**Proposed Rule Change by NASDAQ Stock Market**

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<table>
<thead>
<tr>
<th>Initial *</th>
<th>Amendment *</th>
<th>Withdrawal</th>
<th>Section 19(b)(2) *</th>
<th>Section 19(b)(3)(A) *</th>
<th>Section 19(b)(3)(B) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Rule**

- 19b-4(f)(5)
- 19b-4(f)(6)
- 19b-4(f)(2)
- 19b-4(f)(3)
- 19b-4(f)(4)
- 19b-4(f)(1)

**Description**

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

Relating to Fees for Newly Listed Indexes

**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** *: Angela
- **Last Name** *: Dunn
- **Title** *: Associate General Counsel
- **E-mail** *: angela.dunn@nasdaqomx.com
- **Telephone** *: (215) 496-5692
- **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 officer.

- **Date**: 03/19/2012
- **By**: Edward S. Knight
- **Title**: Executive Vice President and General Counsel

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 S KNIGHT,
| **Form 19b-4 Information (required)** | 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)** | 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** | 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** | 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** | 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** | 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** | 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) 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 the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify pricing for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NASDAQ proposes to adopt fees for newly listed indexes and make other minor amendments to Chapter XV at Section 2 entitled “NASDAQ Options Market – Fees.”

   While the changes proposed herein are effective upon filing, the Exchange has designated these changes to be operative on April 2, 2012.

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable text in the Exchange’s Rules is attached hereto 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 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

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taken pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Angela Saccomandi Dunn, Associate General Counsel, at (215) 496-5692.

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

NASDAQ proposes to amend Chapter XV, Section 2 to adopt fees for the following newly listed index options: PHLX Semiconductor SectorSM (SOXSM), PHLX Housing SectorTM (HGXSM) and PHLX Oil Service SectorSM (OSXSM).  

Specifically, the Exchange proposes to assess the following Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX:

<table>
<thead>
<tr>
<th></th>
<th>Customer</th>
<th>Professional</th>
<th>Firm</th>
<th>Non-NOM</th>
<th>NOM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market</td>
<td>Maker</td>
<td>Market Maker</td>
<td>Maker</td>
<td></td>
</tr>
<tr>
<td>SOX, HGX and OSX:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee for Adding Liquidity</td>
<td>$0.35</td>
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<tr>
<td>Fee for Removing Liquidity</td>
<td>$0.35</td>
<td>$0.45</td>
<td>$0.45</td>
<td>$0.45</td>
<td>$0.35</td>
</tr>
</tbody>
</table>

3 The Exchange plans on listing these index options on April 2, 2012.
Other Amendments

The Exchange also proposes to amend the title of Chapter XV, currently entitled “Options Fees,” to “Options Pricing” to more specifically describe this Rule. The Exchange also proposes to amend the title of “All Other Options” in Section 2(1) to “Non-Penny Pilot Options” to more specifically describe those fees. Finally, the Exchange proposes to reorder the Fees and Rebates in Section 2(1) to move the current “All Other Options” after the “Penny Pilot Options” fees and rebates.

b. Statutory Basis

NASDAQ believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act, in general, and with Section 6(b)(4) of the Act, in particular, in that they provide 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.

The Exchange believes that its proposal to adopt Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX is reasonable because the Exchange proposes to assess the same fees that are currently assessed by NASDAQ OMX PHLX LLC (“Phlx”) for these proprietary products.  

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6 Phlx has filed to continue to assess market participants the fees for Singly Listed Options to transact index options in SOX, HGX and OSX. See SR-Phlx-2012-35. See also Section III of Phlx’s Pricing Schedule. Accordingly, Phlx would continue to assess the following fees to transact index options in SOX, HGX and OSX as of April 2, 2012: Customers $0.35 per contract, Professionals $0.45 per contract, Firms $0.45 per contract, Market Makers $0.35 per contract, and Broker-Dealers $0.45 per contract. Non-NOM Market Makers are registered market
The Exchange believes that its proposal to adopt Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX is equitable and not unfairly discriminatory because the Exchange has previously distinguished other index products from the Non-Penny Pilot Options fees and rebates. The Exchange has separate fees for the NASDAQ 100 Index Option (“NDX”) and the Mini NASDAQ 100 Index Option (“MNX”), which Fees for Removing Liquidity are currently higher than the proposed Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX. The Fees for Removing Liquidity are within the range of fees assessed for Penny Pilot Options and provide Customers and Market Makers lower pricing. The Exchange desires to attract Customer order flow to the market, which liquidity benefits all market participants. Additionally, the Exchange is assessing lower Fees for Removing Liquidity for NOM Market Makers because these market makers have certain obligations to the market and regulatory requirements, which normally do not apply to other market participants. The Fees for Adding Liquidity are higher than the non-Penny Pilot Options Fees for Adding Liquidity, but as previously mentioned, are the same fees assessed today on Phlx for these indexes.

The Exchange also believes its proposal to amend the title of Chapter XV to “Options Pricing” is reasonable, equitable and not unfairly discriminatory because the

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8 See Exchange Rules Section VII, Market Participants, Sections 5, Obligations of Market Makers, and Section 6, Market Maker Quotations.
Exchange believes that the proposed title more specifically describes the fees, rebates and other charges reflected in the Chapter. The Exchange also believes that amending the title of Section 2(1) from “All Other Options” to “Non-Penny Pilot Options” conforms the description of these fees to that of other options exchanges. Finally, the Exchange believes that reordering the fees in Section 2(1) is reasonable, equitable and not unfairly discriminatory because the Exchange is grouping the fees for indexes for ease of reference.

The Exchange operates in a highly competitive market comprised of nine U.S. options exchanges in which sophisticated and knowledgeable market participants can and do send order flow to competing exchanges if they deem fee levels at a particular exchange to be excessive. The Exchange believes that the proposed fee scheme is competitive and similar to other fees in place on other exchanges. The Exchange believes that this competitive marketplace materially impacts the fees present on the Exchange today and substantially influences the proposal set forth above.

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. To the contrary, NASDAQ has designed its fees to compete effectively for the execution and routing of options contracts and to reduce the overall cost to investors of options trading.

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9 Phlx utilizes the term non-Penny Pilot in Section II of its Fee Schedule. See Phlx’s Pricing Schedule.
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)

The foregoing proposed rule change establishes or changes 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 pursuant to Section 19(b)(3)(A)(ii) of the Act.\(^{10}\)

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

Not applicable.

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of the proposed rule change.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2012-037)

March__, 2012

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The NASDAQ Stock Market LLC Relating to Fees For Newly Listed Indexes

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\textsuperscript{1}, and Rule 19b-4\textsuperscript{2} thereunder, notice is hereby given that on March 19, 2012, The NASDAQ Stock Market LLC ("NASDAQ" 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 NASDAQ. 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

NASDAQ proposes to modify pricing for NASDAQ members using the NASDAQ Options Market ("NOM"), NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NASDAQ proposes to adopt fees for newly listed indexes and make other minor amendments to Chapter XV at Section 2 entitled “NASDAQ Options Market – Fees.”

While the changes proposed herein are effective upon filing, the Exchange has designated these changes to be operative on April 2, 2012.


\textsuperscript{2} 17 CFR 240.19b-4.
The text of the proposed rule change is available on the Exchange’s Website at http://nasdaq.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. 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 proposes to amend Chapter XV, Section 2 to adopt fees for the following newly listed index options: PHLX Semiconductor SectorSM (SOXSM), PHLX Housing SectorTM (HGXSM) and PHLX Oil Service SectorSM (OSXSM).3

Specifically, the Exchange proposes to assess the following Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX:

3 The Exchange plans on listing these index options on April 2, 2012.
SOX, HGX and OSX:

<table>
<thead>
<tr>
<th></th>
<th>Customer Professional Firm</th>
<th>Non-NOM Market Maker</th>
<th>NOM Market Maker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for Adding Liquidity</td>
<td>$0.35</td>
<td>$0.45</td>
<td>$0.45</td>
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Other Amendments

The Exchange also proposes to amend the title of Chapter XV, currently entitled “Options Fees,” to “Options Pricing” to more specifically describe this Rule. The Exchange also proposes to amend the title of “All Other Options” in Section 2(1) to “Non-Penny Pilot Options” to more specifically describe those fees. Finally, the Exchange proposes to reorder the Fees and Rebates in Section 2(1) to move the current “All Other Options” after the “Penny Pilot Options” fees and rebates.

b. Statutory Basis

NASDAQ believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act, in general, and with Section 6(b)(4) of the Act, in particular, in that they provide 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.


The Exchange believes that its proposal to adopt Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX is reasonable because the Exchange proposes to assess the same fees that are currently assessed by NASDAQ OMX PHLX LLC (“Phlx”) for these proprietary products.\(^6\)

The Exchange believes that its proposal to adopt Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX is equitable and not unfairly discriminatory because the Exchange has previously distinguished other index products from the Non-Penny Pilot Options fees and rebates. The Exchange has separate fees for the NASDAQ 100 Index Option (“NDX”) and the Mini NASDAQ 100 Index Option (“MNX”),\(^7\) which Fees for Removing Liquidity are currently higher than the proposed Fees for Adding Liquidity and Fees for Removing Liquidity for transactions in SOX, HGX and OSX. The Fees for Removing Liquidity are within the range of fees assessed for Penny Pilot Options and provide Customers and Market Makers lower pricing. The Exchange desires to attract Customer order flow to the market, which liquidity benefits all market participants. Additionally, the Exchange is assessing lower Fees for Removing Liquidity for NOM Market Makers because these market makers

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have certain obligations to the market and regulatory requirements, which normally do not apply to other market participants. The Fees for Adding Liquidity are higher than the non-Penny Pilot Options Fees for Adding Liquidity, but as previously mentioned, are the same fees assessed today on Phlx for these indexes.

The Exchange also believes its proposal to amend the title of Chapter XV to “Options Pricing” is reasonable, equitable and not unfairly discriminatory because the Exchange believes that the proposed title more specifically describes the fees, rebates and other charges reflected in the Chapter. The Exchange also believes that amending the title of Section 2(1) from “All Other Options” to “Non-Penny Pilot Options” conforms the description of these fees to that of other options exchanges. Finally, the Exchange believes that reordering the fees in Section 2(1) is reasonable, equitable and not unfairly discriminatory because the Exchange is grouping the fees for indexes for ease of reference.

The Exchange operates in a highly competitive market comprised of nine U.S. options exchanges in which sophisticated and knowledgeable market participants can and do send order flow to competing exchanges if they deem fee levels at a particular exchange to be excessive. The Exchange believes that the proposed fee scheme is competitive and similar to other fees in place on other exchanges. The Exchange believes that this competitive marketplace materially impacts the fees present on the Exchange today and substantially influences the proposal set forth above.

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8 See Exchange Rules Section VII, Market Participants, Sections 5, Obligations of Market Makers, and Section 6, Market Maker Quotations.

9 Phlx utilizes the term non-Penny Pilot in Section II of its Fee Schedule. See Phlx’s Pricing Schedule.
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.

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. 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

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• Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2012-037 on the subject line.

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-2012-037. 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-NASDAQ-2012-037 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.11

Kevin M. O’Neill
Deputy Secretary

Chapter XV Options [Fees] Pricing

NASDAQ Options Market Participants may be subject to the Charges for Membership, Services and Equipment in the Rule 7000 Series as well as the fees in this Chapter XV.

* * * * *

Sec. 2 NASDAQ Options Market—Fees
The following charges shall apply to the use of the order execution and routing services of the NASDAQ Options Market for all securities.

(1) Fees for Execution of Contracts on the NASDAQ Options Market

<table>
<thead>
<tr>
<th>Fees and Rebates (per executed contract)</th>
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<tbody>
<tr>
<td>Customer</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Penny Pilot Options:</td>
</tr>
<tr>
<td>Rebate to Add Liquidity</td>
</tr>
<tr>
<td>Fee for Removing Liquidity</td>
</tr>
<tr>
<td>Non-Penny Pilot Options:</td>
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<tr>
<td>Fee for Adding Liquidity</td>
</tr>
<tr>
<td>Fee for Removing Liquidity</td>
</tr>
<tr>
<td>Rebate to Add</td>
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Liquidity

NDX and MNX:

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SOX, HGX and OSX:

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</table>

[All Other Options:]

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<tr>
<td>Rebate to Add Liquidity</td>
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</table>

*** The Customer Rebate to Add Liquidity in Penny Pilot Options will be paid as noted below. Each Customer order of 5,000 or more, displayed or non-displayed contracts, which adds liquidity in Penny Pilot Options, will qualify for an additional rebate of $0.01 per contract provided the NOM Participant has qualified for a rebate in Tier 2, 3, 4 or 5 for that month.

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Monthly Volume

<table>
<thead>
<tr>
<th>Tier</th>
<th>Rebate to Add Liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participant adds Customer liquidity of up to 14,999 contracts per day in a month</td>
</tr>
<tr>
<td>1</td>
<td>$0.26</td>
</tr>
<tr>
<td>Tier</td>
<td>Participant adds Customer liquidity of 15,000 to 49,999 contracts per day in a month</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Participant adds Customer liquidity of 50,000 or more contracts per day in a month</td>
</tr>
<tr>
<td>Tier 4</td>
<td>Participant adds (1) Customer liquidity of 100,000 or more contracts per day in a month, and (2) NOM Market Maker liquidity of 40,000 or more contracts per day in a month</td>
</tr>
<tr>
<td>Tier 5</td>
<td>Participant adds (1) Customer liquidity of 25,000 or more contracts per day in a month, (2) the Participant has certified for the Investor Support Program set forth in Rule 7014; and (3) the Participant executed at least one order on NASDAQ's equity market</td>
</tr>
</tbody>
</table>

\textsuperscript{a} For purposes of Tier 4, the Exchange will aggregate the trading activity of separate NOM Participants when computing average daily volumes where 75 percent common ownership or control exists between NOM Participants.

\textsuperscript{b} For purposes of Tier 5, the Exchange will allow a NOM Participant to qualify for the rebate if a NASDAQ member under common ownership with the NOM Participant has certified for the Investor Support Program and executed at least one order on NASDAQ's equity market. Common ownership is defined as 75 percent common ownership or control.

* * * * *