

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input style="width: 40px;" type="text" value="30"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input style="width: 40px;" type="text" value="2012"/> - * <input style="width: 40px;" type="text" value="020"/> Amendment No. (req. for Amendments *) <input style="width: 40px;" type="text"/>
Proposed Rule Change by NASDAQ Stock Market 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"/>	Rule <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)
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input style="width: 80px;" type="text"/>
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>	
Description Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> A Proposed Rule Change to Modify NASDAQ's Transaction Execution Fee and Credit Schedule in Rules 7014 and 7018. </div>		
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 proposed rule change.		
First Name * <input style="width: 200px;" type="text" value="John"/>	Last Name * <input style="width: 200px;" type="text" value="Yetter"/>	
Title * <input style="width: 500px;" type="text" value="Vice President and Deputy General Counsel"/>		
E-mail * <input style="width: 500px;" type="text" value="john.yetter@nasdaqomx.com"/>		
Telephone * <input style="width: 100px;" type="text" value="(301) 978-8497"/>	Fax	<input style="width: 100px;" type="text" value="(301) 978-8472"/>
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 officer.		
Date <input style="width: 100px;" type="text" value="01/27/2012"/>		
By <input style="width: 200px;" type="text" value="Edward S. Knight"/>	<input style="width: 300px;" type="text" value="Executive Vice President and General Counsel"/>	
(Name *)	(Title *)	
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.		
<div style="border: 1px solid gray; background-color: #cccccc; padding: 5px; display: inline-block;">Edward S Knight,</div>		

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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 (required)

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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 2 - Notices, Written Comments, Transcripts, Other Communications

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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

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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

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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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify NASDAQ’s transaction execution fee and credit schedule in Rules 7014 and 7018.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed rule change is attached as Exhibit 5.³

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on August 19, 2011. NASDAQ staff will advise the Board of Directors of NASDAQ of any action taken pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change. NASDAQ proposes to implement the proposed rule change on February 1, 2012.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The text of the proposed rule change is available from NASDAQ’s website at <http://nasdaq.cchwallstreet.com/Filings/>, at NASDAQ’s principal office, and at the Commission’s Public Reference Room.

Questions regarding this rule filing may be directed to John M. Yetter, Vice President and Deputy General Counsel, NASDAQ OMX, 301-978-8497.

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

a. Purpose

NASDAQ is amending its fee and credit schedule for transaction executions in Rules 7014 and 7018. First, NASDAQ is amending the rebate associated with its recently introduced "Pre-Market Investor Program" (the "PMI Program"). The goal of the PMI Program is to encourage the development of a deeper, more liquid trading book during pre-market hours, while also recognizing the correlation observed by NASDAQ between levels of liquidity provided during pre-market hours and levels provided during regular trading hours. Under the program, a member is required to designate one or more market participant identifiers ("MPIDs") for use under the program. The member will then qualify for an extra rebate with respect to all displayed liquidity provided through a designated MPID that executes at a price of \$1 or more during the month if the following conditions are met:

(1) the MPID's "PMI Execution Ratio" for the month is less than 10. The PMI Execution Ratio is defined as the ratio of (A) the total number of liquidity-providing orders entered by a member through a PMI-designated MPID during the specified time period to (B) the number of liquidity-providing orders entered by such member through such PMI-designated MPID and executed (in full or partially) in the Nasdaq Market Center during such time period; provided that: (i) no order shall be counted as executed

more than once; and (ii) no Pegged Orders, odd-lot orders, or MIOC or SIOC⁴ orders shall be included in the tabulation. Thus, the requirement stipulates that a high proportion of potentially liquidity-providing orders entered through the MPID actually execute and provide liquidity. This requirement is designed to focus the availability of the program on members representing retail and institutional customers.

(2) The member provides an average daily volume of 2 million or more shares of liquidity during the month using orders that are executed prior to NASDAQ's Opening Cross. NASDAQ has observed that members that provide higher volumes of liquidity-providing orders during the pre-market hours generally do so throughout the rest of the trading day. Accordingly, the PMI pays a credit with respect to all liquidity-providing orders, but only in the event that comparatively large volumes of such orders execute in pre-market hours.

(3) The ratio between shares of liquidity provided through the MPID and total shares accessed, provided, or routed through the MPID during the month is at least 0.80. This requirement reflects the PMI's goal of encouraging members that provide high levels of liquidity in pre-market hours to also do so during the rest of the trading day.

Under the proposed change, NASDAQ is raising the extra rebate under the program from \$0.0001 per share executed to \$0.0002 per share executed. As is currently the case, the rebate is paid with respect to all displayed liquidity provided through a designated MPID that executes at a price of \$1 or more during the month. NASDAQ is making the change to encourage more market participants to join the program.

⁴ "Market Hours Immediate-or-Cancel" or "System Hours Immediate-or-Cancel" orders.

Second, NASDAQ is amending Rule 7018(a)(3)⁵ to introduce volume tiers with respect to its fees for the execution of orders that access liquidity in securities listed on exchanges other than NASDAQ and the New York Stock Exchange (“Tape B Securities”). Currently, NASDAQ charges \$0.0030 per share executed for execution of all orders that access liquidity in Tape B Securities, with the exception of orders that are designated to use the SAVE or SOLV routing strategies but that execute at NASDAQ (either before or after routing), which are charged \$0.0027 per share executed. Under the proposed change, if a member enters an order through a Nasdaq Market Center market participant identifier (“MPID”) through which the member (i) accesses shares of liquidity in Tape B Securities that represent more than 0.5% of Consolidated Volume⁶ in Tape B Securities during the month, and (ii) provides shares of liquidity in Tape B Securities that represent more than 0.25% of Consolidated Volume in Tape B Securities during the month, the charge will be \$0.0028 per share executed with respect to such an order. Similarly, if a member enters an order through a Nasdaq Market Center MPID through which the member (i) accesses shares of liquidity in Tape B Securities that represent more than 1.5% of Consolidated Volume in Tape B Securities during the month, and (ii) provides shares of liquidity in Tape B Securities that represent more than 0.5% of Consolidated Volume in Tape B Securities during the month, the charge will be \$0.0027

⁵ Rule 7018(a) applies to executions of transactions at a price of \$1 or more. Fees for transactions at a price below \$1 remain unchanged.

⁶ For purposes of Rule 7018, Rule 7018(a)(1) defines “Consolidated Volume” as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities.

per share executed with respect to such an order.⁷ The change is designed to encourage greater use of NASDAQ's facilities for the purpose of trading Tape B Securities. In this regard, NASDAQ notes that NYSEArca currently charges a fee to access liquidity in Tape B Securities of \$0.0028 per share executed, but a fee to access liquidity in other securities of \$0.0030 per share executed.⁸ Accordingly, the change will enhance NASDAQ's ability to compete for orders in Tape B Securities. NASDAQ further notes that, as is the case with other portions of its fee schedule, the change is designed to ensure that NASDAQ's fee schedule does not provide excessive encouragement to members to aggregate the activity of several member firms under a single MPID for the sole purpose of receiving more favorable pricing. Accordingly, the proposed volume tiers are available only to the extent that a member achieves them through a single MPID. NASDAQ believes that this requirement promotes market quality by providing more favorable pricing to members that engage in unified management of high volumes of quotes/orders through a single MPID, while discouraging sponsored relationships that are established solely for pricing benefits.⁹

⁷ The change would not alter pricing with respect to SAVE and SOLV orders. Thus, a member qualifying for the \$0.0028 tier with respect to orders entered through a qualifying MPID would nevertheless pay \$0.0027 per share executed with respect to all SAVE and SOLV orders.

⁸ See <http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees>.

⁹ See Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028) (proposed rule change that first established single-MPID pricing requirements on NASDAQ).

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁰ in general, and with Sections 6(b)(4) and (5) of the Act,¹¹ 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 or system which NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers. All similarly situated members are subject to the same fee structure, and access to NASDAQ is offered on fair and non-discriminatory terms.

The proposed new tiers for members that use NASDAQ to trade significant amounts of Tape B Securities are reasonable because they will result in a fee reduction for members that qualify for the tiers, but will not increase the costs borne by other members or limit the availability of other, pre-existing pricing incentives. Moreover, the proposed change is consistent with an equitable allocation of fees because it charges lower fees for executing Tape B Securities to members that make significant contributions to NASDAQ market quality and price discovery by accessing and providing high volumes of liquidity in Tape B Securities. NASDAQ believes that the change is not unfairly discriminatory because the price reduction offered to qualifying members is linked to the volume of trading in the securities to which the discount applies. NASDAQ further believes that the program may encourage members to become more active in trading Tape B Securities through NASDAQ, thereby benefitting other market

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(4) and (5).

participants that may be able to trade larger volumes of stocks without affecting the price of those stocks. Finally, NASDAQ believes that it is reasonable, equitable, and not unfairly discriminatory to stipulate that members qualifying for the pricing tiers must achieve the requisite volume thresholds through a single MPID, thereby enhancing market quality through unified management of the member's quotes/orders and discouraging aggregation arrangements that exist solely for pricing reasons. NASDAQ believes that firms that engage in more unified management of their quotes and orders are most likely to promote price discovery and market stability.¹²

As described in the filing that instituted it,¹³ the PMI program is not unfairly discriminatory because it is intended to promote submission of liquidity-providing orders to NASDAQ, which benefits all NASDAQ members and all investors. Likewise, the PMI is consistent with the Act's requirement for the equitable allocation of reasonable dues, fees, and other charges. Members who choose to significantly increase the volume of PMI-eligible liquidity-providing orders that they submit to NASDAQ would be benefitting all investors, and therefore providing credits to them, as contemplated in the PMI program, is equitable. Moreover, NASDAQ believes that the level of the credit to be offered under the proposed change – \$0.0002 per share, in addition to credits ranging from \$0.0020 to \$0.00295 per share under NASDAQ's regular transaction execution fee and rebate schedule for execution of displayed quotes/orders – is reasonable, in that it provides a reduction of fees to members qualifying for the program.

¹² See also Securities Exchange Act Release No. 64003 (March 8, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028).

¹³ Securities Exchange Act Release No. 65717 (November 9, 2011), 76 FR 70784 (November 15, 2011) (SR-NASDAQ-2011-150).

Finally, NASDAQ 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. In such an environment, NASDAQ must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. NASDAQ believes that the proposed rule change reflects this competitive environment because it will reduce fees paid by active market participants, without removing any of the market's existing pricing incentives.

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

NASDAQ 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. Because the market for order execution is extremely competitive, members may readily opt to disfavor NASDAQ's execution services if they believe that alternatives offer them better value. The proposed changes will enhance competition by reducing certain of NASDAQ's fees. Notably, the proposed pricing tiers for Tape B Securities will enhance NASDAQ's ability to compete with NYSEArca, which currently offers reduced fees to access liquidity in Tape B Securities.¹⁴ Similarly, the change to the PMI Program will enhance competition with the EDGX Exchange, which encourages participation in its pre-market and post-market trading sessions by means of favorable pricing offered to members that are active during pre-market and/or post-market hours.¹⁵

¹⁴ <http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees>.

¹⁵ <http://www.directedge.com/Membership/FeeSchedule/EDGXFeeSchedule.aspx>.

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

Written comments were neither solicited nor 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,¹⁶ NASDAQ 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.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission. However, NASDAQ notes that the proposed pricing tiers for Tape B Securities will enhance NASDAQ's ability to compete with NYSEArca, which currently offers reduced fees to access liquidity in Tape B Securities.¹⁷ Similarly, the change to the PMI Program will enhance competition with the EDGX Exchange, which encourages participation in its pre-market and post-market trading sessions by means of favorable pricing offered to members that are active during pre-market and/or post-market hours.¹⁸

¹⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁷ <http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees>.

¹⁸ <http://www.directedge.com/Membership/FeeSchedule/EDGXFeeSchedule.aspx>.

9. Exhibits

1. Completed 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. 34- ; File No. SR-NASDAQ-2012-020)

January __, 2012

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify NASDAQ's Transaction Execution Fee and Credit Schedule in Rules 7014 and 7018

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 January 27, 2012, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange"), filed with the Securities and Exchange Commission ("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 the Substance of the Proposed Rule Change

NASDAQ is proposing to modify NASDAQ's transaction execution fee and credit schedule in Rules 7014 and 7018. NASDAQ will implement the proposed change on February 1, 2012. The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com/>, at NASDAQ's principal office, 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

NASDAQ is amending its fee and credit schedule for transaction executions in Rules 7014 and 7018. First, NASDAQ is amending the rebate associated with its recently introduced "Pre-Market Investor Program" (the "PMI Program"). The goal of the PMI Program is to encourage the development of a deeper, more liquid trading book during pre-market hours, while also recognizing the correlation observed by NASDAQ between levels of liquidity provided during pre-market hours and levels provided during regular trading hours. Under the program, a member is required to designate one or more market participant identifiers ("MPIDs") for use under the program. The member will then qualify for an extra rebate with respect to all displayed liquidity provided through a designated MPID that executes at a price of \$1 or more during the month if the following conditions are met:

(1) the MPID's "PMI Execution Ratio" for the month is less than 10. The PMI Execution Ratio is defined as the ratio of (A) the total number of liquidity-providing orders entered by a member through a PMI-designated MPID during the specified time period to (B) the number of liquidity-providing orders entered by such member through such PMI-designated MPID and executed (in full or partially) in the Nasdaq Market Center during such time period; provided that: (i) no order shall be counted as executed

more than once; and (ii) no Pegged Orders, odd-lot orders, or MIOC or SIOC³ orders shall be included in the tabulation. Thus, the requirement stipulates that a high proportion of potentially liquidity-providing orders entered through the MPID actually execute and provide liquidity. This requirement is designed to focus the availability of the program on members representing retail and institutional customers.

(2) The member provides an average daily volume of 2 million or more shares of liquidity during the month using orders that are executed prior to NASDAQ's Opening Cross. NASDAQ has observed that members that provide higher volumes of liquidity-providing orders during the pre-market hours generally do so throughout the rest of the trading day. Accordingly, the PMI pays a credit with respect to all liquidity-providing orders, but only in the event that comparatively large volumes of such orders execute in pre-market hours.

(3) The ratio between shares of liquidity provided through the MPID and total shares accessed, provided, or routed through the MPID during the month is at least 0.80. This requirement reflects the PMI's goal of encouraging members that provide high levels of liquidity in pre-market hours to also do so during the rest of the trading day.

Under the proposed change, NASDAQ is raising the extra rebate under the program from \$0.0001 per share executed to \$0.0002 per share executed. As is currently the case, the rebate is paid with respect to all displayed liquidity provided through a designated MPID that executes at a price of \$1 or more during the month. NASDAQ is making the change to encourage more market participants to join the program.

³ "Market Hours Immediate-or-Cancel" or "System Hours Immediate-or-Cancel" orders.

Second, NASDAQ is amending Rule 7018(a)(3)⁴ to introduce volume tiers with respect to its fees for the execution of orders that access liquidity in securities listed on exchanges other than NASDAQ and the New York Stock Exchange (“Tape B Securities”). Currently, NASDAQ charges \$0.0030 per share executed for execution of all orders that access liquidity in Tape B Securities, with the exception of orders that are designated to use the SAVE or SOLV routing strategies but that execute at NASDAQ (either before or after routing), which are charged \$0.0027 per share executed. Under the proposed change, if a member enters an order through a Nasdaq Market Center market participant identifier (“MPID”) through which the member (i) accesses shares of liquidity in Tape B Securities that represent more than 0.5% of Consolidated Volume⁵ in Tape B Securities during the month, and (ii) provides shares of liquidity in Tape B Securities that represent more than 0.25% of Consolidated Volume in Tape B Securities during the month, the charge will be \$0.0028 per share executed with respect to such an order. Similarly, if a member enters an order through a Nasdaq Market Center MPID through which the member (i) accesses shares of liquidity in Tape B Securities that represent more than 1.5% of Consolidated Volume in Tape B Securities during the month, and (ii) provides shares of liquidity in Tape B Securities that represent more than 0.5% of Consolidated Volume in Tape B Securities during the month, the charge will be \$0.0027

⁴ Rule 7018(a) applies to executions of transactions at a price of \$1 or more. Fees for transactions at a price below \$1 remain unchanged.

⁵ For purposes of Rule 7018, Rule 7018(a)(1) defines “Consolidated Volume” as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities.

per share executed with respect to such an order.⁶ The change is designed to encourage greater use of NASDAQ's facilities for the purpose of trading Tape B Securities. In this regard, NASDAQ notes that NYSEArca currently charges a fee to access liquidity in Tape B Securities of \$0.0028 per share executed, but a fee to access liquidity in other securities of \$0.0030 per share executed.⁷ Accordingly, the change will enhance NASDAQ's ability to compete for orders in Tape B Securities. NASDAQ further notes that, as is the case with other portions of its fee schedule, the change is designed to ensure that NASDAQ's fee schedule does not provide excessive encouragement to members to aggregate the activity of several member firms under a single MPID for the sole purpose of receiving more favorable pricing. Accordingly, the proposed volume tiers are available only to the extent that a member achieves them through a single MPID. NASDAQ believes that this requirement promotes market quality by providing more favorable pricing to members that engage in unified management of high volumes of quotes/orders through a single MPID, while discouraging sponsored relationships that are established solely for pricing benefits.⁸

⁶ The change would not alter pricing with respect to SAVE and SOLV orders. Thus, a member qualifying for the \$0.0028 tier with respect to orders entered through a qualifying MPID would nevertheless pay \$0.0027 per share executed with respect to all SAVE and SOLV orders.

⁷ See <http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees>.

⁸ See Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028) (proposed rule change that first established single-MPID pricing requirements on NASDAQ).

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁹ in general, and with Sections 6(b)(4) and (5) of the Act,¹⁰ 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 or system which NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers. All similarly situated members are subject to the same fee structure, and access to NASDAQ is offered on fair and non-discriminatory terms.

The proposed new tiers for members that use NASDAQ to trade significant amounts of Tape B Securities are reasonable because they will result in a fee reduction for members that qualify for the tiers, but will not increase the costs borne by other members or limit the availability of other, pre-existing pricing incentives. Moreover, the proposed change is consistent with an equitable allocation of fees because it charges lower fees for executing Tape B Securities to members that make significant contributions to NASDAQ market quality and price discovery by accessing and providing high volumes of liquidity in Tape B Securities. NASDAQ believes that the change is not unfairly discriminatory because the price reduction offered to qualifying members is linked to the volume of trading in the securities to which the discount applies. NASDAQ further believes that the program may encourage members to become more active in trading Tape B Securities through NASDAQ, thereby benefitting other market

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(4) and (5).

participants that may be able to trade larger volumes of stocks without affecting the price of those stocks. Finally, NASDAQ believes that it is reasonable, equitable, and not unfairly discriminatory to stipulate that members qualifying for the pricing tiers must achieve the requisite volume thresholds through a single MPID, thereby enhancing market quality through unified management of the member's quotes/orders and discouraging aggregation arrangements that exist solely for pricing reasons. NASDAQ believes that firms that engage in more unified management of their quotes and orders are most likely to promote price discovery and market stability.¹¹

As described in the filing that instituted it,¹² the PMI program is not unfairly discriminatory because it is intended to promote submission of liquidity-providing orders to NASDAQ, which benefits all NASDAQ members and all investors. Likewise, the PMI is consistent with the Act's requirement for the equitable allocation of reasonable dues, fees, and other charges. Members who choose to significantly increase the volume of PMI-eligible liquidity-providing orders that they submit to NASDAQ would be benefitting all investors, and therefore providing credits to them, as contemplated in the PMI program, is equitable. Moreover, NASDAQ believes that the level of the credit to be offered under the proposed change – \$0.0002 per share, in addition to credits ranging from \$0.0020 to \$0.00295 per share under NASDAQ's regular transaction execution fee and rebate schedule for execution of displayed quotes/orders – is reasonable, in that it provides a reduction of fees to members qualifying for the program.

¹¹ See also Securities Exchange Act Release No. 64003 (March 8, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028).

¹² Securities Exchange Act Release No. 65717 (November 9, 2011), 76 FR 70784 (November 15, 2011) (SR-NASDAQ-2011-150).

Finally, NASDAQ 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. In such an environment, NASDAQ must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. NASDAQ believes that the proposed rule change reflects this competitive environment because it will reduce fees paid by active market participants, without removing any of the market's existing pricing incentives.

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

NASDAQ 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. Because the market for order execution is extremely competitive, members may readily opt to disfavor NASDAQ's execution services if they believe that alternatives offer them better value. The proposed changes will enhance competition by reducing certain of NASDAQ's fees. Notably, the proposed pricing tiers for Tape B Securities will enhance NASDAQ's ability to compete with NYSEArca, which currently offers reduced fees to access liquidity in Tape B Securities.¹³ Similarly, the change to the PMI Program will enhance competition with the EDGX Exchange, which encourages participation in its pre-market and post-market trading sessions by means of favorable pricing offered to members that are active during pre-market and/or post-market hours.¹⁴

¹³ <http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees>.

¹⁴ <http://www.directedge.com/Membership/FeeSchedule/EDGXFeeSchedule.aspx>.

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

Written comments were neither solicited nor 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 Act¹⁵ and subparagraph (f)(2) of Rule 19b-4 thereunder.¹⁶ 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 necessary or appropriate in the public interest, for the protection of investors, or 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.

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-NASDAQ-2012-020 on the subject line.

¹⁵ 15 U.S.C. 78s(b)(3)(a)(ii).

¹⁶ 17 CFR 240.19b-4(f)(2).

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2012-020. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-NASDAQ-2012-020, 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.¹⁷

Kevin M. O'Neill
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

The text of the proposed rule change is below. Proposed new language is underlined; deletions are bracketed.

**7014. Investor Support Program; Pre-Market Investor Program
Investor Support Program**

(a) – (c) No change.

Pre-Market Investor Program

(d) No change.

(e) Subject to the conditions set forth in section (f) of this Rule, Nasdaq shall issue to the member a monthly PMI credit, which shall be determined by multiplying [\$0.0001] \$0.0002 by the number of shares of displayed liquidity to which a particular rate applies, as described below. A PMI credit issued under this Rule will be in addition to (and will not replace) any other credit or rebate for which a member may qualify.

(f) (1) A member shall be entitled to receive a PMI credit at the [\$0.0001] \$0.0002 rate with respect to all shares of displayed liquidity entered through a PMI-designated MPID that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if:

(A) the MPID's PMI Execution Ratio for the month in question is less than 10;

(B) the member provides an average daily volume of 2 million or more shares of liquidity during the month using orders that are entered through the MPID and executed prior to the Nasdaq Opening Cross;

(C) the ratio between shares of liquidity provided through the MPID and total shares accessed, provided, or routed through the MPID during the month is at least 0.80.

Definitions and Certifications

(g) – (i) No change.

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7018. Nasdaq Market Center Order Execution and Routing

(a) The following charges shall apply to the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at \$1 or more that it trades. For purposes of determining a member's shares of liquidity routed, TFTY, MOPP, SAVE, SOLV, CART, and directed orders are not counted.

(1) No change.

(2) No change.

(3) Fees for Execution and Routing of Orders in Securities Listed on Exchanges other than Nasdaq and NYSE ("Tape B Securities")

Charge to member entering order that executes in the Nasdaq Market Center:

[Charge to member entering] SAVE or SOLV order that executes in the Nasdaq Market Center: \$0.0027 per share executed

order (other than a SAVE or SOLV order) entered through a Nasdaq Market Center MPID through which a member (i) accesses shares of liquidity in Tape B Securities that represent more than 1.5% of Consolidated Volume in Tape B Securities during the month, and (ii) provides shares of liquidity in Tape B Securities that represent more than 0.5% of Consolidated Volume in Tape B Securities during the month: \$0.0027 per share executed

order (other than a SAVE or SOLV order) entered through a Nasdaq Market Center MPID through which a member (i) accesses shares of liquidity in Tape B Securities that represent more than 0.5% of Consolidated Volume in Tape B Securities during the month, and (ii) provides shares of liquidity in Tape B Securities that represent more than 0.25% of Consolidated Volume in Tape B Securities during the month: \$0.0028 per share executed

[Charge to enter] other orders that execute in the Nasdaq Market Center: \$0.0030 per share executed

Charge to member entering DOTI, STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center, and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, closing	For DOTI orders that execute in NASDAQ OMX BX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX BX For other orders, \$0.0030 per
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or re-opening process:

share executed

Charge or credit to member entering TFTY, MOPP, SAVE, SOLV, CART, or directed order that executes in a venue other than the Nasdaq Market Center:

Credit of \$0.0005 per share executed for directed orders sent to NASDAQ OMX BX
 Charge of \$0.0029 per share executed for directed orders sent to NASDAQ OMX PSX
 Charge of \$0.0035 per share executed for other directed orders For TFYY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX PSX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX PSX
 Credit of \$0.0014 for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX
 Charge of \$0.0026 per share executed for SAVE or SOLV orders that execute at venues other than NASDAQ OMX BX or NASDAQ OMX PSX
 Charge of \$0.0035 per share executed for a MOPP order
 Charge of \$0.0005 per share executed for TFTY orders that execute in venues other than NASDAQ OMX BX or NASDAQ OMX PSX

Credit to member for quotes/orders that provide liquidity:

member with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:

\$0.0015 per share executed for quotes/orders that are not displayed
 \$0.00295 per share executed for other quotes/orders

member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with

\$0.0015 per share executed for quotes/orders that are not displayed

shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:

\$0.00295 per share executed for other quotes/orders

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:

\$0.0015 per share executed for quotes/orders that are not displayed
\$0.0029 per share executed for other quotes/orders

member with an average daily volume in all securities of more than 25 million shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs during the month:

\$0.0010 per share executed for quotes/orders that are not displayed
\$0.0027 per share executed for other quotes/orders

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent more than 0.10% of Consolidated Volume:

\$0.0015 per share executed for quotes/orders that are not displayed
\$0.0029 per share executed for other quotes/orders

member with an average daily volume in all securities of more than 20 million shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs:

\$0.001 per share executed for quotes/orders that are not displayed
\$0.0025 per share executed for other quotes/orders

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more

\$0.0015 per share executed for quotes/orders that are not displayed
\$0.0029 per share executed for other quotes/orders

of its Nasdaq Market Center MPIDs during the month:

<p>member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:</p>	<p>\$0.0010 per share executed for quotes/orders that are not displayed \$0.0025 per share executed for other quotes/orders</p>
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<p>member with (i) shares of liquidity provided in all securities during the month representing 0.10% or more of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) shares of liquidity accessed in all securities during the month representing 0.20% or more of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs:</p>	<p>\$0.0010 per share executed for quotes/orders that are not displayed \$0.0025 per share executed for other quotes/orders</p>
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<p>member with (i) shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 115,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:</p>	<p>\$0.0010 per share executed for quotes/orders that are not displayed \$0.0025 per share executed for other quotes/orders</p>
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<p>member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 115,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:</p>	<p>\$0.0015 per share executed for quotes/orders that are not displayed \$0.0029 per share executed for other quotes/orders</p>
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<p>member with (i) shares of liquidity provided in</p>	<p>\$0.0015 per share executed for</p>
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all securities during the month representing more than 1.0% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 200,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:	quotes/orders that are not displayed \$0.00295 per share executed for other quotes/orders
member that provides 3 million shares or more of liquidity through quotes/orders that are not displayed	\$0.0015 per share executed for quotes/orders that are not displayed \$0.0020 per share executed for other quotes/orders (unless the member qualifies for a higher rebate tier for such orders under another provision of this rule)
Credit to other members:	\$0.001 per share executed for quotes/orders that are not displayed \$0.0020 per share executed for other quotes/orders
Order that is routed to NYSEAmex or NYSEArca and then routed to another venue for execution:	NASDAQ will pass-through any routing fees charged to NASDAQ by NYSEAmex or NYSEArca, as applicable
LIST order that executes in an exchange's closing process:	\$0.001 per share executed in the NYSEArca closing process \$0.00085 per share executed in the NYSEAmex closing process
LIST order that executes in an exchange's opening process:	\$0.0005 per share executed in the NYSEArca opening process; provided, however, that total charges for all LIST orders that execute in the NYSEArca opening process shall not exceed \$10,000 per month \$0.0005 per share executed in the NYSEAmex opening process

LIST order that executes in an exchange's re-opening process:

\$0.001 per share executed in the NYSEArca re-opening process
\$0.0005 per share executed in the NYSEAmex re-opening process

(b) – (l) No change.