SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84472; File No. SR–BX–2018–025]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing of Amendment No. 1 and Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, To Make Permanent the Retail Price Improvement Program Pilot, Which Is Set To Expire on December 31, 2018

October 23, 2018.

I. Introduction

On July 9, 2018, Nasdaq BX, Inc. (''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'' or ''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to make permanent the Exchange's Retail Price Improvement Program Pilot. The proposed rule change was published for comment in the **Federal Register** on July 26, 2018.[3] On August 31, 2018, the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[4] On October 11, 2018, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.[5] The Commission has received no comments on the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons and this order to institute proceedings under Section 19(b)(2)(B) of the Act [6] to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 83681 (July 20, 2018), 83 FR 35516 (''Notice'').

[4] *See* Securities Exchange Act Release No. 84013, 83 FR 45479 (September 7, 2018). The Commission designated October 24, 2018, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

[5] Amendment No. 1 is also publicly available on the Commission's website at: *https://www.sec.gov/comments/sr-bx-2018-025/srbx2018-025-4523638-176032.pdf.*

[6] 15 U.S.C. 78s(b)(2)(B).

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

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

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

1. Purpose

The Exchange proposes to make permanent the Exchange's pilot RPI Program,[7] currently scheduled to expire the earlier of approval of the filing to make this rule permanent or December 31, 2018.

Background

In November 2014, the Commission approved the RPI Program on a pilot basis.[8] The Program is designed to attract retail order flow to the Exchange, and allow such order flow to receive potential price improvement. The Program is currently limited to trades occurring at prices equal to or greater than $1.00 per share. Under the Program, a class of market participant called a Retail Member Organization (''RMO'') is eligible to submit certain retail order flow (''Retail Orders'') [9] to the Exchange. BX members (''Members'') are permitted to provide potential price improvement for Retail Orders in the form of non-displayed interest that is priced more aggressively than the Protected National Best Bid or Offer (''Protected NBBO'').[10]

[7] Securities Exchange Act Release No. 73702 (November 28, 2014), 79 FR 72049 (December 4, 2014) (SR–BX–2014–048) (''RPI Approval Order'').

[8] *See id.*

[9] A ''Retail Order'' is defined in BX Rule 4780(a)(2) by referencing BX Rule 4702, and BX Rule 4702(b)(6) says it is an order type with a non-display order attribute submitted to the Exchange by a RMO. A Retail Order must be an agency order, or riskless principal order that satisfies the criteria of FINRA Rule 5320.03. The Retail Order must reflect trading interest of a natural person with no change made to the terms of the underlying order of the natural person with respect to price (except in the case of a market order that is changed to a marketable limit order) or side of market and that does not originate from a trading algorithm or any other computerized methodology.

[10] The term Protected Quotation is defined in Chapter XII, Sec. 1(19) and has the same meaning as is set forth in Regulation NMS Rule 600(b)(58). The Protected NBBO is the best-priced protected bid and offer. Generally, the Protected NBBO and the national best bid and offer (''NBBO'') will be the same. However, a market center is not required to route to the NBBO if that market center is subject to an exception under Regulation NMS Rule 611(b)(1) or if such NBBO is otherwise not available for an automatic execution. In such case, the Protected NBBO would be the best-priced protected bid or offer to which a market center must route interest pursuant to Regulation NMS Rule 611.

The Program was approved by the Commission on a pilot basis running one-year from the date of implementation.[11] The Commission approved the Program on November 28, 2014.[12] The Exchange implemented the Program on December 1, 2014 and the pilot has since been extended for a one-year period twice, as well as for a six-month period, with it now scheduled to expire the earlier of approval of the filing to make this rule permanent or December 31, 2018.[13]

Specifically, BX Rule 4780(h) will be amended to delete that the Program is a pilot and that it is scheduled to expire the earlier of approval of the filing to make this rule permanent or December 31, 2018. BX Rule 4780(h) will continue to say that the Program will be limited to securities whose Bid Price on the Exchange is greater than or equal to $1.00 per share.

The SEC approved the Program pilot, in part, because it concluded, ''the Program is reasonably designed to benefit retail investors by providing price improvement to retail order flow.'' [14] The Commission also found that ''while the Program would treat retail order flow differently from order flow submitted by other market participants, such segmentation would not be inconsistent with Section 6(b)(5) of the Act, which requires that the rules of an exchange are not designed to permit unfair discrimination.'' [15] As the SEC acknowledged, the retail order segmentation was designed to create greater retail order flow competition and thereby increase the amount of this flow to transparent and well-regulated exchanges. This would help to ensure that retail investors benefit from competitive price improvement that

[11] *See* RPI Approval Order, *supra* note 7 at 72053.

[12] *Id.* at 72049.

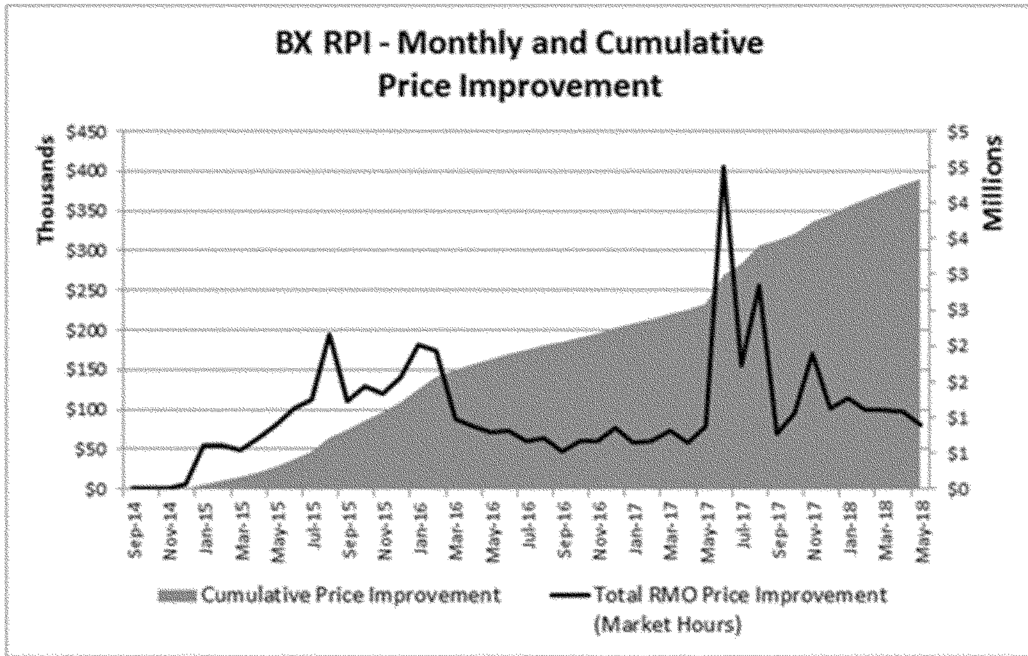
[13] *See* Securities Exchange Act Release No. 76490 (November 20, 2015), 80 FR 74165 (November 27, 2015) (SR–BX–2015–073); Securities Exchange Act Release No. 79446 (December 1, 2016), 81 FR 88290 (December 7, 2016) (SR–BX–2016–065); Securities Exchange Act Release No. 82192 (December 1, 2017), 82 FR 57809 (December 7, 2017) (SR–BX–2017–055); and Securities Exchange Act Release No. 83539 (June 28, 2018), 83 FR 31203 (July 3, 2018) (SR–BX–2018–026).

[14] *See* RPI Approval Order, *supra* note 7 at 72051.

[15] *Id.*

exchange-based liquidity providers provide.

As discussed below, the Exchange believes that the Program does not harm retail investors. In fact, so far it has provided price improvement of more than $4 million since inception to retail investors that they may not otherwise have received. As a result, the Exchange believes that it is therefore appropriate to make the pilot Program permanent.



Definitions

The Exchange adopted the following definitions under BX Rule 4780. First, the term ''Retail Member Organization'' (or ''RMO'') is defined as a Member (or a division thereof) that has been approved by the Exchange to submit Retail Orders.

Second, the term ''Retail Order'' is defined by BX Rule 4702(b)(6)(A) as an order type with a non-display order attribute submitted to the Exchange by a RMO. A Retail Order must be an agency Order, or riskless principal Order that satisfies the criteria of FINRA Rule 5320.03. The Retail Order must reflect trading interest of a natural person with no change made to the terms of the underlying order of the natural person with respect to price (except in the case of a market order that is changed to a marketable limit order) or side of market and that does not originate from a trading algorithm or any other computerized methodology.[16]

The criteria set forth in FINRA Rule 5320.03 adds additional precision to the definition of ''Retail Order'' by clarifying that an RMO may enter Retail Orders on a riskless principal basis, provided that (i) the entry of such riskless principal orders meet the requirements of FINRA Rule 5320.03, including that the RMO maintains supervisory systems to reconstruct, in a time-sequenced manner, all Retail Orders that are entered on a riskless principal basis; and (ii) the RMO submits a report, contemporaneously with the execution of the facilitated order, that identifies the trade as riskless principal.

The term ''Retail Price Improving Order'' or ''RPI Order'' or collectively ''RPI interest'' is defined as an Order Type with a Non- Display Order Attribute that is held on the Exchange Book in order to provide liquidity at a price at least $0.001 better than the NBBO through a special execution process described in Rule 4780. A RPI Order may be entered in price increments of $0.001. An RPI Order will be posted to the Exchange Book regardless of its price, but an RPI Order may execute only against a Retail Order, and only if its price is at least $0.001 better than the NBBO.[17] RPI orders can be priced either as an explicitly priced limit order or implicitly priced as relative to the NBBO with an offset of at least $0.001.

The price of an RPI Order with an offset is determined by a Member's entry of the following into the Exchange: (1) RPI buy or sell interest; (2) an offset from the Protected NBBO, if any; and (3) a ceiling or floor price. RPI Orders submitted with an offset are similar to other peg orders available to Members in that the order is tied or ''pegged'' to a certain price, and would have its price automatically set and adjusted upon changes in the Protected NBBO, both upon entry and any time thereafter. RPI sell or buy interest typically are entered to track the Protected NBBO, that is, RPI Orders typically are submitted with an offset. The offset is a predetermined amount by which the Member is willing to improve the Protected NBBO, subject to a ceiling or floor price. The ceiling or floor price is the amount above or below which the Member does not wish to trade. RPI Orders in their entirety (the buy or sell interest, the offset, and the ceiling or floor) will remain non-displayed. The Exchange also allows Members to enter RPI Orders that establish the exact limit price, which is similar to a non-displayed limit order currently accepted by the Exchange except the Exchange accepts sub-penny limit prices on RPI Orders in increments of $0.001. The

[16] *See supra* note 9.

[17] Exchange systems prevent Retail Orders from interacting with RPI Orders if the RPI Order is not priced at least $0.001 better than the Protected NBBO. The Exchange notes, however, that price improvement of $0.001 would be a minimum requirement and Members can enter RPI Orders that better the Protected NBBO by more than $0.001. Exchange systems accept RPI Orders without a minimum price improvement value; however, such interest execute at its floor or ceiling price only if such floor or ceiling price is better than the Protected NBBO by $0.001 or more.

Exchange monitors whether RPI buy or sell interest, adjusted by any offset and subject to the ceiling or floor price, is eligible to interact with incoming Retail Orders.

Members and RMOs may enter odd lots, round lots or mixed lots as RPI Orders and as Retail Orders respectively. As discussed below, RPI Orders are ranked and allocated according to price and time of entry into the System consistent with BX Rule 4757 and therefore without regard to whether the size entered is an odd lot, round lot or mixed lot amount. Similarly, Retail Orders interact with RPI Orders and other price-improving orders available on the Exchange (*e.g.,* non-displayed liquidity priced more aggressively than the NBBO) [18] according to the Priority and Allocation rules of the Program and without regard to whether they are odd lots, round lots or mixed lots. Finally, Retail Orders are designated as Type 1 or Type 2 without regard to the size of the order.

RPI Orders interact with Retail Orders as follows. Assume a Member enters RPI sell interest with an offset of $0.001 and a floor of $10.10 while the Protected NBO is $10.11. The RPI Order could interact with an incoming buy Retail Order at $10.109. If, however, the Protected NBO was $10.10, the RPI Order could not interact with the Retail Order because the price required to deliver the minimum $0.001 price improvement ($10.099) would violate the Member's floor of $10.10. If a Member otherwise enters an offset greater than the minimum required price improvement and the offset would produce a price that would violate the Member's floor, the offset would be applied only to the extent that it respects the Member's floor. By way of illustration, assume RPI buy interest is entered with an offset of $0.005 and a ceiling of $10.112 while the Protected NBBO is at $10.11. The RPI Order could interact with an incoming sell Retail Order at $10.112, because it would produce the required price improvement without violating the Member's ceiling, but it could not interact above the $10.112 ceiling. Finally, if a Member enters an RPI Order without an offset (*i.e.,* an explicitly priced limit order), the RPI Order will interact with Retail Orders at the level of the Member's limit price as long as the minimum required price improvement is produced. Accordingly, if RPI sell interest is entered with a limit price of $10.098 and no offset while the Protected NBBO is $10.11, the RPI Order could interact with the Retail Order at $10.098, producing $0.012 of price improvement. The System will not cancel RPI interest when it is not eligible to interact with incoming Retail Orders; such RPI interest will remain in the System and may become eligible again to interact with Retail Orders depending on the Protected NBBO. RPI Orders are not accepted during halts.

RMO Qualifications and Approval Process

Under BX Rule 4780(b), any Member may qualify as an RMO if it conducts a retail business or routes retail orders on behalf of another broker-dealer. For purposes of BX Rule 4780, conducting a retail business shall include carrying retail customer accounts on a fully disclosed basis. Any Member that wishes to obtain RMO status is required to submit: (i) An application form; (ii) supporting documentation sufficient to demonstrate the retail nature and characteristics of the applicant's order flow [19] and (iii) an attestation, in a form prescribed by the Exchange, that substantially all orders submitted by the Member as a Retail Order would meet the qualifications for such orders under proposed BX Rule 4780(b). The Exchange shall notify the applicant of its decision in writing.

An RMO is required to have written policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the Member to (i) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of this rule, and (ii) monitor whether orders entered as Retail Orders meet the applicable requirements. If the RMO represents Retail Orders from another broker-dealer customer, the RMO's supervisory procedures must be reasonably designed to assure that the orders it receives from such broker-dealer customer that it designates as Retail Orders meet the definition of a Retail Order. The RMO must (i) obtain an annual written representation, in a form acceptable to the Exchange, from each broker-dealer customer that sends it orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of this rule, and (ii) monitor whether its broker-dealer customers' Retail Order flow continues to meet the applicable requirements.[20]

If the Exchange disapproves the application, the Exchange provides a written notice to the Member. The disapproved applicant could appeal the disapproval by the Exchange as provided in proposed BX Rule 4780(d), and/or reapply for RMO status 90 days after the disapproval notice is issued by the Exchange. An RMO also could voluntarily withdraw from such status at any time by giving written notice to the Exchange.

Failure of RMO To Abide by Retail Order Requirements

BX Rule 4780(c) addresses an RMO's failure to abide by Retail Order requirements. If an RMO designates orders submitted to the Exchange as Retail Orders and the Exchange determines, in its sole discretion, that those orders fail to meet any of the requirements of Retail Orders, the Exchange may disqualify a Member from its status as an RMO. When disqualification determinations are made, the Exchange provides a written disqualification notice to the Member. A disqualified RMO may appeal the disqualification as provided in proposed BX Rule 4780(d) and/or reapply for RMO status 90 days after the disqualification notice is issued by the Exchange.

Appeal of Disapproval or Disqualification

BX Rule 4780(d) provides appeal rights to Members. If a Member disputes the Exchange's decision to disapprove it as an RMO under BX Rule 4780(b) or disqualify it under BX Rule 4780(c), such Member (''appellant'') may request, within five business days after notice of the decision is issued by the Exchange, that the Retail Price Improvement Program Panel (''RPI Panel'') review the decision to determine if it was correct.

[18] Other price improving liquidity may include, but is not limited to: Booked non-displayed orders with a limit price that is more aggressive than the then-current NBBO; midpoint-pegged orders (which are by definition non-displayed and priced more aggressively than the NBBO); non-displayed orders pegged to the NBBO with an aggressive offset, as defined in BX Rule 4780(a)(4) as Other Price Improving Contra-Side Interest. Orders that do not constitute other price improving liquidity include, but are not limited to: Orders with a time-in-force instruction of IOC; displayed orders; limit orders priced less aggressively than the NBBO.

[19] For example, a prospective RMO could be required to provide sample marketing literature, website screenshots, other publicly disclosed materials describing the retail nature of their order flow, and such other documentation and information as the Exchange may require to obtain reasonable assurance that the applicant's order flow would meet the requirements of the Retail Order definition.

[20] The Exchange or another self-regulatory organization on behalf of the Exchange will review an RMO's compliance with these requirements through an exam based review of the RMO's internal controls.

The RPI Panel consists of the Exchange's Chief Regulatory Officer (''CRO''), or a designee of the CRO, and two officers of the Exchange designated by the Chief Executive Officer of BX. The RPI Panel reviews the facts and render a decision within the time frame prescribed by the Exchange. The RPI Panel may overturn or modify an action taken by the Exchange and all determinations by the RPI Panel constitute final action by the Exchange on the matter at issue.

Retail Liquidity Identifier

Under BX Rule 4780(e), the Exchange disseminates an identifier when RPI interest priced at least $0.001 better than the Exchange's Protected Bid or Protected Offer for a particular security is available in the System (''Retail Liquidity Identifier''). The Retail Liquidity Identifier is disseminated through consolidated data streams (*i.e.,* pursuant to the Consolidated Tape Association Plan/Consolidated Quotation System, or CTA/CQS, for Tape A and Tape B securities, and the Nasdaq UTP Plan for Tape C securities) as well as through proprietary Exchange data feeds.[21] The Retail Liquidity Identifier reflects the symbol and the side (buy or sell) of the RPI interest, but does not include the price or size of the RPI interest. In particular, CQS and UTP quoting outputs include a field for codes related to the Retail Liquidity Identifier. The codes indicate RPI interest that is priced better than the Exchange's Protected Bid or Protected Offer by at least the minimum level of price improvement as required by the Program.

Retail Order Designations

Under BX Rule 4780(f), an RMO can designate how a Retail Order interacts with available contra-side interest as provided in Rule 4702.

A Type 1-designated Retail Order will attempt to execute against RPI Orders and any other orders on the Exchange Book with a price that is (i) equal to or better than the price of the Type-1 Retail Order and (ii) at least $0.001 better than the NBBO. A Type-1 Retail Order is not routable and will thereafter be cancelled.

A Type 2-designated Retail Order will first attempt to execute against RPI Orders and any other orders on the Exchange Book with a price that is (i) equal to or better than the price of the Type-2 Retail Order and (ii) at least $0.001 better than the NBBO and will then attempt to execute against any other order on the Exchange Book with a price that is equal to or better than the price of the Type-2 Retail Order, unless such executions would trade through a Protected Quotation. A Type-2 Retail Order may be designated as routable.

Priority and Order Allocation

Under BX Rule 4780(g), competing RPI Orders in the same security are ranked and allocated according to price then time of entry into the System. Executions occur in price/time priority in accordance with BX Rule 4757. Any remaining unexecuted RPI interest remain available to interact with other incoming Retail Orders if such interest is at an eligible price. Any remaining unexecuted portion of the Retail Order will cancel or execute in accordance with BX Rule 4780(f). The following example illustrates this method:

Protected NBBO for security ABC is $10.00—$10.05
Member 1 enters an RPI Order to buy ABC at $10.015 for 500
Member 2 then enters an RPI Order to buy ABC at $10.02 for 500
Member 3 then enters an RPI Order to buy ABC at $10.035 for 500

An incoming Retail Order to sell 1,000 shares of ABC for $10.00 executes first against Member 3's bid for 500 at $10.035, because it is the best priced bid, then against Member 2's bid for 500 at $10.02, because it is the next best priced bid. Member 1 is not filled because the entire size of the Retail Order to sell 1,000 is depleted. The Retail Order executes against RPI Orders in price/time priority.

However, assume the same facts above, except that Member 2's RPI Order to buy ABC at $10.02 is for 100. The incoming Retail Order to sell 1,000 executes first against Member 3's bid for 500 at $10.035, because it is the best priced bid, then against Member 2's bid for 100 at $10.02, because it is the next best priced bid. Member 1 then receives an execution for 400 of its bid for 500 at $10.015, at which point the entire size of the Retail Order to sell 1,000 is depleted.

As a final example, assume the same facts as above, except that Member 3's order was not an RPI Order to buy ABC at $10.035, but rather, a non-displayed order to buy ABC at $10.03. The result would be similar to the result immediately above, in that the incoming Retail Order to sell 1,000 executes first against Member 3's bid for 500 at $10.03, because it is the best priced bid, then against Member 2's bid for 100 at $10.02, because it is the next best priced bid. Member 1 then receives an execution for 400 of its bid for 500 at $10.015, at which point the entire size of the Retail Order to sell 1,000 is depleted.

All Regulation NMS securities traded on the Exchange are eligible for inclusion in the RPI Program. The Exchange limits the Program to trades occurring at prices equal to or greater than $1.00 per share. Toward that end, Exchange trade validation systems prevent the interaction of RPI buy or sell interest (adjusted by any offset) and Retail Orders at a price below $1.00 per share.[22] For example, if there is RPI buy interest tracking the Protected NBB at $0.99 with an offset of $0.001 and a ceiling of $1.02, Exchange trade validation systems would prevent the execution of the RPI Order at $0.991 with a sell Retail Order with a limit of $0.99. However, if the Retail Order was Type 2 as defined the Program,[23] it would be able to interact at $0.99 with liquidity outside the Program in the Exchange's order book. In addition to facilitating an orderly[24] and operationally intuitive program, the Exchange believes that limiting the Program to trades equal to or greater than $1.00 per share enabled it better to focus its efforts to monitor price competition and to assess any indications that data disseminated under the Program is potentially disadvantaging retail orders. As part of that review, the Exchange produced data throughout the pilot, which included statistics about participation, the frequency and level of price improvement provided by the Program, and any effects on the broader market structure.

[21] The Exchange notes that the Retail Liquidity Identifier for Tape A and Tape B securities are disseminated pursuant to the CTA/CQS Plan. The identifier is also available through the consolidated public market data stream for Tape C securities. The processor for the Nasdaq UTP quotation stream disseminates the Retail Liquidity Identifier and analogous identifiers from other market centers that operate programs similar to the RPI Program.

[22] As discussed above, the price of an RPI is determined by a Member's entry of buy or sell interest, an offset (if any) and a ceiling or floor price. RPI sell or buy interest typically tracks the Protected NBBO.

[23] Type 2 Retail Orders are treated as IOC orders that execute against displayed and non-displayed liquidity in the Exchange's order book where there is no available liquidity in the Program. Type 2 Retail Orders can either be designated as eligible for routing or as non-routable, as described above.

[24] Given the proposed limitation, the Program would have no impact on the minimum pricing increment for orders priced less than $1.00 and therefore no effect on the potential of markets executing those orders to lock or cross. In addition, the non-displayed nature of the liquidity in the Program simply has no potential to disrupt displayed, protected quotes. In any event, the Program would do nothing to change the obligation of exchanges to avoid and reconcile locked and crossed markets under NMS Rule 610(d).

Rationale for Making the Program Pilot Permanent

The Exchange established the RPI Program in an attempt to attract retail order flow to the Exchange by providing an opportunity price improvement to such order flow. The Exchange believes that the Program promotes transparent competition for retail order flow by allowing Exchange members to submit RPI Orders [25] to interact with Retail Orders. BX also believes that such competition promotes efficiency by facilitating the price discovery process and generating additional investor interest in trading securities, thereby promoting capital formation and retail investment opportunities. The Program will continue to be limited to trades occurring at prices equal to or greater than $1.00 per share.

The Exchange believes, in accordance with its filing establishing the pilot Program, which BX did ''produce data throughout the pilot, which will include statistics about participation, the frequency and level of price improvement provided by the Program, and any effects on the broader market structure.'' [26] The Exchange has fulfilled this obligation through the reports and assessments it has submitted to the Commission since the implementation of the pilot Program.

The SEC stated in the RPI Approval Order that the Program could promote competition for retail order flow among execution venues, and that this could benefit retail investors by creating additional well-regulated and transparent price improvement opportunities for marketable retail order flow, most of which is currently executed in the Over-the-Counter (''OTC'') markets without ever reaching a public exchange.[27] The Exchange believes that the Program does not harm retail investors and so far has provided price improvement of more than $4 million since inception to retail investors that they may not otherwise have received. The data demonstrates that the Program has continued to grow over time and the Exchange has not detected any negative impact to market quality. The Exchange also has not received any complaints or negative feedback concerning the Program.

As seen in the table below, RMO orders and shares executed have continued to rise since the introduction of the Program in December 2014. RMO executed share volume on BX accounted for 0.05% of total consolidated volume in eligible U.S. listed securities in Q4 2017. Despite its size relative to total consolidated trading, however, the Program has continued to provide some price improvement to RMO orders each month with total price improvement during market hours from the start of the Program through May 2018 totaling over $4.3 million.

Retail orders are routed by sophisticated brokers using systems that seek the highest fill rates and amounts of price improvement. These brokers have many choices of execution venues for retail orders. When they choose to route to the Program, they have determined that it is the best opportunity for fill rate and price improvement at that time.

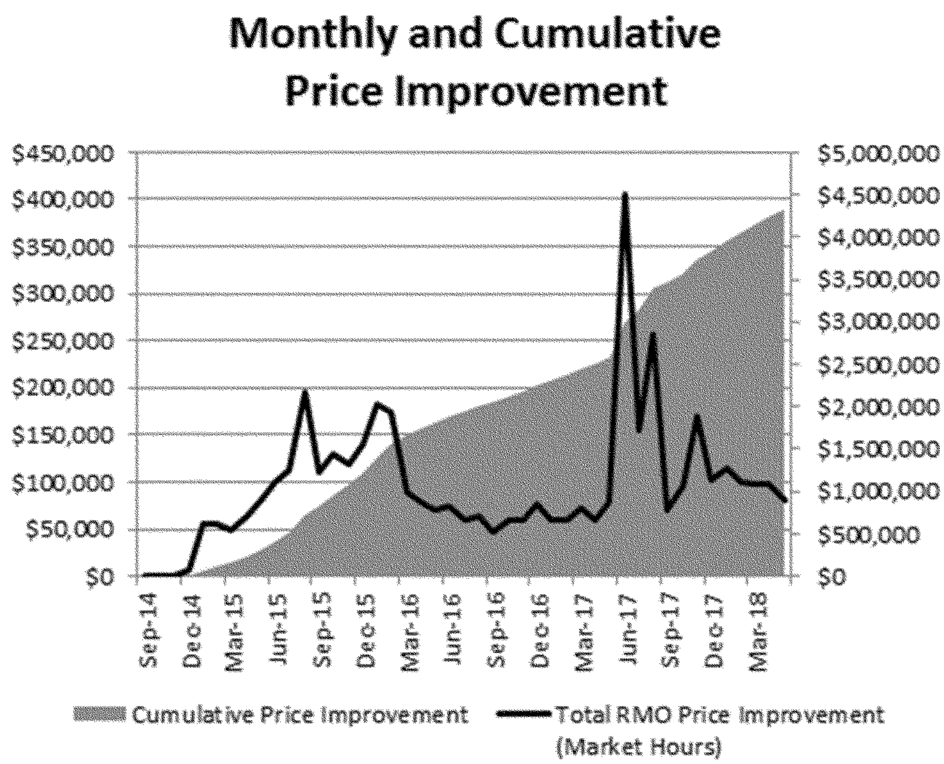
Month	Total RMO orders (market hours)	RMO shares executed (market hours)	Total RMO price improvement (market hours)
Sep-14	0	0	$0
Oct-14	0	0	0
Nov-14	0	0	0
Dec-14	4,003	521,587	6,572
Jan-15	66,903	9,723,791	55,480
Feb-15	71,204	12,948,664	54,769
Mar-15	62,216	10,818,042	49,232
Apr-15	75,558	12,121,577	63,247
May-15	98,859	16,723,281	81,268
Jun-15	116,570	20,341,305	100,520
Jul-15	133,917	22,310,364	111,657
Aug-15	192,546	30,011,636	194,706
Sep-15	141,496	23,199,937	110,415
Oct-15	148,414	25,745,772	128,838
Nov-15	123,267	20,788,967	120,037
Dec-15	145,022	24,414,783	140,444
Jan-16	162,025	30,010,815	181,781
Feb-16	135,409	27,794,644	173,988
Mar-16	93,729	17,688,230	88,900
Apr-16	82,819	15,269,513	78,241
May-16	70,192	13,336,738	71,145
Jun-16	76,092	15,356,152	74,035
Jul-16	65,121	13,532,803	59,305
Aug-16	78,611	16,412,113	64,231
Sep-16	84,240	17,368,907	46,792
Oct-16	146,207	30,827,361	60,624
Nov-16	103,046	19,744,407	60,391
Dec-16	168,638	31,003,843	76,025
Jan-17	140,203	23,474,999	58,887
Feb-17	139,447	26,643,083	59,372
Mar-17	161,154	30,595,963	73,250
Apr-17	126,665	26,587,486	59,141
May-17	143,927	31,368,371	78,979
Jun-17	332,266	71,569,426	405,933
Jul-17	210,309	39,061,892	155,669

[25] A Retail Price Improvement Order is defined in BX Rule 4780(a)(3) by referencing BX Rule 4702 and BX Rule 4702(b)(5) says that it is as an order type with a non-display order attribute that is held on the Exchange Book in order to provide liquidity at a price at least $0.001 better than the NBBO through a special execution process described in Rule 4780.

[26] *See* Securities Exchange Act Release No. 73410 (October 23, 2014), 79 FR 64447 at 64450 (SR–BX–2014–048).

[27] RPI Approval Order, 79 FR at 72053.

Month	Total RMO orders (market hours)	RMO shares executed (market hours)	Total RMO price improvement (market hours)
Aug-17	266,762	51,442,492	255,999
Sep-17	154,846	29,831,646	69,634
Oct-17	205,399	39,409,251	95,051
Nov-17	370,064	94,703,209	169,738
Dec-17	219,528	49,424,240	102,082
Jan-18	248,419	47,080,453	113,956
Feb-18	263,576	40,979,066	100,148
Mar-18	597,460	40,896,277	98,779
Apr-18	1,095,396	41,067,806	97,015
May-18	1,031,527	31,843,167	81,199
Total	8,353,052	1,193,994,059	4,327,477



The table below shows that between April 2017 and May 2018, roughly 50% of RMO orders were for 100 shares or less and around 70% of orders were for 300 shares or less. Larger orders of 7,500 shares or more accounted for approximately 2%, ranging from 0.62% to 3.09%. Although large order were a small percentage of total orders, they make up a significant portion of total shares ordered, ranging from 21.11% to 46.22%. Orders of 300 shares or less, which accounted for the vast majority of total RMO orders, accounted for only between 4.81% and 15.38% of total shares ordered.

DISTRIBUTION OF RMO ORDERS BY ORDER SIZE

Month	<=100 (%)	101–300 (%)	301–500 (%)	501–1,000 (%)	1,001–2,000 (%)	2,001–4,000 (%)	4,001–7,500 (%)	7,500–15,000 (%)	>15,000
Apr–17	49.50	18.53	8.67	9.47	5.69	3.84	2.24	1.38	0.69
May–17	46.55	23.79	8.25	8.42	5.26	3.71	2.12	1.29	0.62
Jun–17	59.60	13.26	6.62	7.91	4.75	3.48	2.36	1.52	0.51
Jul–17	57.30	14.61	7.32	8.50	5.17	3.28	2.00	1.19	0.65
Aug–17	56.38	15.19	7.54	8.49	5.23	3.41	1.91	1.22	0.63
Sep–17	53.16	16.29	7.69	8.79	5.71	4.05	2.22	1.38	0.70
Oct–17	54.28	16.00	7.46	8.65	5.64	3.84	2.15	1.33	0.66
Nov–17	47.76	15.30	8.19	10.23	7.38	5.10	2.95	2.04	1.06
Dec–17	48.66	15.30	8.27	10.34	6.99	4.82	2.79	1.87	0.98
Jan–18	53.60	14.93	7.73	9.20	5.98	4.04	2.28	1.53	0.71
Feb–18	58.44	14.58	7.14	8.02	4.93	3.29	1.91	1.14	0.55
Mar–18	55.29	17.97	8.63	8.38	5.12	2.64	1.07	0.61	0.28
Apr–18	54.52	19.12	9.04	8.31	5.02	2.50	0.87	0.42	0.19
May–18	50.44	20.21	9.89	9.10	5.77	2.88	0.96	0.50	0.26

DISTRIBUTION OF RMO SHARES ORDERED BY ORDER SIZE

Month	<=100 (%)	101–300 (%)	301–500 (%)	501–1,000 (%)	1,001–2,000 (%)	2,001–4,000 (%)	4,001–7,500 (%)	7,500–15,000 (%)	>15,000
Apr–17	3.04	4.63	4.42	8.78	10.06	12.89	13.89	16.06	26.23
May–17	3.28	6.49	4.49	8.34	9.98	13.38	14.28	16.05	23.71
Jun–17	2.47	3.78	3.95	8.89	10.15	13.74	17.06	20.07	19.88
Jul–17	2.82	4.20	4.36	9.31	10.78	12.94	14.44	16.47	24.67
Aug–17	2.80	4.28	4.42	9.21	10.84	13.21	13.55	16.63	25.08
Sep–17	2.88	4.16	3.98	8.36	10.50	14.04	14.17	16.78	25.14
Oct–17	2.89	4.31	4.09	8.73	11.02	14.04	14.49	17.11	23.32
Nov–17	1.80	3.01	3.26	7.48	10.45	13.51	14.27	18.89	27.33
Dec–17	2.00	3.17	3.48	8.02	10.45	13.46	14.18	18.35	26.91
Jan–18	2.50	3.78	4.01	8.82	11.05	13.94	14.30	18.35	23.26
Feb–18	3.25	4.52	4.52	9.34	11.08	13.87	14.53	16.86	22.02
Mar–18	5.73	6.96	6.80	12.44	14.90	14.65	11.00	12.34	15.17
Apr–18	7.27	8.11	7.84	13.68	16.23	15.46	10.29	9.51	11.61
May–18	6.31	7.54	7.50	13.09	16.40	15.66	10.00	9.80	13.70

DISTRIBUTION OF RMO SHARES EXECUTED BY ORDER SIZE

Month	<=100 (%)	101–300 (%)	301–500 (%)	501–1,000 (%)	1,001–2,000 (%)	2,001–4,000 (%)	4,001–7,500 (%)	7,500–15,000 (%)	>15,000
Apr–17	11.39	15.32	11.28	16.25	12.77	10.87	9.27	9.25	3.61
May–17	10.86	20.10	10.47	13.77	11.37	10.58	8.96	9.44	4.45
Jun–17	7.65	10.05	8.48	14.31	11.28	11.85	12.00	18.69	5.68
Jul–17	10.07	12.67	10.18	15.57	12.94	11.79	9.97	10.27	6.56
Aug–17	9.93	12.98	10.89	17.05	14.16	11.94	9.38	8.23	5.45
Sep–17	11.36	13.46	10.12	16.01	13.80	13.07	8.60	8.61	4.97
Oct–17	10.83	13.37	10.07	16.40	14.46	12.48	9.47	7.96	4.96
Nov–17	7.04	10.64	10.14	19.81	18.19	13.96	9.04	7.10	4.09
Dec–17	8.25	11.27	10.37	19.49	17.05	13.33	8.82	7.13	4.28
Jan–18	9.93	12.43	10.92	19.37	16.07	12.66	8.49	6.49	3.64
Feb–18	12.63	14.31	11.81	19.45	15.07	11.22	6.81	5.55	3.16
Mar–18	13.92	15.35	11.92	19.14	14.77	10.05	6.35	5.49	3.00
Apr–18	14.81	15.76	11.86	18.35	13.47	10.21	6.75	5.41	3.39
May–18	13.65	15.78	12.38	18.77	13.92	10.57	6.25	5.27	3.40

The table below shows the average and median sizes of RMO removing orders.

AVERAGE AND MEDIAN RMO SIZES

Year	RMO taking order size	
	Avg	Median
Apr–17	863	111
May–17	802	180
Jun–17	743	82
Jul–17	739	100
Aug–17	753	100
Sep–17	841	100
Oct–17	793	100
Nov–17	1,103	150
Dec–17	1,044	132
Jan–18	844	100
Feb–18	690	100
Mar–18	512	100
Apr–18	454	100
May–18	517	100

The data provided by the Exchange describes a valuable service that delivers some price improvement in a transparent and well-regulated environment. The Program represents just a fraction of retail orders, most of which are executed off-exchange by a wide range of order handling services that have considerably more market share and which operate pursuant to different rules and regulatory requirements. BX found no data or received any customer feedback that indicated any negative impact of the Program on overall market quality or for retail investors.

As discussed more fully below, the reports and assessments provided by the Exchange to the SEC have covered (i) the economic impact of the Program on the entire market; (ii) the economic impact of the Program on execution quality; (iii) whether only eligible participants are accessing Program liquidity; (iv) whether the Program is attracting retail participants; (v) the net benefits of the Program on participants; (vi) the overall success in achieving intended benefits; and (vii) whether the Program can be improved.

1. Economic Impact of the RPI Program on the Entire Market

The Exchange sees no way to detect a market-wide impact from a Program of this size. The entire size of the Program is smaller than the normal day-to-day fluctuations of market share between different venues. Any positive or negative impact of this Program is eclipsed by much larger forces affecting order flow, execution quality and quote competition. For example, during the time that the Program has been in effect, off-exchange trading has varied from 33%–40% of consolidated volume, with much larger variation in individual stocks. Meanwhile the Program averages less than 0.1% of consolidated volume. The combination of substantial variation in other market factors and very little variation in the Program eliminates the ability of statistical tests to indicate causation.

The Program is intended to attract off-exchange order flow back to transparent and well-regulated exchange trading systems. Given current market structure, BX believes that the Program does not harm retail investors and it so far has provided price improvement of more than $4 million since inception to retail investors that they may not otherwise have received. The Program may also improve overall market quality by attracting desirable order flow and liquidity-providers back to the vigorous order competition available on-exchange.

Using correlation tests and visualization the Exchange failed to detect a significant relationship between the amount of RMO volume traded on BX and measurements of overall market quality. The results of correlation tests against 30-second realized spreads show minimal to no correlation.

Additionally, through time series visualization BX detects no significant changes in BX market quality measures during the life of the pilot Program. Metrics including quoted spreads, volatility, realized spreads, and depth were examined using executions on BX and the NBBO weighted by volume executed on BX. Both quoted and realized spreads did not show any dramatic changes following the implementation of the Program or as it gained traction over time. Consolidated trade-to-trade volatility appears to have decreased slightly in the middle of the Program.

2. Economic Impact of the BX RPI Program on Execution Quality

To assess the execution quality of the Program, BX focused on symbol-day combinations when during market hours: (i) An RMO execution occurred on BX, (ii) a non-RMO execution occurred on BX, and (iii) a tape-eligible trade occurred on BX. Symbol day combinations are aggregated to overall daily statistics by either a simple average or by volume weighting by RMO executed volume during market hours.[28] This results in the number and identity of symbols captured in each daily average changing from day to day. Using this data, the Exchange examined whether the economic outcomes for RMO trades differs from non-RMO trades and/or all trades.

[28] Both RMO and non-RMO execution quality values are weighted by RMO volume and a very small number of extreme outlier symbol-day stats have been removed from the analysis.

When comparing average price improvement for RMO and non-RMO executions for a subset of 100 stocks with the largest number of RMO shares executed, the price improvement seen in RMO and non-RMO trades is comparable over the life of the Program. When volume weighting the average price improvement by RMO volume to emphasize those stock/day combinations with the highest volume traded in RMO, average price improvement on BX for both RMO and non-RMO trades appear generally comparable over time, with RMO price improvement generally beating non-RMO. Note that this price improvement measure does not take rebates into account.

In the subset of active RMO symbols, RMO volume-weighted effective and realized spreads for RMO and all executions, which includes RMO executions, are generally comparable throughout the duration of the Program.

Similar to regular, liquidity-taking orders on BX, the Program offers inverted pricing where RMO orders receive a rebate (on top of the price improvement they receive) when executing against RPI liquidity, while there is a fee associated with RPI orders which post non-displayed, price-improving liquidity. RPI orders are charged $0.0025 per share. Retail Orders currently receive a rebate of $0.0021 per share when executing against RPI liquidity, a rebate of $0.0000 per share when executing against other hidden, price-improvising liquidity, and a rebate of $0.0017 per share when executing against other displayed liquidity on the BX book.

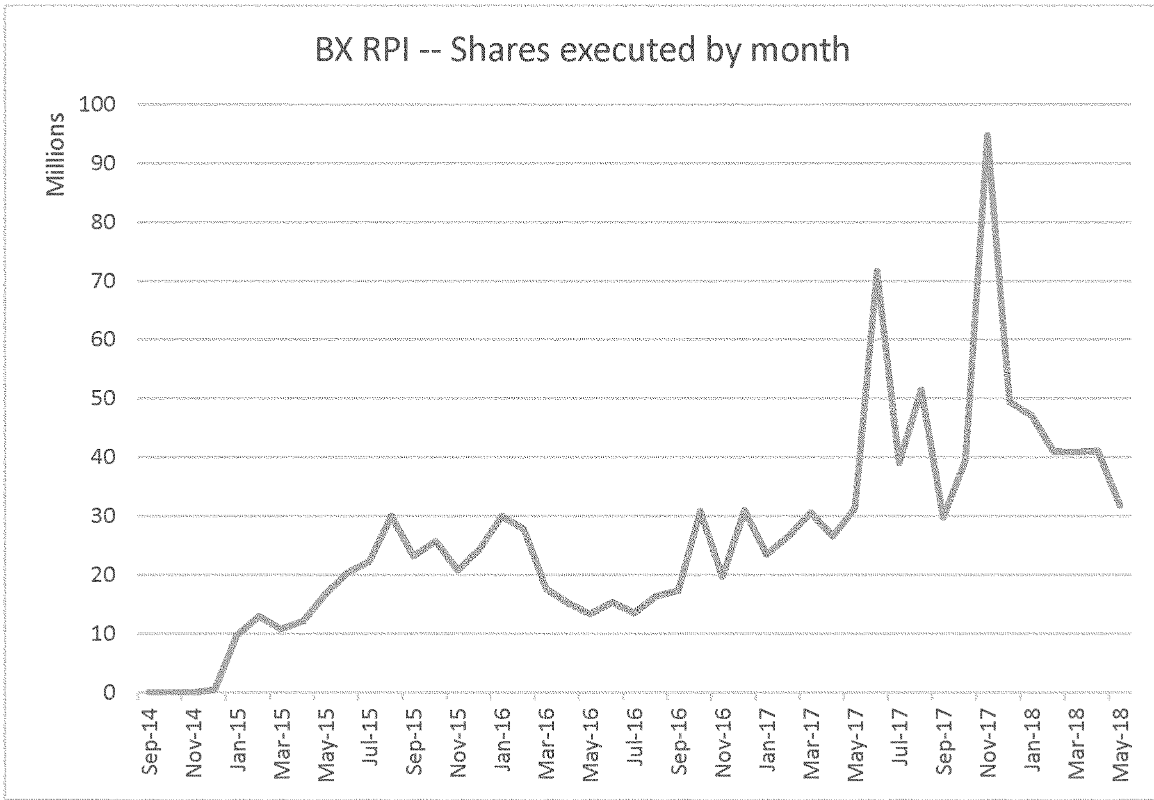
3. Are Only Eligible Participants Accessing Program Liquidity

Only RMOs that have been approved by BX can enter RMO orders that access the Program liquidity, and the BX trading system does not allow non-RMO orders to access RPI providing orders. The BX trading system does not allow non-RMO orders to access RPI providing orders. BX Rule 4780(c) enables BX at its sole discretion to disqualify RMO members that submit orders that fail to meet any of the requirements of the rule.

4. Is the Program Attracting Retail Participation

The Program has attracted some retail orders to the Exchange and participation in the Program has continued to increase over time. The Exchange believes that the Program provided tangible price improvement and transparency to retail investors through a competitive pricing process.

Brokers route retail orders to a wide range of different trading systems. The Program offers a transparent and well-regulated option providing competition and price improvement. BX believes that it has achieved its goal of attracting retail order flow to BX and, as stated above, it has resulted in a significant price improvement to retail investors through a competitive pricing process. The Exchange also has not detected any negative impact to market quality or to retail investors as the Program has continued to grow over time.



On average, an RMO execution continues to get more price improvement than the minimum $0.001 price improvement required of an RPI liquidity-providing order in the Program, and over time the price improvement seen on BX in non-RMO orders does not appear to be negatively impacted by the introduction of the Program.

5. Net Benefits of the Program on Participants

From the beginning of 2017 through January 2018, 97.9% of RMO shares ordered and 98.5% of RMO shares executed were RMO Type 1 orders, while the remainder were RMO Type 2 orders. Type 1 orders had an aggregated fill rate of 19.2%, while Type 2 orders had a fill rate of 4.1% in this timeframe.

Of the RMO Type 1 executions, 94.9% of shares were executed against RPI liquidity and 5.1% against other non-RPI price-improving hidden liquidity. Of the RMO Type 2 executions, 23.7% of shares were executed against RPI liquidity, 14% against other non-RPI price-improving hidden liquidity, and 62.3% against other liquidity on the BX book. None of the Type 2 orders entered included routing instructions to allow for executions away from BX.

The Exchange believes that the Program through retail order segmentation does create greater retail order flow competition and thereby increases the amount of this flow to BX. This helps to ensure that retail investors benefit from the price improvement that liquidity providers are willing to provide. The Program promotes competition for retail order flow by allowing Exchange members to submit RPI Orders to interact with Retail Orders. Such competition promotes efficiency by facilitating the price discovery process and generating additional investor interest in trading securities, thereby promoting capital formation.

The Program also promotes competition for retail order flow among execution venues, and this benefits retail investors by creating additional price improvement opportunities for marketable retail order flow, most of which is currently executed in the OTC markets without ever reaching a public exchange. The Exchange believes that it has achieved its goal of attracting retail order flow to BX, and has resulted in price improvement to retail investors through a competitive pricing process. The data also demonstrates that the Program has continued to grow over time and the Exchange has not detected any negative impact to market quality or to retail investors.

6. Overall Success in Achieving Intended Benefits

The Program has demonstrated the effectiveness of a transparent, on-exchange retail order price improvement functionality, and while small relative to total consolidated volume, has achieved its goals of attracting retail order flow and providing those orders with price improvement totaling tens of thousands of dollars each month.

The Program provides additional competition to the handling of retail orders. The added opportunity for price improvement provides pressure on other more established venues to increase the price improvement that they provide. By doing this, the Exchange believes that the Program may have a greater positive effect than the market share would directly indicate.

7. Can the Program Be Improved

The Program provides a transparent, well-regulated, and competitive venue for retail orders to receive price improvement. The size of the Program is somewhat limited by the rules that prevent BX from matching features offered by non-exchange trading venues. Nonetheless, the Exchange believes the Program is worthwhile and it will continue to look for ways to further innovate and improve the Program. The Exchange believes that making the pilot permanent is appropriate and through this filing seeks to make permanent the current operation of the Program.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[29] in general, and with Section 6(b)(5) of the Act,[30] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and not to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that making the pilot Program permanent is consistent with these principles because the Program is reasonably designed to attract retail order flow to the exchange environment, while helping to ensure that retail investors benefit from the better price that liquidity providers are willing to give their orders. During the pilot period, BX has provided data and analysis to the Commission, and this data and analysis, as well as the further analysis in this filing, shows that the Program has operated as intended and is consistent with the Act.

Additionally, the Exchange believes the proposed rule change is designed to facilitate transactions in securities and to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system because the competition promoted by the Program facilitates the price discovery process and potentially generate additional investor interest in trading securities. Making the pilot Program permanent will allow the Exchange to continue to provide the Program's benefits to retail investors on a permanent basis and maintain the improvements to public price discovery and the broader market structure. The data provided by BX to the SEC staff demonstrates that the Program provided tangible price improvement and transparency to retail investors through a competitive pricing process.

As described below in BX's statement regarding the burden on competition, the Exchange also believes that it is subject to significant competitive forces. For all of these reasons, the Exchange believes that the proposal is consistent with the Act.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. BX believes that making the Program permanent would continue to enhance competition for retail order flow among execution venues and contribute to the public price discovery process.

The Exchange believes that the data supplied to the Commission and experience gained over the life of the pilot have demonstrated that the Program creates price improvement opportunities for retail orders that are equal to what would be provided under OTC internalization arrangements, thereby benefiting retail investors and increasing competition between execution venues. BX also believes that making the Program permanent will promote competition between execution venues operating their own retail liquidity programs. Such competition will lead to innovation within the market, thereby increasing the quality of the national market system.

Additionally, the Exchange notes that it operates in a highly competitive market in which market participants can easily direct their orders to competing venues, including off-exchange venues. In such an environment, the Exchange must continually review, and consider adjusting the services it offers and the requirements, it imposes to remain competitive with other U.S. equity exchanges.

For the reasons described above, BX believes that the proposed rule change reflects this competitive environment.

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

No written comments were either solicited or received.

III. Proceedings To Determine Whether To Approve or Disapprove SR–BX–2018–025, as Modified by Amendment No.1, and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act[31] to determine whether the proposed rule change, as modified by Amendment No. 1, should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule change, as modified by Amendment No. 1.

Pursuant to Section 19(b)(2)(B) of the Act,[32] the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with Sections 6(b)(5)[33] and 6(b)(8)[34] of the Act. Section 6(b)(5) of the Act requires that the rules of a national securities exchange be designed, among other things, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Section 6(b)(8) of the Act requires that the rules of a national securities exchange not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

In Amendment No. 1, the Exchange provides an analysis of what it considers to be the economic benefits for retail investors and the marketplace flowing from operation of the Program. With regard to the effect of the Program on the broader market, the Exchange states that it has not detected any negative impact to market quality, that it ''sees no way to detect a market-wide impact'' from the Program given the Program's size, and that ''substantial variation in other market factors and very little variation in the Program eliminates [sic] the ability of statistical tests to indicate causation.''[35]

Under the Commission's Rules of Practice, the ''burden to demonstrate that a proposed rule change is consistent with the [Act] and the rules and regulations issued thereunder . . . is on the [SRO] that proposed the rule change.''[36] The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,[37] and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that

[29] 15 U.S.C. 78f.

[30] 15 U.S.C. 78f(b)(5).

[31] 15 U.S.C. 78s(b)(2)(B).

[32] *Id.*

[33] 15 U.S.C. 78f(b)(5).

[34] 15 U.S.C. 78f(b)(8).

[35] *See supra* Secton II.A.1.1, *Economic Impact of the RPI Program on the Entire Market.*

[36] Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

[37] *See id.*

a proposed rule change is consistent with the Act and the applicable rules and regulations.[38] Moreover, ''unquestioning reliance'' on an SRO's representations in a proposed rule change would not be sufficient to justify Commission approval of a proposed rule change.[39]

The Commission believes that it should seek public comment on Amendment No. 1. The Commission questions whether the information and analysis provided by the Exchange in Amendment No. 1 support the Exchange's conclusions that the Program ''has demonstrated the effectiveness of a transparent, on-exchange retail order price improvement functionality, and while small relative to total consolidated volume, has achieved its goals of attracting retail order flow and providing those orders with price improvement totaling tens of thousands of dollars each month.'' The Commission also questions whether the Exchange has provided sufficient information and analysis concerning the Program's impact on the broader market; for example whether the Program has not had a material adverse impact on market quality. As noted above, the Exchange states that it has not detected any negative impact to market quality, and suggests that the size of the Program prevents the Exchange from providing additional information to support the view that the Program has not had a material adverse impact on market quality. The Commission believes it is appropriate to institute proceedings to allow for public comment on Amendment No. 1, sufficient consideration and comment on the issues raised herein, any potential response to comments or supplemental information provided by the Exchange, and any additional independent analysis by the Commission. The Commission believes that these issues raise questions as to whether the Exchange has met its burden to demonstrate, based on the data and analysis provided, that permanent approval of the Program is consistent with the Act, and specifically, with its requirements that the Program be designed to perfect the mechanism of a free and open market and the national market system, protect investors and the public interest, and not be unfairly discriminatory; or not impose an unnecessary or inappropriate burden on competition.[40]

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Sections 6(b)(5) and 6(b)(8), or any other provision of the Exchange Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b–4, any request for an opportunity to make an oral presentation.[41]

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by November 19, 2018. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by December 3, 2018.

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–BX–2018–025 on the subject line.

Paper Comments

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

All submissions should refer to File Numbers SR–BX–2018–025. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of these filings also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–BX–2018–025 and should be submitted on or before November 19, 2018. Rebuttal comments should be submitted by December 3, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–23505 Filed 10–26–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, the Securities and Exchange Commission will hold an Open Meeting on Wednesday, October 31, 2018 at 10:00 a.m.

PLACE: The meeting will be held in Auditorium LL–002 at the Commission's headquarters, 100 F Street NE, Washington, DC 20549.

STATUS: This meeting will begin at 10:00 a.m. (ET) and will be open to the public. Seating will be on a first-come, first-served basis. Visitors will be subject to security checks. The meeting will be webcast on the Commission's website at *www.sec.gov.*

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[38] *See id.*

[39] *See Susquehanna Int'l Group, LLP* v. *Securities and Exchange Commission,* 866 F.3d 442, 446–47 (D.C. Cir. 2017) (rejecting the Commission's reliance on an SRO's own determinations without sufficient evidence of the basis for such determinations).

[40] *See* 15 U.S.C. 78f(b)(4), (5), and (8).

[41] Section 19(b)(2) of the Exchange Act, as amended by the Securities Act Amendments of 1975, Pub. L. 94–29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

[42] 17 CFR 200.30–3(a)(57).