

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of \* 49

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No.\* SR - 2012 - \* 047

Amendment No. (req. for Amendments \*)

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"/>
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Rule

Pilot <input type="checkbox"/>	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)

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document

**Description**

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

Proposed changes to modify the Investor Support Program and the Extended Hours Investor Program under Rule 7014, and to amend NASDAQ's liquidity provider rebate schedule under Rule 7018.

**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 *	John	Last Name *	Yetter
Title *	Vice President and Deputy General Counsel		
E-mail *	John.Yetter@nasdaqomx.com		
Telephone *	(301) 978-8497	Fax	(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 03/30/2012

By Edward S. Knight  
(Name \*)Executive Vice President and General Counsel  
(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.

Edward S Knight,

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)**

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 (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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) proposed changes (i) to modify the Investor Support Program and the Extended Hours Investor Program under Rule 7014, and (ii) to amend NASDAQ’s liquidity provider rebate schedule under Rule 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.

(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 April 2, 2012.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

a. Purpose

Investor Support Program

NASDAQ is proposing to make a minor modification to the Investor Support Program (the "ISP") under Rule 7014. The ISP enables NASDAQ members to earn a monthly fee credit for providing additional liquidity to NASDAQ and increasing the NASDAQ-traded volume of what are generally considered to be retail and institutional investor orders in exchange-traded securities ("targeted liquidity"). The goal of the ISP is to incentivize members to provide such targeted liquidity to the NASDAQ Market Center.<sup>3</sup> The Exchange noted in its original filing to institute the ISP<sup>4</sup> that maintaining and increasing the proportion of orders in exchange-listed securities executed on a registered exchange (rather than relying on any of the available off-exchange execution

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<sup>3</sup> The Commission has recently expressed its concern that a significant percentage of the orders of individual investors are executed at over the counter ("OTC") markets, that is, at off-exchange markets; and that a significant percentage of the orders of institutional investors are executed in dark pools. Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (Concept Release on Equity Market Structure, "Concept Release"). In the Concept Release, the Commission has recognized the strong policy preference under the Act in favor of price transparency and displayed markets. The Commission published the Concept Release to invite public comment on a wide range of market structure issues, including high frequency trading and un-displayed, or "dark," liquidity. See also Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) ("Schapiro Speech," available on the Commission website) (comments of Commission Chairman on what she viewed as a troubling trend of reduced participation in the equity markets by individual investors, and that nearly 30 percent of volume in U.S.-listed equities is executed in venues that do not display their liquidity or make it generally available to the public).

<sup>4</sup> Securities Exchange Act Release No. 63270 (November 8, 2010), 75 FR 69489 (November 12, 2010) (NASDAQ-2010-141) (notice of filing and immediate effectiveness).

methods) would help raise investors' confidence in the fairness of their transactions and would benefit all investors by deepening NASDAQ's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

On March 1, 2012, the Exchange added an additional method for members to qualify for an ISP rebate that included a criterion focused on liquidity provision through Public Customer Orders in the NASDAQ Options Market.<sup>5</sup> The Exchange is now proposing a minor modification to this recently introduced aspect of the ISP (the "Options Tier").

The Options Tier recognized the extent to which members that represent retail and/or institutional investors are active in trading both cash equities and options on behalf of such customers. In fact, to an increasing extent the customers that such members represent simultaneously trade different asset classes within a single investment strategy. NASDAQ also notes that cash equities and options markets are linked, with liquidity and trading patterns on one market affecting those on the other. Accordingly, pricing incentives that encourage market participant activity in both markets recognize that activity in the options markets also supports price discovery and liquidity provision in the NASDAQ Market Center. The NASDAQ Market Center fee schedule for order execution and routing in Rule 7018 also recognizes the convergence between cash equities and options trading through liquidity provider rebate tiers available to members active in both the NASDAQ Market Center and the NASDAQ Options Market.

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<sup>5</sup> Securities Exchange Act Release No. 66544 (March 8, 2012), 77 FR 15163 (March 14, 2012) (SR-NASDAQ-2012-032).

Participants in the ISP are required to designate specific NASDAQ order entry ports for use under the ISP and to meet specified criteria focused on market participation, liquidity provision, and high rates of order execution. For members qualifying for the Options Tier, NASDAQ pays a credit of \$0.0003 per share with respect to shares of displayed liquidity executed at a price of \$1 or more and entered through ISP-designated ports, and \$0.0001 per share with respect to all other shares of displayed liquidity executed at a price of \$1 or more. The specific criteria for the Options Tier are as follows:

(1) The member's Participation Ratio<sup>6</sup> for the month exceeds its Baseline Participation Ratio<sup>7</sup> by at least 0.30%. In general terms, the Baseline Participation Ratio is the ratio of shares of liquidity provided by the member in NASDAQ for the month of

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<sup>6</sup> "Participation Ratio" is defined as follows: "[F]or a given member in a given month, the ratio of (A) the number of shares of liquidity provided in orders entered by the member through any of its Nasdaq ports and executed in the Nasdaq Market Center during such month to (B) the Consolidated Volume." "Consolidated Volume" is defined as follows: "[F]or a given member in a given month, the consolidated volume of shares of System Securities in executed orders reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during such month." "System Securities" means all securities listed on NASDAQ and all securities subject to the Consolidated Tape Association Plan and the Consolidated Quotation Plan.

<sup>7</sup> "Baseline Participation Ratio" is defined as follows: "[W]ith respect to a member, the lower of such member's Participation Ratio for the month of August 2010 or the month of August 2011, provided that in calculating such Participation Ratios, the numerator shall be increased by the amount (if any) of the member's Indirect Order Flow for such month, and provided further that if the result is zero for either month, the Baseline Participation Ratio shall be deemed to be 0.485% (when rounded to three decimal places)." "Indirect Order Flow" is defined as follows: "[F]or a given member in a given month, the number of shares of liquidity provided in orders entered into the Nasdaq Market Center at the member's direction by another member with minimal substantive intermediation by such other member and executed in the Nasdaq Market Center during such month."

August 2010 or August 2011 (whichever is lower) to the total consolidated volume for that month. To the extent that a member's participation in NASDAQ equals or exceeds its Baseline Participation Ratio (i.e., to the extent that the member at least matches its participation in NASDAQ during the lower of August 2010 or August 2011), the member may be eligible for the program. Exceeding the Baseline Participation Ratio by specified amounts may qualify the member for higher credits under the ISP. The requirement reflects the expectation that a member participating in the program must maintain or increase its participation in NASDAQ as compared with an historical baseline.

(2) The member's "ISP Execution Ratio" for the month must be less than 10. The ISP Execution Ratio is defined as "the ratio of (A) the total number of liquidity-providing orders entered by a member through its ISP-designated ports during the specified time period to (B) the number of liquidity-providing orders entered by such member through its ISP-designated ports 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 SIOC orders shall be included in the tabulation."<sup>8</sup> Thus, the definition requires a ratio between the total number of orders that post to the NASDAQ book and the number of such orders that actually execute that is low, a characteristic that NASDAQ believes to be reflective of retail and institutional order flow.

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<sup>8</sup> These terms have the meanings assigned to them in Rule 4751. MIOC and SIOC orders are forms of "immediate or cancel" orders and therefore cannot be liquidity-providing orders.

(3) The shares of liquidity provided through ISP-designated ports during the month are equal to or greater than 0.2% of Consolidated Volume during the month, reflecting the ISP goals of encouraging higher levels of liquidity provision.

(4) At least 80% of the liquidity provided by the member during the month is provided through ISP-designated ports. This requirement is designed to mitigate “gaming” of the program by firms that do not generally represent retail or institutional order flow but that nevertheless are able to channel a portion of their orders that they intend to execute through ISP-designated ports and thereby receive a credit with respect to those orders.

(5) The member has an average daily volume during the month of 100,000 or more contracts of liquidity provided through one or more of its Nasdaq Option Market market participant identifiers (“MPIDs”), provided that such liquidity is provided through Public Customer Orders, as defined in Chapter I, Section 1 of the Nasdaq Options Market Rules. That rule defines Public Customer Order as an order for the account of a person that is not a broker or a dealer. Thus, in keeping with the goal of the ISP to encourage participation by retail and institutional investors and the members that represent them in exchange markets, the criterion focused on options requires a specified level of liquidity provision through orders that are directly identified under Nasdaq Options Market rules as having characteristics consistent with this goal.

(6) The member’s ratio between shares of liquidity provided through ISP-designated ports and total shares accessed, provided, or routed through ISP-designated ports during the month is at least 0.80. This additional criterion reflects a goal of ensuring that the qualifying member is using its ISP-designated ports substantially for

liquidity provision, in keeping with the ISP's overall goal of drawing liquidity-providing orders to exchange markets. In this proposed rule change, NASDAQ is proposing to reduce the required ratio to 0.70. NASDAQ believes that the change will encourage more members to seek to qualify for the Options Tier. Therefore, even though the change will reduce the liquidity requirement for qualifying members, NASDAQ believes that the change is still consistent with the Exchange's goal of drawing liquidity-providing orders to exchange markets.

#### Extended Hours Investor Program

NASDAQ is also proposing to make a similar change to its Extended Hours Investor Program (the "EHIP"). The EHIP is designed to encourage greater use of NASDAQ's facilities for trading before the market open at 9:30 a.m., after the market close at 4:00 p.m., and throughout the trading day. The goal of the program is to encourage the development of a deeper, more liquid trading book during pre-market and post-market hours, while also recognizing the correlation observed by NASDAQ between levels of liquidity provided during these trading sessions and levels provided during regular trading hours.

Under the program, a member is required to designate one or more MPIDs for use under the program. The member then qualifies for an extra rebate of \$0.0002 per share executed 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 "EHIP Execution Ratio" for the month is less than 10. The EHIP Execution Ratio is defined as "the ratio of (A) the total number of liquidity-providing orders entered by a member through an EHIP-designated MPID during the specified time

period to (B) the number of liquidity-providing orders entered by such member through such EHIP-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 SIOC orders<sup>9</sup> 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 must provide (i) an average daily volume of 2 million or more shares of liquidity during the month using orders that are entered through its designated MPID and executed prior to NASDAQ’s Opening Cross, or (ii) an average daily volume of 3 million or more shares of liquidity during the month using orders that are entered through its designated MPID and executed prior to the Nasdaq Opening Cross and/or after the Nasdaq Closing Cross. NASDAQ has observed that members that provide higher volumes of liquidity-providing orders during the pre-market or post-market hours generally do so throughout the rest of the trading day. Accordingly, the program pays a credit with respect to all liquidity-providing orders, but only in the event that comparatively large volumes of such orders execute outside of regular 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 program’s goal of encouraging members that provide high levels of liquidity in the pre-market and/or after-hours trading sessions to also do so

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<sup>9</sup> See supra n.8.

during the rest of the trading day. In this proposed rule change, NASDAQ proposes to reduce the required ratio to 0.70. NASDAQ believes that the change will encourage more members to seek to qualify for the EHIP. Therefore, even though the change will reduce the liquidity requirement for qualifying members, NASDAQ believes that the change is still consistent with the Exchange's goal of using the EHIP to encourage high levels of liquidity provision throughout the trading day.

#### Rebate Schedule

Finally, NASDAQ is amending Rule 7018(a) to make a minor modification to two of its liquidity-provider rebate tiers.<sup>10</sup> Currently, NASDAQ pays a rebate of \$0.0010 per share executed for non-displayed quotes/orders, and \$0.0025 per share executed for other quotes/orders, if a member satisfies the following criteria: (i) the member provides shares of liquidity in all securities during the month representing more than 0.10% of Consolidated Volume<sup>11</sup> during the month, through one or more of its NASDAQ Market Center MPIDs, and (ii) the member has 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. NASDAQ is proposing to reduce the options contract requirement from 115,000 to 100,000, to reflect lower overall trading volumes in options markets and thereby make the rebate tier available to a wider number of market participants. Similarly, NASDAQ pays a rebate of \$0.0015 per share executed for non-displayed quotes/orders, and \$0.0029 per share executed for other quotes/orders, if a

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<sup>10</sup> Rule 7018(a) governs executions of securities priced at \$1 or more. Fees and rebates applicable to securities priced under \$1 are unchanged.

<sup>11</sup> "Consolidated Volume" is defined as "the total consolidated volume reported to all transaction reporting plans by all exchanges and trade reporting facilities."

member satisfies the following criteria: (i) the member provides shares of liquidity 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) the member has 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. NASDAQ is also proposing to reduce the options contract requirement of this tier from 115,000 to 100,000, for identical reasons.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>12</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>13</sup> 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.

The ISP encourages members to add targeted liquidity that is executed in the NASDAQ Market Center. Although the proposed change lowers the amount of liquidity that a member must provide through ISP-designated ports in order to qualify for the Options Tier, NASDAQ believes that the change may result in an even greater amount of targeted liquidity being provided to the NASDAQ Market Center and the NASDAQ Options Market, because more members will seek to qualify for the tier by routing targeted liquidity to NASDAQ rather than other trading venues.

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<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(4) and (5).

The rule change proposal, like the original ISP, is not designed to permit unfair discrimination, but rather is intended to promote submission of liquidity-providing orders to NASDAQ, which benefits all NASDAQ members and all investors. Thus, the modified Options Tier will make the incentive provided by the tier available to a wider range of market participants, and thereby seeks to benefit all market participants by encouraging more members to provide targeted liquidity to the Exchange.

Likewise, the proposal, like the ISP, 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 liquidity-providing orders that they submit in order to qualify for the modified Options Tier would be benefitting all investors, and therefore providing credits to them, as contemplated by the ISP, is equitable. Moreover, NASDAQ believes that the level of the credit available through the Options Tier – \$0.0003 per share for displayed liquidity provided through ISP-designated ports and \$0.0001 per share for other displayed liquidity – is reasonable, in that it is comparable to the added rebates of \$0.0001, \$0.0003, or \$0.0004 per share executed provided under other ISP tiers, and does not reflect a disproportionate increase above the rebates provided to all members with respect to the provision of displayed liquidity under Rule 7018, which range from \$0.0020 to \$0.00295 per share executed. NASDAQ further notes that by modifying the Options Tier, NASDAQ is effectively reducing fees for members qualifying for the modified tier without making any offsetting fee increases.

The EHIP 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. The proposed modifications to the program will make the

EHIP incentive available to a wider range of market participants, and thereby seeks to benefit all market participants by encouraging more members to provide liquidity to the Exchange. Likewise, the EHIP, and the proposed modifications to the EHIP, are consistent with the Act's requirement for the equitable allocation of reasonable dues, fees, and other charges. Members that choose to significantly increase the volume of EHIP-eligible liquidity-providing orders that they submit to NASDAQ would be benefitting all investors, and therefore providing credits to such members, as contemplated in the proposed modified program, is equitable. Although the liquidity-provision requirements of the program are being reduced, NASDAQ believes that the modification may increase the overall level of liquidity provision by encouraging more members to participate. Moreover, NASDAQ believes that the level of the credit – \$0.0002 per share, in addition to credits ranging from \$0.0020 to \$0.00295 per share for displayed liquidity under NASDAQ's regular transaction execution fee and rebate schedule – is reasonable. NASDAQ further notes that by modifying the EHIP, NASDAQ is effectively reducing fees for members qualifying for the modified tier without making any offsetting fee increases.

With respect to the amendment to the rebate tiers in Rule 7018 for members active on both the NASDAQ Market Center and the NASDAQ Options Market, NASDAQ has noted in its prior filings with regard to these tiers that they are responsive to the convergence of trading in which members simultaneously trade different asset classes within a single strategy.<sup>14</sup> NASDAQ also notes that cash equities and options

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<sup>14</sup> Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028); Securities Exchange Act Release No. 59879 (May 6, 2009), 74 FR 22619 (May 13, 2009) (SR-NASDAQ-2009-041).

markets are linked, with liquidity and trading patterns on one market affecting those on the other. Accordingly, pricing incentives that encourage market participant activity in both markets recognize that activity in the options markets also supports price discovery and liquidity provision in the NASDAQ Market Center.

NASDAQ believes that the modifications to the tiers are reasonable because by reducing the levels of Nasdaq Options Market activity required to qualify for the tiers, the change will ensure that the tiers remain accessible by a range of market participants, despite reduced trading volumes in options markets. NASDAQ further believes that the change is consistent with an equitable allocation of fees because it will provide for the continued availability of pricing incentives designed to benefit the market by encouraging liquidity provision. Finally, NASDAQ believes that the modified tiers are not unreasonably discriminatory, because the change provides for continued availability of the incentive offered through the tiers without modifying other rebate tiers that provide alternative means to achieve the same rebate levels but without use of the NASDAQ Options Market.

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, or rebate opportunities available at other venues to be more favorable. 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 the changes are intended to increase the availability of rebates that are designed to attract liquidity and thereby enhance NASDAQ's market quality.

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. For this reason and the reasons discussed in connection with the statutory basis for the proposed rule change, NASDAQ does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. In fact, because the proposed changes increase the availability of rebates, NASDAQ believes that the changes will enhance the degree of competition between NASDAQ and other trading venues.

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,<sup>15</sup> NASDAQ has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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.

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-2012-047

March \_\_, 2012

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Investor Support Program and the Extended Hours Investor Program under Rule 7014 and to Amend the Liquidity Provider Rebate Schedule under Rule 7018

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 30, 2012, The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II 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

NASDAQ proposes (i) to modify the Investor Support Program and the Extended Hours Investor Program under Rule 7014, and (ii) to amend NASDAQ’s liquidity provider rebate schedule under Rule 7018. NASDAQ will implement the proposed change on April 2, 2012. The text of the proposed rule change is available at [nasdaq.cchwallstreet.com](http://nasdaq.cchwallstreet.com), at NASDAQ’s principal office, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 self-regulatory organization 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 those statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

Investor Support Program

NASDAQ is proposing to make a minor modification to the Investor Support Program (the "ISP") under Rule 7014. The ISP enables NASDAQ members to earn a monthly fee credit for providing additional liquidity to NASDAQ and increasing the NASDAQ-traded volume of what are generally considered to be retail and institutional investor orders in exchange-traded securities ("targeted liquidity"). The goal of the ISP is to incentivize members to provide such targeted liquidity to the NASDAQ Market Center.<sup>3</sup> The Exchange noted in its original filing to institute the ISP<sup>4</sup> that maintaining

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<sup>3</sup> The Commission has recently expressed its concern that a significant percentage of the orders of individual investors are executed at over the counter ("OTC") markets, that is, at off-exchange markets; and that a significant percentage of the orders of institutional investors are executed in dark pools. Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (Concept Release on Equity Market Structure, "Concept Release"). In the Concept Release, the Commission has recognized the strong policy preference under the Act in favor of price transparency and displayed markets. The Commission published the Concept Release to invite public comment on a wide range of market structure issues, including high frequency trading and un-

and increasing the proportion of orders in exchange-listed securities executed on a registered exchange (rather than relying on any of the available off-exchange execution methods) would help raise investors' confidence in the fairness of their transactions and would benefit all investors by deepening NASDAQ's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

On March 1, 2012, the Exchange added an additional method for members to qualify for an ISP rebate that included a criterion focused on liquidity provision through Public Customer Orders in the NASDAQ Options Market.<sup>5</sup> The Exchange is now proposing a minor modification to this recently introduced aspect of the ISP (the "Options Tier").

The Options Tier recognized the extent to which members that represent retail and/or institutional investors are active in trading both cash equities and options on behalf of such customers. In fact, to an increasing extent the customers that such members represent simultaneously trade different asset classes within a single investment strategy. NASDAQ also notes that cash equities and options markets are linked, with liquidity and

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displayed, or "dark," liquidity. See also Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) ("Schapiro Speech," available on the Commission website) (comments of Commission Chairman on what she viewed as a troubling trend of reduced participation in the equity markets by individual investors, and that nearly 30 percent of volume in U.S.-listed equities is executed in venues that do not display their liquidity or make it generally available to the public).

<sup>4</sup> Securities Exchange Act Release No. 63270 (November 8, 2010), 75 FR 69489 (November 12, 2010) (NASDAQ-2010-141) (notice of filing and immediate effectiveness).

<sup>5</sup> Securities Exchange Act Release No. 66544 (March 8, 2012), 77 FR 15163 (March 14, 2012) (SR-NASDAQ-2012-032).

trading patterns on one market affecting those on the other. Accordingly, pricing incentives that encourage market participant activity in both markets recognize that activity in the options markets also supports price discovery and liquidity provision in the NASDAQ Market Center. The NASDAQ Market Center fee schedule for order execution and routing in Rule 7018 also recognizes the convergence between cash equities and options trading through liquidity provider rebate tiers available to members active in both the NASDAQ Market Center and the NASDAQ Options Market.

Participants in the ISP are required to designate specific NASDAQ order entry ports for use under the ISP and to meet specified criteria focused on market participation, liquidity provision, and high rates of order execution. For members qualifying for the Options Tier, NASDAQ pays a credit of \$0.0003 per share with respect to shares of displayed liquidity executed at a price of \$1 or more and entered through ISP-designated ports, and \$0.0001 per share with respect to all other shares of displayed liquidity executed at a price of \$1 or more. The specific criteria for the Options Tier are as follows:

(1) The member's Participation Ratio<sup>6</sup> for the month exceeds its Baseline Participation Ratio<sup>7</sup> by at least 0.30%. In general terms, the Baseline Participation Ratio

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<sup>6</sup> "Participation Ratio" is defined as follows: "[F]or a given member in a given month, the ratio of (A) the number of shares of liquidity provided in orders entered by the member through any of its Nasdaq ports and executed in the Nasdaq Market Center during such month to (B) the Consolidated Volume." "Consolidated Volume" is defined as follows: "[F]or a given member in a given month, the consolidated volume of shares of System Securities in executed orders reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during such month." "System Securities" means all securities listed on NASDAQ and all securities subject to the Consolidated Tape Association Plan and the Consolidated Quotation Plan.

is the ratio of shares of liquidity provided by the member in NASDAQ for the month of August 2010 or August 2011 (whichever is lower) to the total consolidated volume for that month. To the extent that a member's participation in NASDAQ equals or exceeds its Baseline Participation Ratio (i.e., to the extent that the member at least matches its participation in NASDAQ during the lower of August 2010 or August 2011), the member may be eligible for the program. Exceeding the Baseline Participation Ratio by specified amounts may qualify the member for higher credits under the ISP. The requirement reflects the expectation that a member participating in the program must maintain or increase its participation in NASDAQ as compared with an historical baseline.

(2) The member's "ISP Execution Ratio" for the month must be less than 10. The ISP Execution Ratio is defined as "the ratio of (A) the total number of liquidity-providing orders entered by a member through its ISP-designated ports during the specified time period to (B) the number of liquidity-providing orders entered by such member through its ISP-designated ports 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 SIOC

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<sup>7</sup> "Baseline Participation Ratio" is defined as follows: "[W]ith respect to a member, the lower of such member's Participation Ratio for the month of August 2010 or the month of August 2011, provided that in calculating such Participation Ratios, the numerator shall be increased by the amount (if any) of the member's Indirect Order Flow for such month, and provided further that if the result is zero for either month, the Baseline Participation Ratio shall be deemed to be 0.485% (when rounded to three decimal places)." "Indirect Order Flow" is defined as follows: "[F]or a given member in a given month, the number of shares of liquidity provided in orders entered into the Nasdaq Market Center at the member's direction by another member with minimal substantive intermediation by such other member and executed in the Nasdaq Market Center during such month."

orders shall be included in the tabulation.”<sup>8</sup> Thus, the definition requires a ratio between the total number of orders that post to the NASDAQ book and the number of such orders that actually execute that is low, a characteristic that NASDAQ believes to be reflective of retail and institutional order flow.

(3) The shares of liquidity provided through ISP-designated ports during the month are equal to or greater than 0.2% of Consolidated Volume during the month, reflecting the ISP goals of encouraging higher levels of liquidity provision.

(4) At least 80% of the liquidity provided by the member during the month is provided through ISP-designated ports. This requirement is designed to mitigate “gaming” of the program by firms that do not generally represent retail or institutional order flow but that nevertheless are able to channel a portion of their orders that they intend to execute through ISP-designated ports and thereby receive a credit with respect to those orders.

(5) The member has an average daily volume during the month of 100,000 or more contracts of liquidity provided through one or more of its Nasdaq Option Market market participant identifiers (“MPIDs”), provided that such liquidity is provided through Public Customer Orders, as defined in Chapter I, Section 1 of the Nasdaq Options Market Rules. That rule defines Public Customer Order as an order for the account of a person that is not a broker or a dealer. Thus, in keeping with the goal of the ISP to encourage participation by retail and institutional investors and the members that represent them in exchange markets, the criterion focused on options requires a specified level of liquidity

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<sup>8</sup> These terms have the meanings assigned to them in Rule 4751. MIOC and SIOC orders are forms of “immediate or cancel” orders and therefore cannot be liquidity-providing orders.

provision through orders that are directly identified under Nasdaq Options Market rules as having characteristics consistent with this goal.

(6) The member's ratio between shares of liquidity provided through ISP-designated ports and total shares accessed, provided, or routed through ISP-designated ports during the month is at least 0.80. This additional criterion reflects a goal of ensuring that the qualifying member is using its ISP-designated ports substantially for liquidity provision, in keeping with the ISP's overall goal of drawing liquidity-providing orders to exchange markets. In this proposed rule change, NASDAQ is proposing to reduce the required ratio to 0.70. NASDAQ believes that the change will encourage more members to seek to qualify for the Options Tier. Therefore, even though the change will reduce the liquidity requirement for qualifying members, NASDAQ believes that the change is still consistent with the Exchange's goal of drawing liquidity-providing orders to exchange markets.

#### Extended Hours Investor Program

NASDAQ is also proposing to make a similar change to its Extended Hours Investor Program (the "EHIP"). The EHIP is designed to encourage greater use of NASDAQ's facilities for trading before the market open at 9:30 a.m., after the market close at 4:00 p.m., and throughout the trading day. The goal of the program is to encourage the development of a deeper, more liquid trading book during pre-market and post-market hours, while also recognizing the correlation observed by NASDAQ between levels of liquidity provided during these trading sessions and levels provided during regular trading hours.

Under the program, a member is required to designate one or more MPIDs for use under the program. The member then qualifies for an extra rebate of \$0.0002 per share executed 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 "EHIP Execution Ratio" for the month is less than 10. The EHIP Execution Ratio is defined as "the ratio of (A) the total number of liquidity-providing orders entered by a member through an EHIP-designated MPID during the specified time period to (B) the number of liquidity-providing orders entered by such member through such EHIP-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 SIOC orders<sup>9</sup> 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 must provide (i) an average daily volume of 2 million or more shares of liquidity during the month using orders that are entered through its designated MPID and executed prior to NASDAQ's Opening Cross, or (ii) an average daily volume of 3 million or more shares of liquidity during the month using orders that are entered through its designated MPID and executed prior to the Nasdaq Opening Cross and/or after the Nasdaq Closing Cross. NASDAQ has observed that members that provide higher volumes of liquidity-providing orders during the pre-market or post-market hours

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<sup>9</sup> See supra n.8.

generally do so throughout the rest of the trading day. Accordingly, the program pays a credit with respect to all liquidity-providing orders, but only in the event that comparatively large volumes of such orders execute outside of regular 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 program's goal of encouraging members that provide high levels of liquidity in the pre-market and/or after-hours trading sessions to also do so during the rest of the trading day. In this proposed rule change, NASDAQ proposes to reduce the required ratio to 0.70. NASDAQ believes that the change will encourage more members to seek to qualify for the EHIP. Therefore, even though the change will reduce the liquidity requirement for qualifying members, NASDAQ believes that the change is still consistent with the Exchange's goal of using the EHIP to encourage high levels of liquidity provision throughout the trading day.

#### Rebate Schedule

Finally, NASDAQ is amending Rule 7018(a) to make a minor modification to two of its liquidity-provider rebate tiers.<sup>10</sup> Currently, NASDAQ pays a rebate of \$0.0010 per share executed for non-displayed quotes/orders, and \$0.0025 per share executed for other quotes/orders, if a member satisfies the following criteria: (i) the member provides shares of liquidity in all securities during the month representing more than 0.10% of Consolidated Volume<sup>11</sup> during the month, through one or more of its NASDAQ Market

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<sup>10</sup> Rule 7018(a) governs executions of securities priced at \$1 or more. Fees and rebates applicable to securities priced under \$1 are unchanged.

<sup>11</sup> "Consolidated Volume" is defined as "the total consolidated volume reported to all transaction reporting plans by all exchanges and trade reporting facilities."

Center MPIDs, and (ii) the member has 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. NASDAQ is proposing to reduce the options contract requirement from 115,000 to 100,000, to reflect lower overall trading volumes in options markets and thereby make the rebate tier available to a wider number of market participants. Similarly, NASDAQ pays a rebate of \$0.0015 per share executed for non-displayed quotes/orders, and \$0.0029 per share executed for other quotes/orders, if a member satisfies the following criteria: (i) the member provides shares of liquidity 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) the member has 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. NASDAQ is also proposing to reduce the options contract requirement of this tier from 115,000 to 100,000, for identical reasons.

## 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>12</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>13</sup> 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.

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<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(4) and (5).

The ISP encourages members to add targeted liquidity that is executed in the NASDAQ Market Center. Although the proposed change lowers the amount of liquidity that a member must provide through ISP-designated ports in order to qualify for the Options Tier, NASDAQ believes that the change may result in an even greater amount of targeted liquidity being provided to the NASDAQ Market Center and the NASDAQ Options Market, because more members will seek to qualify for the tier by routing targeted liquidity to NASDAQ rather than other trading venues.

The rule change proposal, like the original ISP, is not designed to permit unfair discrimination, but rather is intended to promote submission of liquidity-providing orders to NASDAQ, which benefits all NASDAQ members and all investors. Thus, the modified Options Tier will make the incentive provided by the tier available to a wider range of market participants, and thereby seeks to benefit all market participants by encouraging more members to provide targeted liquidity to the Exchange.

Likewise, the proposal, like the ISP, 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 liquidity-providing orders that they submit in order to qualify for the modified Options Tier would be benefitting all investors, and therefore providing credits to them, as contemplated by the ISP, is equitable. Moreover, NASDAQ believes that the level of the credit available through the Options Tier – \$0.0003 per share for displayed liquidity provided through ISP-designated ports and \$0.0001 per share for other displayed liquidity – is reasonable, in that it is comparable to the added rebates of \$0.0001, \$0.0003, or \$0.0004 per share executed provided under other ISP tiers, and does not reflect a disproportionate increase above the rebates

provided to all members with respect to the provision of displayed liquidity under Rule 7018, which range from \$0.0020 to \$0.00295 per share executed. NASDAQ further notes that by modifying the Options Tier, NASDAQ is effectively reducing fees for members qualifying for the modified tier without making any offsetting fee increases.

The EHIP 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. The proposed modifications to the program will make the EHIP incentive available to a wider range of market participants, and thereby seeks to benefit all market participants by encouraging more members to provide liquidity to the Exchange. Likewise, the EHIP, and the proposed modifications to the EHIP, are consistent with the Act's requirement for the equitable allocation of reasonable dues, fees, and other charges. Members that choose to significantly increase the volume of EHIP-eligible liquidity-providing orders that they submit to NASDAQ would be benefitting all investors, and therefore providing credits to such members, as contemplated in the proposed modified program, is equitable. Although the liquidity-provision requirements of the program are being reduced, NASDAQ believes that the modification may increase the overall level of liquidity provision by encouraging more members to participate. Moreover, NASDAQ believes that the level of the credit – \$0.0002 per share, in addition to credits ranging from \$0.0020 to \$0.00295 per share for displayed liquidity under NASDAQ's regular transaction execution fee and rebate schedule – is reasonable. NASDAQ further notes that by modifying the EHIP, NASDAQ is effectively reducing fees for members qualifying for the modified tier without making any offsetting fee increases.

With respect to the amendment to the rebate tiers in Rule 7018 for members active on both the NASDAQ Market Center and the NASDAQ Options Market, NASDAQ has noted in its prior filings with regard to these tiers that they are responsive to the convergence of trading in which members simultaneously trade different asset classes within a single strategy.<sup>14</sup> NASDAQ also notes that cash equities and options markets are linked, with liquidity and trading patterns on one market affecting those on the other. Accordingly, pricing incentives that encourage market participant activity in both markets recognize that activity in the options markets also supports price discovery and liquidity provision in the NASDAQ Market Center.

NASDAQ believes that the modifications to the tiers are reasonable because by reducing the levels of Nasdaq Options Market activity required to qualify for the tiers, the change will ensure that the tiers remain accessible by a range of market participants, despite reduced trading volumes in options markets. NASDAQ further believes that the change is consistent with an equitable allocation of fees because it will provide for the continued availability of pricing incentives designed to benefit the market by encouraging liquidity provision. Finally, NASDAQ believes that the modified tiers are not unreasonably discriminatory, because the change provides for continued availability of the incentive offered through the tiers without modifying other rebate tiers that provide alternative means to achieve the same rebate levels but without use of the NASDAQ Options Market.

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<sup>14</sup> Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028); Securities Exchange Act Release No. 59879 (May 6, 2009), 74 FR 22619 (May 13, 2009) (SR-NASDAQ-2009-041).

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, or rebate opportunities available at other venues to be more favorable. 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 the changes are intended to increase the availability of rebates that are designed to attract liquidity and thereby enhance NASDAQ's market quality.

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. For this reason and the reasons discussed in connection with the statutory basis for the proposed rule change, NASDAQ does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. In fact, because the proposed changes increase the availability of rebates, NASDAQ believes that the changes will enhance the degree of competition between NASDAQ and other trading venues.

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 Act.<sup>15</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2012-047 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-2012-047. This file number should be included on the subject line if e-mail is used.

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

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-2012-047, 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.<sup>16</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>16</sup> 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.<sup>1</sup>

**7014. Investor Support Program; Extended Hours Investor Program  
Investor Support Program**

(a) – (b) No change.

(c) (1) – (2) No change.

(3) Alternatively, a member shall be entitled to receive an ISP credit at the \$0.0003 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center and that are entered through ISP-designated ports, and at the \$0.0001 rate with respect to all other shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if:

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

(B) the shares of liquidity provided by the member through ISP-designated ports during the month are equal to or greater than 0.2% of the Consolidated Volume during the month;

(C) at least 80% of the liquidity provided by the member during the month is provided through ISP-designated ports;

(D) the member exceeds its Baseline Participation Ratio by at least 0.30%;

(E) the member has an average daily volume during the month of more than 100,000 contracts of liquidity provided through one or more of its Nasdaq Options Market MPIDs, provided that such liquidity is provided through Public Customer Orders, as defined in Chapter I, Section 1 of the Nasdaq Options Market Rules; and

(F) the ratio between shares of liquidity provided through ISP-designated ports and total shares accessed, provided, or routed through ISP-designated ports during the month is at least [0.80] 0.70.

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<sup>1</sup> The text of the proposed rule change reflects the text available at <http://nasdaq.cchwallstreet.com>, as amended by SR-NASDAQ-2012-040 (March 23, 2012), which was filed on an immediately effective basis, but which has not yet been published in the Federal Register.

(4) No change.

### **Extended Hours Investor Program**

(d) - (e) No change.

(f) (1) A member shall be entitled to receive an EHIP credit at the \$0.0002 rate with respect to all shares of displayed liquidity entered through an EHIP-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 EHIP 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, or the member provides an average daily volume of 3 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 and/or after the Nasdaq Closing 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] 0.70.

### **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) Fees for Execution and Routing of Orders in Nasdaq-Listed Securities

Charge to enter SAVE or SOLV order that executes in the Nasdaq Market Center:	\$0.0027 per share executed
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Charge to enter other orders that execute in the Nasdaq Market Center:	\$0.0030 per share executed
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Charge to member entering 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, re-opening, or closing process:	\$0.0030 per 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:	<p>Credit of \$0.0005 per share executed for directed orders sent to NASDAQ OMX BX</p> <p>Charge of \$0.0029 per share executed for directed orders sent to NASDAQ OMX PSX</p> <p>Charge of \$0.0035 per share executed for other directed orders</p> <p>For TFTY, 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</p> <p>Credit of \$0.0014 for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX</p> <p>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</p> <p>Charge of \$0.0035 per share executed for a MOPP order</p> <p>Charge of \$0.0005 per share executed for TFTY orders that execute on venues other than NASDAQ OMX BX or NASDAQ OMX PSX</p>
Credit to member for quotes/orders (other than Supplemental Orders) that provide liquidity:	
member with shares of liquidity provided in all securities through one of its Nasdaq Market Center market participant identifiers (MPIDs) that represent more than 0.90% of the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and	<p>\$0.0015 per share executed for quotes/orders that are not displayed</p> <p>\$0.00295 per share executed for other quotes/orders</p>

trade reporting facilities ("Consolidated Volume") during the month:

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

\$0.0015 per share executed for quotes/orders that are not displayed  
\$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 of its Nasdaq Market Center MPIDs during the

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

month:

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:

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:

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] 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:

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] 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Option Market MPIDs:

member with (i) shares of liquidity provided in 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

\$0.0010 per share executed for quotes/orders that are not displayed  
\$0.0025 per share executed for other quotes/orders

\$0.0010 per share executed for quotes/orders that are not displayed  
\$0.0025 per share executed for other quotes/orders

\$0.0010 per share executed for quotes/orders that are not displayed  
\$0.0025 per share executed for other quotes/orders

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

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

through one or more of its Nasdaq Options Market MPIDs:

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

Credit for Supplemental Orders:

\$0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member provides an average daily volume during the month of more than 1 million shares of liquidity via Supplemental Orders  
\$0.0015 per share executed for other Supplemental Orders

LIST order that executes in Nasdaq's closing process:

Applicable charges as provided in Rule 7018(d)

LIST order that executes in Nasdaq's opening process:

Applicable charges as provided in Rule 7018(e)

LIST order that executes in Nasdaq's halt cross process:

Applicable charges as provided in Rule 7018(f)

## (2) Fees for Execution and Routing of Securities Listed on NYSE

Charge to enter SAVE or SOLV order that executes in the Nasdaq Market Center:

\$0.0027 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,

For DOTI orders that execute in

<p>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, or reopening process:</p>	<p>NASDAQ OMX BX, NASDAQ will pass-through all fees assessed and rebates offered by NASDAQ OMX BX</p> <p>\$0.0015 credit for orders that add liquidity at the NYSE after routing</p> <p>\$0.0023 fee per share executed for other orders executed at NYSE</p> <p>\$0.0030 fee per share executed for other orders</p>
<p>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:</p>	<p>Credit of \$0.0005 per share executed for directed orders sent to NASDAQ OMX BX</p> <p>Charge of \$0.0029 per share executed for directed orders sent to NASDAQ OMX PSX</p> <p>For directed orders designated as Intermarket Sweep Orders that execute: (i) at venues other than NYSE, NASDAQ OMX BX, or NASDAQ OMX PSX, charge of \$0.0035 per share executed, or (ii) at NYSE, charge of \$0.0025 per share executed</p> <p>For other directed orders that execute at NYSE: (i) charge of \$0.0024 per share executed for members with an average daily volume through the Nasdaq Market Center in all securities during the month of more than 35 million shares of liquidity provided through one or more of its MPIDs, or (ii) charge of \$0.0025 per share executed for other members</p> <p>For other directed orders, charge of \$0.0035 per share executed</p> <p>For TFTY, 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</p> <p>Credit of \$0.0014 for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX</p> <p>For a MOPP order: charge of \$0.0035</p>

per share executed at venues other than NYSE; or charge of \$0.0025 per share executed at NYSE

For TFTY orders that execute: (i) at venues other than NYSE, NASDAQ OMX BX or NASDAQ OMX PSX, charge of \$0.0005 per share executed; or (ii) at the NYSE, charge of \$0.0022 per share executed

For SAVE or SOLV orders that execute: (i) at venues other than NYSE, NASDAQ OMX BX, or NASDAQ OMX PSX, charge of \$0.0026 per share executed, or (ii) at NYSE, charge of \$0.0022 per share executed

Credit to member for quotes/orders (other than Supplemental 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
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member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with 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:	\$0.0015 per share executed for quotes/orders that are not displayed \$0.00295 per share executed for other quotes/orders
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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	\$0.0015 per share executed for quotes/orders that are not displayed \$0.0029 per share executed for other quotes/orders
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month:

<p>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:</p>	<p>\$0.0010 per share executed for quotes/orders that are not displayed \$0.0027 per share executed for other quotes/orders</p>
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<p>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:</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 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:</p>	<p>\$0.001 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 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 of its Nasdaq Market Center MPIDs during the month:</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 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] <u>100,000</u> 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] <u>100,000</u> 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 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</p>	<p>\$0.0015 per share executed for quotes/orders that are not displayed \$0.00295 per share executed for other quotes/orders</p>
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provided through one or more of its Nasdaq Options Market MPIDs:

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
Credit for Supplemental Orders:	\$0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member provides an average daily volume during the month of more than 1 million shares of liquidity via Supplemental Orders \$0.0015 per share executed for other Supplemental Orders
Order that is routed to NYSE and then routed to another venue for execution:	NASDAQ will pass-through any routing fees charged to NASDAQ by NYSE
DOT or LIST Order that executes in the NYSE closing process:	\$0.00095 per share executed
DOT or LIST Order that executes in the NYSE opening process or reopening process:	\$0.0005 per share executed, but not to exceed \$15,000 per month per member
Per order charge for round lot or mixed lot DOTI orders:	\$0.01 fee per DOTI Order when during a month: (i) a market participant sends an average of more than 10,000 DOTI Orders per day through one or more of its MPIDs; and

(ii) the ratio of DOTI Orders to executions exceeds 300 to 1. The fee will apply to each DOTI Order that exceeds the 300 to 1 ratio. In calculating daily average DOTI Orders, Nasdaq will exclude the day with the highest ratio of DOTI Orders to executions.

(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:

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

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 NASDAQ OMX BX, Nasdaq will pass

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 or re-opening process:	through all fees assessed and rebates offered by NASDAQ OMX BX For other orders, \$0.0030 per 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 (other than Supplemental 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 shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that	\$0.0015 per share executed for quotes/orders that are not displayed \$0.00295 per share executed for other quotes/orders

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:

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
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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
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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
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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
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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 of its Nasdaq Market Center MPIDs during the month:	\$0.0015 per share executed for quotes/orders that are not displayed \$0.0029 per share executed for other quotes/orders
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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	\$0.0010 per share executed for quotes/orders that are not displayed \$0.0025 per share executed for other quotes/orders
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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>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] <u>100,000</u> 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] <u>100,000</u> 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 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:</p>	<p>\$0.0015 per share executed for quotes/orders that are not displayed \$0.00295 per share executed for other quotes/orders</p>
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<p>member that provides 3 million shares or more of liquidity through quotes/orders that are not displayed</p>	<p>\$0.0015 per share executed for quotes/orders that are not displayed \$0.0020 per share executed for other quotes/orders (unless the member</p>
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	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
Credit for Supplemental Orders:	0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member provides an average daily volume during the month of more than 1 million shares of liquidity via Supplemental Orders \$0.0015 per share executed for other Supplemental 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 \$0.00095 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.