

FIA PTG

PRINCIPAL TRADERS GROUP

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December 8, 2020

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

Re: Nasdaq BX, Inc.; Notice of Filing of Proposed Rule Change to Amend Options 4, Section 5, to Limit Short Term Options Series Intervals between Strikes Which are Available for Quoting and Trading on BX
(Release No. 34-90384; File No. SR-BX-2020-032)

Dear Ms. Countryman:

The FIA Principal Traders Group (“FIA PTG”)¹ appreciates the opportunity to comment in support of the letter filed by the Securities Industry and Financial Markets Association (“SIFMA”) on December 4, 2020 (the “Letter”)², in connection with the above-captioned proposed rule change (the “Proposal”). We join SIFMA in supporting Nasdaq BX’s Proposal and believe the U.S. Securities and Exchange Commission (“SEC” or “Commission”) should approve it.

As active market makers in centrally cleared equity options, our members are expected to provide liquidity across strikes in the products they cover. As the number of strikes listed increases so does the portfolio size of our members. Due to the current supplemental leverage ratio calculation methodology the recent proliferation of strikes has raised serious capital issues for the Broker Dealers that clear our trades. This has resulted in the imposition of constraints on the number of positions our members can hold and has limited the liquidity they are able to provide. We join

¹ FIA PTG is an association of firms, many of whom are broker-dealers, who trade their own capital on exchanges in futures, options and equities markets worldwide. FIA PTG members engage in manual, automated and hybrid methods of trading, and they are active in a wide variety of asset classes, including equities, fixed income, foreign exchange and commodities. FIA PTG member firms serve as a critical source of liquidity, allowing those who use the markets, including individual investors, to manage their risks and invest effectively. The presence of competitive professional traders contributing to price discovery and the provision of liquidity is a hallmark of well-functioning markets. FIA PTG advocates for open access to markets, transparency and data-driven policy and has previously made recommendations about a variety of equity market structure issues, including Regulation NMS.

² See Letter from Ellen Greene, Managing Director, SIFMA, to Vanessa Countryman, Secretary, SEC (December 4, 2020), available at <https://www.sec.gov/comments/sr-bx-2020-032/srbx2020032-8102449-226234.pdf>.

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SIFMA in calling for, and supporting, the “rationalization of the number of options series listed by the options exchanges.”

Further, we are supportive of Nasdaq’s plans to make this the first of a series of proposals to methodically limit the number of option series listed across its affiliated markets. FIA PTG encourages other U.S. listed options exchanges to consider doing the same.

If you have any questions about these comments, or if we can provide further information, please do not hesitate to contact Joanna Mallers (jmallers@fia.org)

Respectfully,

FIA Principal Traders Group



Joanna Mallers
Secretary

cc: Walter J. Clayton, Chairman
Hester M. Peirce, Commissioner
Elad L. Roisman, Commissioner
Allison H. Lee, Commissioner
Caroline A. Crenshaw, Commissioner

Brett W. Redfearn, Director of the Division of Trading and Markets