

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 63 Amendment No. (req. for Amendments *)
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Filing by Nasdaq GEMX, LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the Exchange Schedule of Fees at Chapter V, Section H, to introduce a new monthly fee for unlimited internal and/or external distribution of the Nasdaq GEMX Trade Feed.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Brett Last Name * Kitt
 Title * Senior Associate General Counsel
 E-mail * Brett.Kitt@nasdaq.com
 Telephone * (301) 978-8132 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)
 Executive Vice President and General Counsel

Date 12/26/2017
 By Edward S. Knight
 (Name *)

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

edward.knight@nasdaq.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq GEMX, LLC (“GEMX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s Schedule of Fees at Chapter V, Section H, entitled “Nasdaq GEMX Trades Feed,” to introduce a monthly fee of \$500 for unlimited internal and/or external distribution of the Nasdaq GEMX Trade Feed,³ as described further below.

While this amendment is effective upon filing, the Exchange has designated the proposed amendment to be operative on January 1, 2018.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”) on September 19, 2017. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As part of this proposal, the Exchange proposes to correct a typographical error by renaming the Nasdaq GEMX Trades Feed the “Nasdaq GEMX Trade Feed.” The Exchange hereinafter refers to the product by its corrected name.

Brett Kitt
Senior Associate General Counsel
Nasdaq, Inc.
(301) 978-8132

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

a. Purpose

The purpose of the proposed rule change is to amend the Exchange's Schedule of Fees at Chapter V, Section H, entitled "Nasdaq GEMX Trades Feed," to introduce a monthly fee of \$500 for unlimited internal and/or external distribution of the GEMX Trade Feed.

The Nasdaq GEMX Trade Feed is a direct data feed product that displays last sale information about trades that occur in the Exchange's execution system, along with opening price, cumulative volume, and high and low prices for the day. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status. Access to real-time last sale options data from the Exchange increases transparency and enables firms to provide dynamically updated tickers, portfolio trackers and price/time charts.

The Exchange presently offers subscriptions to the Nasdaq GEMX Trade Feed for free, but subscriptions are available only to those firms that subscribe to other fee-liable Nasdaq GEMX data products – i.e., the Nasdaq GEMX Real-time Depth of Market Raw Data Feed, the Nasdaq GEMX Order Feed, or the Nasdaq GEMX Top Quote Feed.

The Exchange now proposes to amend Section H to offer the Nasdaq GEMX Trade Feed on a standalone basis, including to firms that do not currently subscribe to another fee-liable GEMX data feed. For this standalone subscription to the Nasdaq GEMX Trade Feed, the Exchange proposes to charge a fee of \$500 per month (for

unlimited internal and external distribution). Upon effectiveness of the proposal, this monthly fee will apply to all firms that choose to subscribe to the Nasdaq GEMX Trade Feed, including firms that currently subscribe to or that subsequently become subscribers to the Nasdaq GEMX Real-time Depth of Market Raw Data Feed, the Nasdaq GEMX Order Feed, or the Nasdaq GEMX Top Quote Feed.

Although the Exchange proposes to offer the Nasdaq GEMX Trade Feed for a fee on a standalone basis, it notes that the Trade Feed is a purely optional product and a subscription to it is not required to receive the data that it provides. The same GEMX trade information that is available on the Nasdaq GEMX Trade Feed is also broadcast on two other Nasdaq GEMX data feeds: the GEMX Top Quote Feed and the GEMX Depth of Market Feed.

The Exchange's proposal reflects the value of the investments that the Exchange has made in developing, maintaining, and upgrading the GEMX Trade Feed product and the Exchange trading facility that supports it, which include the following:

- Exchange Re-Platform and Harmonization of Specifications. In connection with its recent acquisition by Nasdaq, Inc. and the associated efforts to re-platform and integrate the Exchange into the Nasdaq, Inc. family of exchanges, the Exchange upgraded the GEMX Trade Feed so that it is consistent with the specifications and formats of the other Nasdaq, Inc. trade data feeds. The re-platforming and associated upgrades will render connection to and consumption of the GEMX Trade Feeds and other data products easier for customers to manage. Having one harmonized specification document format that is standardized across six

exchanges makes initial onboarding and implementation of the data feeds into customers' systems more efficient than having multiple documents in disparate formats across different platforms. Furthermore, any updates or enhancements that are introduced across any of the six exchanges will now be more cost effective for customers to implement because of the standardized message format. In addition, the migration to the Nasdaq Inet technology allows customers to seamlessly conduct business across multiple exchanges by leveraging Nasdaq's standard messaging protocols to interact with GEMX data feeds as well as all Nasdaq options data feeds. Moreover, the hardware efficiencies provide a highly-distributed and efficient system for the Exchange to operate from.

- Geographic Diversity. In connection with the Exchange's integration into the Nasdaq, Inc. family of exchanges, the Exchange moved its disaster recovery system to the site utilized by the other Nasdaq, Inc. exchanges in Chicago, Illinois. Customers can both receive market data and send orders through the Chicago facility, potentially reducing overall networking costs. Additionally, this new disaster recovery location enables firms to easily connect to a multitude of multi-asset class engines currently housed in or near this Chicago facility, which also may reduce networking costs. Adding such geographic diversity helps protect the market in the event of a catastrophic event impacting the entire East Coast. Lastly, the new facility has new equipment that will offer improved performance and resiliency.

The Exchange notes that while it and its sister exchange, Nasdaq ISE, LLC, are unique among their competitors in offering a standalone Trade Feed, the Exchange proposes to price the product at or below the prices that competing exchanges charge for their data feeds. The Exchange notes that although fees for external distribution of data feeds are typically higher than internal distribution fees, the Exchange proposes to charge the same price for both internal and external distribution of the Trade Feed as a means of incentivizing external distribution.

The Exchange also notes that it proposes to price its Trade Feed lower than that of the Nasdaq ISE product. The Exchange believes that this price differential is reasonable given the fact that Nasdaq ISE has more listings, strike volume, and market makers than does Nasdaq GEMX, such that the Nasdaq ISE Trade Feed product has greater potential value to customers than does the Exchange's product. Specifically, the ISE market has 3,788 listed options on its platform, totaling 732,000 strikes. Comparatively, GEMX has 2,642 listed options and 619,000 strikes. ISE also has 33% more market makers providing liquidity than does GEMX.

Finally, offering valuable trade data as a standalone feed allows for a much lower bandwidth option that customers can utilize instead of having to subscribe to other GEMX feeds that may include quotes and orders and require much more system effort to consume and utilize due to the larger number of messages required for processing.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁴ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁵ in

⁴ 15 U.S.C. 78f(b).

particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and self-regulatory organization (“SRO”) revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”⁶

Likewise, in NetCoalition v. Securities and Exchange Commission⁷ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.⁸ As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”⁹

⁵ 15 U.S.C. 78f(b)(4) and (5).

⁶ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

⁷ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

⁸ See NetCoalition, at 534 - 535.

⁹ Id. at 537.

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”¹⁰ Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The Exchange believes that its proposal is reasonable because it expands the availability of the Nasdaq GEMX Trade Feed to all firms that wish to subscribe to it, rather than by limiting its availability to only those firms that subscribe to other fee-liable Nasdaq GEMX data products. Even though certain firms presently receive trade data for free as part of their other paid data feeds, the Exchange believes that such firms may prefer to receive a standalone Trade Feed because it will provide them with pure trade data and no longer require them to sift through their other paid feeds to isolate it. The Exchange also believes that its proposal is reasonable to charge a monthly fee for all subscriptions to the Nasdaq GEMX Trade Feed because this product provides valuable data to firms. As noted above, access to real-time last sale options data from the Exchange increases transparency and enables firms to provide dynamically updated tickers, portfolio trackers and price charts.

Moreover, the Exchange believes its proposal to charge a monthly fee of \$500 for a subscription to the Nasdaq GEMX Trade Feed is a reasonable reflection of the

¹⁰ Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

Exchange's costs in producing, maintaining, and upgrading the product to provide value to subscribers. The Exchange notes, for example, that in connection with its recent acquisition by Nasdaq, Inc. and the associated efforts to re-platform and integrate the Exchange into the Nasdaq, Inc. family of exchanges, the Exchange upgraded the Trade Feed so that it is consistent with the specifications and formats of the other Nasdaq, Inc. data feeds. The re-platforming and associated upgrades will render connection to and consumption of the Trade Feeds and other data products easier for customers to manage.

Moreover, the Exchange's integration into Nasdaq, Inc. has also resulted in its migration to a more robust and geographically diverse disaster recovery facility, located in Chicago, IL. Customers can both receive market data and send orders through the Chicago facility, potentially reducing overall networking costs. Adding such geographic diversity helps protect the market in the event of a catastrophic event impacting the entire East Coast.

The Exchange notes that while it and its sister exchange, Nasdaq ISE, LLC, are unique among its competitors in offering a standalone Trade Feed, it proposes to price the product at or below the prices that competing exchanges charge for their data feeds. The Exchange notes that although fees for external distribution of data feeds are typically higher than internal distribution fees, the Exchange proposes to charge the same price for both internal and external distribution of the GEMX Trade Feed as a means of incentivizing external distribution.

The Exchange also notes that it proposes to price its Trade Feed lower than that of the Nasdaq ISE product. The Exchange believes that this price differential is reasonable given the fact that Nasdaq ISE has more listings, strike volume, and market makers than

does Nasdaq GEMX, such that the Nasdaq ISE Trade Feed product has greater potential value to customers than does the Exchange's product.

The Exchange believes that the proposal is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same fee to all, regardless of membership.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed establishment of the Nasdaq GEMX Trade Feed fee does not impose an undue burden on competition because a subscription to the Nasdaq GEMX Trade Feed is completely voluntary and subject to extensive competition both other exchanges. In sum, if the change proposed herein is unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed change will impair the ability of

members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹¹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-GEMX-2017-63)

December __, 2017

Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Schedule of Fees at Chapter V, Section H, entitled "Nasdaq GEMX Trades Feed"

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4 thereunder,² notice is hereby given that on December 26, 2017, Nasdaq GEMX, LLC ("GEMX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Exchange's Schedule of Fees at Chapter V, Section H, entitled "Nasdaq GEMX Trades Feed," to introduce a monthly fee of \$500 for unlimited internal and/or external distribution of the Nasdaq GEMX Trade Feed,³ as described further below.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As part of this proposal, the Exchange proposes to correct a typographical error by renaming the Nasdaq GEMX Trades Feed the "Nasdaq GEMX Trade Feed." The Exchange hereinafter refers to the product by its corrected name.

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaqgemx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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 purpose of the proposed rule change is to amend the Exchange's Schedule of Fees at Chapter V, Section H, entitled "Nasdaq GEMX Trades Feed," to introduce a monthly fee of \$500 for unlimited internal and/or external distribution of the GEMX Trade Feed.

The Nasdaq GEMX Trade Feed is a direct data feed product that displays last sale information about trades that occur in the Exchange's execution system, along with opening price, cumulative volume, and high and low prices for the day. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status. Access to real-time last sale options data from the Exchange increases transparency and enables firms to provide dynamically updated tickers, portfolio trackers and price/time charts.

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The Exchange now proposes to amend Section H to offer the Nasdaq GEMX Trade Feed on a standalone basis, including to firms that do not currently subscribe to another fee-liable GEMX data feed. For this standalone subscription to the Nasdaq GEMX Trade Feed, the Exchange proposes to charge a fee of \$500 per month (for unlimited internal and external distribution). Upon effectiveness of the proposal, this monthly fee will apply to all firms that choose to subscribe to the Nasdaq GEMX Trade Feed, including firms that currently subscribe to or that subsequently become subscribers to the Nasdaq GEMX Real-time Depth of Market Raw Data Feed, the Nasdaq GEMX Order Feed, or the Nasdaq GEMX Top Quote Feed.

Although the Exchange proposes to offer the Nasdaq GEMX Trade Feed for a fee on a standalone basis, it notes that the Trade Feed is a purely optional product and a subscription to it is not required to receive the data that it provides. The same GEMX trade information that is available on the Nasdaq GEMX Trade Feed is also broadcast on two other Nasdaq GEMX data feeds: the GEMX Top Quote Feed and the GEMX Depth of Market Feed.

The Exchange's proposal reflects the value of the investments that the Exchange has made in developing, maintaining, and upgrading the GEMX Trade Feed product and the Exchange trading facility that supports it, which include the following:

- Exchange Re-Platform and Harmonization of Specifications. In connection with its recent acquisition by Nasdaq, Inc. and the associated efforts to re-platform and integrate the Exchange into the Nasdaq, Inc. family of exchanges, the Exchange upgraded the GEMX Trade Feed so that it is consistent with the specifications and formats of the other Nasdaq, Inc. trade data feeds. The re-platforming and associated upgrades will render connection to and consumption of the GEMX Trade Feeds and other data products easier for customers to manage. Having one harmonized specification document format that is standardized across six exchanges makes initial onboarding and implementation of the data feeds into customers' systems more efficient than having multiple documents in disparate formats across different platforms. Furthermore, any updates or enhancements that are introduced across any of the six exchanges will now be more cost effective for customers to implement because of the standardized message format. In addition, the migration to the Nasdaq Inet technology allows customers to seamlessly conduct business across multiple exchanges by leveraging Nasdaq's standard messaging protocols to interact with GEMX data feeds as well as all Nasdaq options data feeds. Moreover, the hardware efficiencies provide a highly-distributed and efficient system for the Exchange to operate from.
- Geographic Diversity. In connection with the Exchange's integration into the Nasdaq, Inc. family of exchanges, the Exchange moved its disaster recovery system to the site utilized by the other Nasdaq, Inc. exchanges in

Chicago, Illinois. Customers can both receive market data and send orders through the Chicago facility, potentially reducing overall networking costs. Additionally, this new disaster recovery location enables firms to easily connect to a multitude of multi-asset class engines currently housed in or near this Chicago facility, which also may reduce networking costs. Adding such geographic diversity helps protect the market in the event of a catastrophic event impacting the entire East Coast. Lastly, the new facility has new equipment that will offer improved performance and resiliency.

The Exchange notes that while it and its sister exchange, Nasdaq ISE, LLC, are unique among their competitors in offering a standalone Trade Feed, the Exchange proposes to price the product at or below the prices that competing exchanges charge for their data feeds. The Exchange notes that although fees for external distribution of data feeds are typically higher than internal distribution fees, the Exchange proposes to charge the same price for both internal and external distribution of the Trade Feed as a means of incentivizing external distribution.

The Exchange also notes that it proposes to price its Trade Feed lower than that of the Nasdaq ISE product. The Exchange believes that this price differential is reasonable given the fact that Nasdaq ISE has more listings, strike volume, and market makers than does Nasdaq GEMX, such that the Nasdaq ISE Trade Feed product has greater potential value to customers than does the Exchange's product. Specifically, the ISE market has 3,788 listed options on its platform, totaling 732,000 strikes. Comparatively, GEMX has

2,642 listed options and 619,000 strikes. ISE also has 33% more market makers providing liquidity than does GEMX.

Finally, offering valuable trade data as a standalone feed allows for a much lower bandwidth option that customers can utilize instead of having to subscribe to other GEMX feeds that may include quotes and orders and require much more system effort to consume and utilize due to the larger number of messages required for processing.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁴ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁵ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and self-regulatory organization (“SRO”) revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”⁶

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4) and (5).

⁶ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

Likewise, in NetCoalition v. Securities and Exchange Commission⁷ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.⁸ As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”⁹

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ . . .”¹⁰ Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The Exchange believes that its proposal is reasonable because it expands the availability of the Nasdaq GEMX Trade Feed to all firms that wish to subscribe to it, rather than by limiting its availability to only those firms that subscribe to other fee-liable Nasdaq GEMX data products. Even though certain firms presently receive trade data for

⁷ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

⁸ See NetCoalition, at 534 - 535.

⁹ Id. at 537.

¹⁰ Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

free as part of their other paid data feeds, the Exchange believes that such firms may prefer to receive a standalone Trade Feed because it will provide them with pure trade data and no longer require them to sift through their other paid feeds to isolate it. The Exchange also believes that its proposal is reasonable to charge a monthly fee for all subscriptions to the Nasdaq GEMX Trade Feed because this product provides valuable data to firms. As noted above, access to real-time last sale options data from the Exchange increases transparency and enables firms to provide dynamically updated tickers, portfolio trackers and price charts.

Moreover, the Exchange believes its proposal to charge a monthly fee of \$500 for a subscription to the Nasdaq GEMX Trade Feed is a reasonable reflection of the Exchange's costs in producing, maintaining, and upgrading the product to provide value to subscribers. The Exchange notes, for example, that in connection with its recent acquisition by Nasdaq, Inc. and the associated efforts to re-platform and integrate the Exchange into the Nasdaq, Inc. family of exchanges, the Exchange upgraded the Trade Feed so that it is consistent with the specifications and formats of the other Nasdaq, Inc. data feeds. The re-platforming and associated upgrades will render connection to and consumption of the Trade Feeds and other data products easier for customers to manage.

Moreover, the Exchange's integration into Nasdaq, Inc. has also resulted in its migration to a more robust and geographically diverse disaster recovery facility, located in Chicago, IL. Customers can both receive market data and send orders through the Chicago facility, potentially reducing overall networking costs. Adding such geographic diversity helps protect the market in the event of a catastrophic event impacting the entire East Coast.

The Exchange notes that while it and its sister exchange, Nasdaq ISE, LLC, are unique among its competitors in offering a standalone Trade Feed, it proposes to price the product at or below the prices that competing exchanges charge for their data feeds. The Exchange notes that although fees for external distribution of data feeds are typically higher than internal distribution fees, the Exchange proposes to charge the same price for both internal and external distribution of the GEMX Trade Feed as a means of incentivizing external distribution.

The Exchange also notes that it proposes to price its Trade Feed lower than that of the Nasdaq ISE product. The Exchange believes that this price differential is reasonable given the fact that Nasdaq ISE has more listings, strike volume, and market makers than does Nasdaq GEMX, such that the Nasdaq ISE Trade Feed product has greater potential value to customers than does the Exchange's product.

The Exchange believes that the proposal is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same fee to all, regardless of membership.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market

participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed establishment of the Nasdaq GEMX Trade Feed fee does not impose an undue burden on competition because a subscription to the Nasdaq GEMX Trade Feed is completely voluntary and subject to extensive competition both other exchanges. In sum, if the change proposed herein is unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed change will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹¹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-GEMX-2017-63 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-GEMX-2017-63. This file number should be included on the subject line if e-mail 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 Web site (<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 the filing

also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-GEMX-2017-63 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Eduardo A. Aleman
Assistant Secretary

¹² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

**Nasdaq GEMX
Schedule of Fees**

* * * * *

V. Market Data

* * * * *

H. Nasdaq GEMX Trade[s] Feed

\$(0)500 per month for unlimited internal and/or external distribution of GEMX Trade Feed. [subscribers of the Nasdaq GEMX Real-time Depth of Market Raw Data Feed, Nasdaq GEMX Order Feed, or Nasdaq GEMX Top Quote Feed]

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