit Up/Limit Down on NOM, PHLX and BX Options

### Markets Impacted:

- [The NASDAQ Options Market](#)
- [NASDAQ OMX PHLX](#)
- [NASDAQ OMX BX Options](#)

### Contact Information:

- [NASDAQ OMX Options & Futures](#) at +1 800 846 0477 (Option #2)

### What you need to know:

- On **Monday, April 8, 2013**, NASDAQ OMX, in coordination with the other primary listing markets, will begin the first Phase of the Limit Up/Limit Down Plan.
- Certain options rules have been affected, pending SEC approval:
  - Market orders will not be accepted during Limit and Straddle States.
  - Stop Market orders will be accepted during Limit and Straddle states, but if a Stop Market order is triggered during the State, the order will be cancelled back.
  - Market Makers will not be obligated to quote during Limit or Straddle States.
  - An option will not open if the underlying security is in a Limit or Straddle State prior to completing the opening process.
  - Obvious Error and Catastrophic Rules are impacted during Limit and Straddle States.

### What is happening?

On **Monday, April 8, 2013**, NASDAQ OMX®, in coordination with the other primary listing markets, will begin the first Phase of the Limit Up/Limit Down Plan. This impacts order handling, quoting obligations, and obvious error rules on The NASDAQ Options Market<sup>SM</sup> (NOM), NASDAQ OMX PHLX<sup>SM</sup> (PHLX®) and NASDAQ OMX BX Options<sup>SM</sup> (BX Options) as specified herein.

### What will occur when a trading pause occurs in an underlying security?

NOM, BX Options and PHLX will pause trading in options when a trading pause has been initiated on an underlying security. Furthermore, an opening process will commence similar to the normal options opening when a trading resumption (Trading Action = T) message is received over the UTP data feeds. During the pause, any standing market maker quotes on the system will be purged.

During the pause, NOM, PHLX and BX Options can accept new orders, quotes and cancel/replaces. NOM, BX Options and PHLX will keep all open orders during the pause on their book. Firms have the ability to cancel open orders.

### Will there be changes to the handling of options orders as a result of LULD?

Yes. Options market orders, including retail market orders, in options on underlying securities will be rejected (prior to accepting) during the Limit and Straddle States in the underlying security. On PHLX, Stop market orders will be accepted during Limit and Straddle States, but if a stop is triggered during either the order will be cancelled back (this applies to only Stop *Market* Orders and not Stop *Limit* Orders). PHLX shall also cancel any Complex Orders that are market orders residing in the System if they are about to be executed.

### Will an option open if the underlying security is in a Limit or Straddle state?

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

An option will not open if the underlying security is in a Limit or Straddle state.

**Will there be any changes to quoting obligations?**

Yes, PHLX, NOM and BX Options will subtract from the total number of minutes in a trading day that specialists, Registered Options Traders (ROTs) or Market Makers are required to quote the time period when the underlying security was in a Limit or Straddle State.

**Will there be any changes to Obvious and Catastrophic Error Rules?**

Yes, on PHLX, electronic trades are not subject to an obvious error or catastrophic error review, nor are they subject to nullification or adjustment. Nevertheless, they are reviewable under Rule 1092(c)(ii)(A) - (D).

On NOM and BX Options, trades are not subject to an obvious error or catastrophic error review pursuant to Chapter V, Sections 6(b) or 6(f).

However, trades can be reviewed on PHLX's, NOM's and BX Options' own motion under their respective rules.

**Where can I find more information?**

- Refer to the [NASDAQ LULD Phase 1 Symbol Rollout List](#) on the NASDAQ Trader web page.
- Refer to the [LULD FAQ document](#) on the NASDAQ Trader web page.
- Refer to the [MWCB FAQ document](#) on the NASDAQ Trader web page.
- Contact [NASDAQ Options & Futures](#) at +1 800 846 0477 (Option #2) or MarketWatch at 800 211 4953.

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2013 - 3, (Mar. 28, 2013)

[Click to open document in a browser](#)

**Thursday, March 28, 2013**

NOM and BX Options Replace Definition of Theoretical Price under Obvious Error Rules

### Markets Impacted:

- [The NASDAQ Options Market](#)
- [NASDAQ OMX BX Options](#)

### Contact Information:

- [NASDAQ OMX Options & Futures](#) at +1 800 846 0477 (Option #2)
- [MarketWatch](#) at +1 800 211 4953

### What you need to know:

- Effective **Thursday, March 28, 2013**, NOM replaces the mid-point test applied to the definition of Theoretical Price under the Obvious Error Rule of Chapter V, Section 6.
- Effective **Thursday, March 28, 2013**, BX Options is replaced the mid-point test applied to the definition of Theoretical Price under the Obvious Error Rule of Chapter V, Section 6.

### What is changing?

Effective **Thursday, March 28, 2013**, both the NASDAQ Options Market<sup>SM</sup> (NOM) and NASDAQ OMX BX Options<sup>SM</sup> (BX Options) are replacing the mid-point test applied to the definition of Theoretical Price under the Obvious Error Rule of Chapter V, Section 6 of the respective exchange rules. The new definition of Theoretical Price for the purposes of Obvious Error under Section 6 is as follows:

- If the series is traded on at least one other options exchange, the last National Best Bid price with respect to an erroneous sell transaction and the last National Best Offer price with respect to an erroneous buy transaction, just prior to the transaction

### Does this change affect both Obvious Error and Catastrophic Error Rules?

Yes, the new definition of Theoretical Price will be applied when reviewing potential erroneous transactions under Obvious Error Rules on both NOM and BX Options, which includes Catastrophic Error, where Theoretical Price is considered.

### Where can I find more information?

- See [Chapter V](#), Section 6 of the NASDAQ Options Market Rules.
- See [Chapter V](#), Section 6 of NASDAQ OMX BX Options Rules.
- Contact [NASDAQ Options & Futures](#) at +1 800 846 0477 (Option #2) or MarketWatch at +1 800 211 4953.

### Subscribe to Email Alerts:

NASDAQ OMX is offering customers the ability to self select news delivery across various NASDAQ OMX markets. Create and maintain a profile for updating alert preferences and contact information. Visit the [enrollment form](#) on the NASDAQ Trader website and sign up today! Please note that if you choose to unsubscribe from an email list, you may no longer receive potentially critical emails from the NASDAQ Stock Market regarding NASDAQ's trading and data products, regulatory issues or marketplace initiatives.

Please follow NASDAQ OMX on [Facebook](#) RSS and [Twitter](#).

### About the NASDAQ OMX Group:

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

The NASDAQ OMX Group, Inc. is the world's largest exchange company. It delivers trading, exchange technology and public company services across six continents, with more than 3,600 listed companies. NASDAQ OMX offers multiple capital raising solutions to companies around the globe, including its U.S. listings market, NASDAQ OMX Nordic, NASDAQ OMX Baltic, NASDAQ OMX First North, and the U.S. 144A sector. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and exchange-traded funds. NASDAQ OMX technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries. NASDAQ OMX Nordic and NASDAQ OMX Baltic are not legal entities but describe the common offering from NASDAQ OMX exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga, and Vilnius. For more information about NASDAQ OMX, visit [www.nasdaqomx.com](http://www.nasdaqomx.com).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2013 - 2, (Mar. 14, 2013)

[Click to open document in a browser](#)

Thursday, March 14, 2013

Mini Options Handling on NOM, PHLX and BX Options

### Markets Impacted:

- [The NASDAQ Options Market](#)
- [NASDAQ OMX PHLX](#)
- [NASDAQ OMX BX Options](#)

### Contact Information:

- [NASDAQ OMX Options & Futures](#) at +1 800 846 0477 (Option #2)

### What you need to know:

- NOM will begin trading Mini Options on **Monday, March 18, 2013**.
- PHLX will begin trading Mini Options on **Friday, March 22, 2013**.
- BX Options will begin trading Mini Options at a date to be determined.
- Market Maker Quote Obligations apply only to participants registered in Mini Options.
- QCC Orders in Mini Options must be for a minimum size of 10,000 option contracts.
- Complex Order rules applicable to standard contracts apply to Mini Options.
- Complex Orders are not permitted which consist of both standard and Mini Option components.
- Complex Orders involving both Mini Options and an equity component will not be accepted electronically.
- Mini Option Orders may be entered into PIXL under the same rules as standard options.

### What is being announced?

The NASDAQ Options Market<sup>SM</sup> (NOM), NASDAQ OMX PHLX<sup>®</sup> (PHLX<sup>SM</sup>), and NASDAQ OMX BX Options<sup>SM</sup> (BX Options) will begin trading Mini Options on AAPL, AMZN, GLD, GOOG, and SPY. NOM will begin trading Mini Options on Monday, March 18, 2013. PHLX will begin trading Mini Options on Friday, March 22, 2013. BX Options will begin trading Mini Options at a date to be determined.

### What is the Minimum Price Variation (MPV) for quoting Mini Options?

Pending SEC approval, Mini Options will be quoted in the same MPV as the standard contracts of the same underlying.

### What are the Quoting Obligations for Mini Options?

Mini Options and standard options on the underlying will be considered two separate appointments for the purpose of quoting obligations. Market Makers registered in the standard option class only and not registered in the Mini Option, will only be obligated to quote the standard options.

### Are QCC Orders permitted in Mini Options?

Yes, QCC Orders are permitted in Mini Options but must be for a minimum size of 10,000 contracts. QCC Orders may not consist of both Mini Options and standard options.

### Are Complex Orders permitted in Mini Options?

Yes, Complex Orders are permitted in Mini Options provided the components of such order are of a conforming ratio as defined in [PHLX Rule 1080 Commentary .08\(a\)\(ix\)](#) and only include Mini Options. Complex Orders may not consist of both Mini Options and standard options and Complex Orders involving Mini Options may not include a stock component. The PHLX XL system will reject Complex Orders involving Mini Options and a stock component.

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)



### **Are Mini Option orders permitted in PIXL?**

Yes, Mini Option orders may be entered into Price Improvement XL (PIXL). Such orders must conform to the rules as stipulated in PHLX Rule 1080(n). Orders of 50 contracts or more must be stopped at a price that is equal to or better than the National Best Bid/Offer (NBBO). Orders of less than 50 contracts must be stopped at a price that is at least one minimum price improvement increment better than the PHLX Best Bid/Offer (PBBO) and no worse than the NBBO.

### **How do Underlying Halts affect trading in Mini Options?**

Trading in Mini Options will be halted when the underlying halts trading on the primary market. This is consistent with how underlying halts affect trading in standard options.

### **Where can I find additional information?**

- Refer to PHLX Rule 1080(n) and PHLX Rule 1080 Commentary .08(a)(ix).
- NASDAQ OMX Options & Futures at +1 800 846 0477 (Option #2).

### **Subscribe to Email Alerts:**

NASDAQ OMX is offering customers the ability to self select news delivery across various NASDAQ OMX markets. Create and maintain a profile for updating alert preferences and contact information. Visit the enrollment form on the NASDAQ Trader website and sign up today! Please note that if you choose to unsubscribe from an email list, you may no longer receive potentially critical emails from the NASDAQ Stock Market regarding NASDAQ's trading and data products, regulatory issues or marketplace initiatives.

### **About the NASDAQ OMX Group:**

The NASDAQ OMX Group, Inc. is the world's largest exchange company. It delivers trading, exchange technology and public company services across six continents, with more than 3,600 listed companies. NASDAQ OMX offers multiple capital raising solutions to companies around the globe, including its U.S. listings market, NASDAQ OMX Nordic, NASDAQ OMX Baltic, NASDAQ OMX First North, and the U.S. 144A sector. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and exchange-traded funds. NASDAQ OMX technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries. NASDAQ OMX Nordic and NASDAQ OMX Baltic are not legal entities but describe the common offering from NASDAQ OMX exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga, and Vilnius. For more information about NASDAQ OMX, visit [www.nasdaqomx.com](http://www.nasdaqomx.com).

*Copyright 2018, Nasdaq, Inc. All Rights Reserved.*

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*

## Nasdaq BX Rules, Options Regulatory Alert #2012-10 , (Nov. 5, 2012)

[Click to open document in a browser](#)

**Monday, November 05, 2012**

BX Options Eliminates Market Maker Quote Obligations Before Regular Market Hours

### Markets:

- [NASDAQ OMX BX Options](#)

### Contact Information:

- [BX Options Market Operations](#) at +1 215 496 1571

### What you need to know:

- **Effective immediately**, BX Options has eliminated two sided quoting obligations for Market Makers before regular BX Options market hours (including market open).

### What is changing?

NASDAQ OMX BX Options Market<sup>SM</sup> (BX Options) filed an immediately effective rule filing with the Securities and Exchange Commission (SEC) to remove the two-side quoting obligations for Market Makers before regular market hours, including market open.

**Effective immediately**, Market Makers are no longer required to enter two sided quotes pre-market or at the open on BX Options.

### Will this change impact the quality of the market opening on BX Options?

No. BX Options has a robust opening based on two other options exchanges quoting a given symbol before BX Options will open quoting or trading in the symbol. The BX Options open will not trade through the National Best Bid and Offer (NBBO). The elimination of pre-market and open obligations will help Market Makers provide liquidity more effectively.

### Where can I find more information?

- See [Chapter VII](#) of the BX Options rules.
- See the BX Options [SEC rule filing](#).
- Contact [BX Options Market Operations](#) at +1 215 496 1571.

Please follow NASDAQ OMX on [Facebook](#) [RSS](#) and [Twitter](#).

### About the NASDAQ OMX Group:

The NASDAQ OMX Group, Inc. is the world's largest exchange company. It delivers trading, exchange technology and public company services across six continents, with more than 3,600 listed companies. NASDAQ OMX offers multiple capital raising solutions to companies around the globe, including its U.S. listings market, NASDAQ OMX Nordic, NASDAQ OMX Baltic, NASDAQ OMX First North, and the U.S. 144A sector. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and exchange-traded funds. NASDAQ OMX technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries. NASDAQ OMX Nordic and NASDAQ OMX Baltic are not legal entities but describe the common offering from NASDAQ OMX exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga, and Vilnius. For more information about NASDAQ OMX, visit [www.nasdaqomx.com](http://www.nasdaqomx.com).

---

©2019 Wolters Kluwer Financial Services, Inc. All rights reserved.

Subject to Terms & Conditions: [http://researchhelp.cch.com/License\\_Agreement.htm](http://researchhelp.cch.com/License_Agreement.htm)

Copyright 2018, Nasdaq, Inc. All Rights Reserved.

*The Nasdaq BX Rules are reproduced by permission of Nasdaq, Inc. ("Nasdaq, Inc.") under a non-exclusive license. Nasdaq, Inc. accepts no responsibility for the accuracy or otherwise of the reproduction of the Nasdaq BX Rules in the CCH Securities Compliance Library. Any advice or commentary given in the CCH Securities Compliance Library about the Nasdaq BX Rules are the sole responsibility of Wolters Kluwer Financial Services and does not reflect the views of Nasdaq, Inc. Nasdaq, Inc. reserves the right to amend the Nasdaq BX Rules at its discretion.*