

**EXHIBIT 5**

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

**Nasdaq BX, Inc. Rules**

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**Options Rules**

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**Options 2 Options Market Participants**

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**Section 5. Market Maker Quotations**

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

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

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**Section 10. [Directed Market Makers]Reserved**

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

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

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

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

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

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

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

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

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

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

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

*Supplementary Material to Options 2, Section 10*

.01 Definitions

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

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

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

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**Options 3 Options Trading Rules**

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**Section 7. Types of Orders and Order and Quote Protocols**

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

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

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

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## Section 10. Order Book Allocation

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

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

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

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

(C) Priority Overlays

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

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

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

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

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

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

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

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

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

Rounding will be up to the nearest integer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rounding will be up to the nearest integer.

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

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

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

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

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

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

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

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

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

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

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