

Required fields are shown with yellow backgrounds and asterisks.

Proposed Rule Change by NASDAQ Stock Market
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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 under Rule 7014, and to amend NASDAQ's schedule of execution fees and rebates 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
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 08/31/2012
By Edward S. Knight Executive Vice President and General Counsel
(Name *) (Title *)

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

Edward S Knight,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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

Exhibit 1 - Notice of Proposed Rule Change (required)

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) proposed changes (i) to modify the Investor Support Program (the “ISP”) under Rule 7014, and (ii) to amend NASDAQ’s schedule of execution fees and rebates under Rule 7018(a).

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 July 10, 2012. 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 September 4, 2012.

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

¹ 15 U.S.C. 78s(b)(1).

² 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

NASDAQ is proposing (i) to modify the ISP under Rule 7014, and (ii) to amend NASDAQ’s schedule of execution fees and rebates under Rule 7018(a). As a general matter, the changes are designed to reflect the persistent reduction in trading volumes in the U.S. capital markets through a range of changes that will both increase incentives for market participation and enhance revenue.

Investor Support Program

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.³ The Exchange noted in its

³ The Commission has 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).

original filing to institute the ISP⁴ 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 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.

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. Currently, a member that participates in the ISP receives a credit of \$0.00005, \$0.000275, or \$0.000375 per share with respect to the number of shares of displayed liquidity provided by the member that execute at \$1 or more per share.⁵ The precise credit rate is determined by factors designed to measure the degree of the member's participation in the Nasdaq Market Center and the percentage of orders that it enters that execute – its “ISP Execution Ratio” – which is seen as indicative of retail or institutional participation. Without making any other modifications to the program, NASDAQ will reduce the credit paid to market participants that currently qualify for a \$0.000275 per share credit to \$0.0001 per share. The specific requirements for qualifying for the \$0.0001 credit are described below.

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

⁵ A participant in the ISP must designate specific order-entry ports for use in tabulating certain requirements under the program.

As provided in Rule 7014(c)(2), NASDAQ will pay a credit of \$0.0001 per share⁶ with respect to shares of displayed liquidity executed at a price of \$1 or more and entered through ISP-designated ports, and \$0.00005 per share with respect to all other shares of displayed liquidity executed at a price of \$1 or more, if the following conditions are met:

(1) The member's Participation Ratio⁷ for the month exceeds its Baseline Participation Ratio⁸ by at least 0.43%. The requirement reflects the expectation that in order to earn a higher rebate under the program, a member participating in the program must 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-

⁶ A reduction from \$0.000275 per share.

⁷ "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.

⁸ "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."

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.”⁹ 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’s goals of encouraging higher levels of liquidity provision.

(4) At least 40% 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.

Alternatively, as provided in Rule 7014(c)(3), NASDAQ will pay a credit of \$0.0001 per share¹⁰ with respect to shares of displayed liquidity executed at a price of \$1

⁹ 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.

¹⁰ A reduction from \$0.000275 per share.

or more and entered through ISP-designated ports, and \$0.00005 per share with respect to all other shares of displayed liquidity executed at a price of \$1 or more, if the following conditions are met:

- (1) The member's Participation Ratio for the month exceeds its Baseline Participation Ratio by at least 0.30%.
- (2) The member's "ISP Execution Ratio" for the month is less than 10.
- (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.
- (4) At least 80% of the liquidity provided by the member during the month is provided through ISP-designated ports.
- (5) 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 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; and
- (6) 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 0.70.

Execution Fees and Rebates

NASDAQ is making a number of changes to its general schedule of fees and rebates for order execution. Overall, the changes are designed to (i) raise additional revenue to offset reductions caused by a sustained decrease in trading volumes in the U.S. capital markets, (ii) continue the process of replacing volume-based pricing tiers

measured by share volume with tiers measured by a market participant's percentage of "Consolidated Volume,"¹¹ and (iii) enhance market participation incentives by broadening the eligibility for several rebate tiers. Specifically, NASDAQ is proposing to make the following changes to Rule 7018(a), which governs execution and routing of order for securities priced at \$1 or more per share:

- Currently, NASDAQ pays a credit of \$0.0029 per share executed with respect to displayed quotes/orders for a 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. NASDAQ is modifying this rebate tier to increase the requirement to 0.50% of Consolidated Volume.

- Similarly, NASDAQ currently pays a credit of \$0.0029 per share executed with respect to displayed quotes/orders for a member with shares of liquidity accessed in all securities through one or more of its MPIDs that represent more than 0.65% of Consolidated Volume during the month, and that 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. NASDAQ is proposing to eliminate this rebate tier.¹²

- Currently, NASDAQ pays a credit of \$0.0027 per share executed with respect to displayed quotes/orders for a 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

¹¹ See Securities Exchange Act Release No. 64453 (May 10, 2011), 76 FR 28252 (May 16, 2011) (SR-NASDAQ-2011-062). "Consolidated Volume" is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities.

¹² Other rebate tiers under which members may be eligible to receive rebates of \$0.00295 or \$0.0029 per share will remain unchanged.

Market Center MPIDs during the month. The requirement for this tier is being modified to require that the member provide liquidity representing more than 0.30% of Consolidated Volume. NASDAQ believes that given the volume levels that have recently prevailed in the market, the change will make it slightly easier for members to qualify for this pricing tier.

- Similarly, NASDAQ pays a credit of \$0.0025 per share executed with respect to displayed quotes/orders for a 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 during the month. The requirement for this tier is being modified to require that the member provide liquidity representing more than 0.10% of Consolidated Volume. Again, NASDAQ believes that this change will make it easier for members to qualify for this pricing tier.

- NASDAQ currently pays a credit of \$0.0025 per share executed with respect to displayed quotes/orders for a member with shares of liquidity accessed in all securities through one or more of its MPIDs that represent 0.20% or more of Consolidated Volume during the month, and with shares of liquidity provided in all securities during the month representing 0.10% or more of Consolidated Volume during the month. NASDAQ is proposing to eliminate this rebate tier.¹³

- NASDAQ currently pays a credit of \$0.0025 per share executed with respect to displayed quotes/orders for a member with shares of liquidity provided in all securities through one or more of its NASDAQ Market Center MPIDs representing more than

¹³ Other rebate tiers under which members may be eligible to receive rebates of \$0.0025 per share will remain unchanged or will have their associated rebate increased.

0.10% of Consolidated Volume during the month, and with an average daily volume during the month of more than 100,000 contracts of liquidity accessed or provided through one or more of its NASDAQ Options Market MPIDs. NASDAQ is proposing to increase the rebate for this tier to \$0.0027 per share executed.

- NASDAQ currently pays a credit of \$0.0029 per share executed with respect to displayed quotes/orders for a member with shares of liquidity provided in all securities through one or more of its NASDAQ Market Center MPIDs representing more than 0.15% of Consolidated Volume during the month, and with an average daily volume during the month of more than 100,000 contracts of liquidity accessed or provided through one or more of its NASDAQ Options Market MPIDs. NASDAQ is proposing to increase the Consolidated Volume requirement for this tier to 0.25%.

- For securities listed on an exchange other than NASDAQ or the New York Stock Exchange (“Tape B Securities”), NASDAQ currently charges a discounted order execution fee of \$0.0027 per share executed with respect to an 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. Similarly, NASDAQ currently charges a discounted order execution fee of \$0.0028 per share executed with respect to an 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.

NASDAQ is eliminating both of these discounted fees, such that the uniform access fee will be \$0.0030 per share executed for all securities priced above \$1.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁴ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ 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.

Changes to the ISP

The ISP encourages members to add targeted liquidity that is executed in the Nasdaq Market Center. NASDAQ believes that the reduction in the rebates paid under the ISP from \$0.000275 to \$0.0001 with respect to certain tiers of the ISP is reasonable, because it provides a means for NASDAQ to reduce costs during a period of persistently low trading volumes, while maintaining the overall structure of the ISP for the purpose of providing incentives for retail and institutional investors to provide targeted liquidity at NASDAQ. The change is consistent with an equitable allocation of fees: although the change maintains the ISP's purpose of paying higher rebates to certain market participants in order to encourage them to benefit all NASDAQ members through the submission of targeted liquidity, the change reduces the disparity between rebates paid to

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4) and (5).

ISP participants and other members for providing liquidity. Similarly, although NASDAQ believes that the price differentiation inherent in the ISP is fair, because it is designed to benefit all market participants by drawing targeted liquidity to the Exchange, the change reduces the level of differentiation between the rebates paid to ISP participants and those paid to other liquidity providers.

Changes to Fees and Other Rebates

NASDAQ believes that the proposed change to the fee to access liquidity in Tape B Securities is reasonable because NASDAQ already charges the same fee with respect to other securities, and because the fee is consistent with the requirements of SEC Rule 610.¹⁶ The change is consistent with an equitable allocation of fees because it will result in uniform access fees for all market participants and all securities. Similarly, the change is not unreasonably discriminatory because it will eliminate existing price differentials among market participants with respect to execution of orders for Tape B Securities.

NASDAQ further believes that the proposed changes to rebate tiers are reasonable, because they are not expected to result in significant rebate reductions for market participants. This is the case because members that no longer qualify for rebate tiers whose criteria are being restricted will likely qualify for other tiers that pay an enhanced rebate, while other market participants are likely to qualify for tiers that they have not qualified for in the past. Thus, although some market participants may see reduced rebates, NASDAQ does not believe that the reductions will be significant. NASDAQ further believes that the changes are consistent with an equitable allocation of fees because the modified rebate schedule will continue to provide the incentives for

¹⁶ 17 CFR 242.610.

provision of displayed liquidity that NASDAQ believes benefit all market participants by dampening price volatility and promoting price discovery. Finally, NASDAQ believes that the changes are not unreasonably discriminatory because opportunities for enhanced rebates to liquidity providers will continue to exist under the modified schedule.

Specifically:

- The change to one of the rebate tiers through which members may earn a \$0.029 per share executed rebate by requiring liquidity representing 0.50% of Consolidated Volume (rather than 0.45% of Consolidated Volume), as well as the elimination of another \$0.0029 per share rebate tier that requires shares of liquidity accessed that represent more than 0.65% of Consolidated Volume during the month and provision of a daily average of at least 2 million shares of liquidity, are reasonable because members may continue to receive a rebate of \$0.0029 per share through several alternative tiers, or may qualify for slightly lower rebates of \$0.0027 per share or \$0.0025 per share through a range of alternative tiers. In addition, the changes are consistent with an equitable allocation of fees because after the change, the rebate schedule will continue to reflect an allocation of rebates to liquidity providers designed to encourage beneficial market activity, with affected market participants still able to earn comparable or slightly lower rebates through alternative means. Finally, the changes are not unreasonably discriminatory because although they affect only those market participants currently qualifying for the tiers in question, they serve the reasonable purposes of reducing costs while continuing to provide reasonable rebate opportunities to those participants.

- The changes to express the requirements for certain \$0.0027 and \$0.0025 per share tiers in terms of percentage of Consolidated Volume rather than share amounts is

reasonable because at currently prevailing volume levels, the changes will make it easier for market participants to qualify for these tiers. The changes are consistent with an equitable allocation of fees because they encourage liquidity provision and help to ensure that market participants affected by changes that restrict eligibility for other rebate tiers will continue to have alternative means to earn a favorable rebate. Finally, the changes are not unreasonably discriminatory because they broaden the eligibility of members to receive rebates at these levels.

- The elimination of the \$0.0025 per share tier requiring liquidity accessing equal or greater to 0.20% of Consolidated Volume and liquidity provision of 0.10% or more of Consolidation Volume is reasonable because affected members will continue to qualify for the modified tier requiring comparable liquidity provision in order to earn a \$0.0025 per share rebate. Thus, the change is also consistent with an equitable allocation of fees, and is not unreasonably discriminatory, because it will not deprive market participants of the rebate opportunity in question.

The increase in the rebate paid with respect to market participants providing liquidity representing 0.10% of Consolidated Volume and active in the NASDAQ Options Market, as well as the tightening of the requirements for a \$0.0029 per share credit paid to market participants active in both the NASDAQ Market Center and the NASDAQ Options Market, are reasonable because they provide an increased rebate to members currently in the lower tier while ensuring that members no longer qualifying for the higher tier can nevertheless receive the new higher rebate for the lower tier. The changes are consistent with an equitable allocation of fees because the modified rebates continue to be responsive to the convergence of trading in which members

simultaneously trade different asset classes within a single 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. Finally, the changes are not unreasonably discriminatory, since NASDAQ Market Center participants have alternative means of early rebates of \$0.0027 or \$0.0029 per share rebates that do not require participation in 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. These competitive forces help to ensure that NASDAQ's fees are reasonable, equitably allocated, and not unfairly discriminatory since market participants can largely avoid fees to which they object by changing their trading behavior.

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.

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,¹⁷ NASDAQ has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

5. Text of the proposed rule change.

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2012-103)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Investor Support Program under Rule 7014 and to Amend NASDAQ's Schedule of Execution Fees and Rebates under Rule 7018

September __, 2012

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 31, 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, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ proposes to modify the Investor Support Program under Rule 7014, and to amend NASDAQ's schedule of execution fees and rebates under Rule 7018. NASDAQ will implement the proposed change on September 4, 2012. The text of the proposed rule change is available at nasdaq.cchwallstreet.com, at NASDAQ's principal office, and at the Commission's Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 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 IV 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

NASDAQ is proposing (i) to modify the ISP under Rule 7014, and (ii) to amend NASDAQ's schedule of execution fees and rebates under Rule 7018(a). As a general matter, the changes are designed to reflect the persistent reduction in trading volumes in the U.S. capital markets through a range of changes that will both increase incentives for market participation and enhance revenue.

Investor Support Program

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.³ The Exchange noted in its

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original filing to institute the ISP⁴ 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 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.

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. Currently, a member that participates in the ISP receives a credit of \$0.00005, \$0.000275, or \$0.000375 per share with respect to the number of shares of displayed liquidity provided by the member that execute at \$1 or more per share.⁵ The precise credit rate is determined by factors designed to measure the degree of the member's participation in the Nasdaq Market

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).

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

⁵ A participant in the ISP must designate specific order-entry ports for use in tabulating certain requirements under the program.

Center and the percentage of orders that it enters that execute – its “ISP Execution Ratio” – which is seen as indicative of retail or institutional participation. Without making any other modifications to the program, NASDAQ will reduce the credit paid to market participants that currently qualify for a \$0.000275 per share credit to \$0.0001 per share. The specific requirements for qualifying for the \$0.0001 credit are described below.

As provided in Rule 7014(c)(2), NASDAQ will pay a credit of \$0.0001 per share⁶ with respect to shares of displayed liquidity executed at a price of \$1 or more and entered through ISP-designated ports, and \$0.00005 per share with respect to all other shares of displayed liquidity executed at a price of \$1 or more, if the following conditions are met:

(1) The member’s Participation Ratio⁷ for the month exceeds its Baseline Participation Ratio⁸ by at least 0.43%. The requirement reflects the expectation that in

⁶ A reduction from \$0.000275 per share.

⁷ “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.

⁸ “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

order to earn a higher rebate under the program, a member participating in the program must 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."⁹ 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's goals of encouraging higher levels of liquidity provision.

(4) At least 40% 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

by such other member and executed in the Nasdaq Market Center during such month."

⁹ 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.

intend to execute through ISP-designated ports and thereby receive a credit with respect to those orders.

Alternatively, as provided in Rule 7014(c)(3), NASDAQ will pay a credit of \$0.0001 per share¹⁰ with respect to shares of displayed liquidity executed at a price of \$1 or more and entered through ISP-designated ports, and \$0.00005 per share with respect to all other shares of displayed liquidity executed at a price of \$1 or more, if the following conditions are met:

- (1) The member's Participation Ratio for the month exceeds its Baseline Participation Ratio by at least 0.30%.
- (2) The member's "ISP Execution Ratio" for the month is less than 10.
- (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.
- (4) At least 80% of the liquidity provided by the member during the month is provided through ISP-designated ports.
- (5) 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 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; and
- (6) 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 0.70.

¹⁰ A reduction from \$0.000275 per share.

Execution Fees and Rebates

NASDAQ is making a number of changes to its general schedule of fees and rebates for order execution. Overall, the changes are designed to (i) raise additional revenue to offset reductions caused by a sustained decrease in trading volumes in the U.S. capital markets, (ii) continue the process of replacing volume-based pricing tiers measured by share volume with tiers measured by a market participant's percentage of "Consolidated Volume,"¹¹ and (iii) enhance market participation incentives by broadening the eligibility for several rebate tiers. Specifically, NASDAQ is proposing to make the following changes to Rule 7018(a), which governs execution and routing of order for securities priced at \$1 or more per share:

- Currently, NASDAQ pays a credit of \$0.0029 per share executed with respect to displayed quotes/orders for a 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. NASDAQ is modifying this rebate tier to increase the requirement to 0.50% of Consolidated Volume.
- Similarly, NASDAQ currently pays a credit of \$0.0029 per share executed with respect to displayed quotes/orders for a member with shares of liquidity accessed in all securities through one or more of its MPIDs that represent more than 0.65% of Consolidated Volume during the month, and that provides a daily average of at least 2

¹¹ See Securities Exchange Act Release No. 64453 (May 10, 2011), 76 FR 28252 (May 16, 2011) (SR-NASDAQ-2011-062). "Consolidated Volume" is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities.

million shares of liquidity in all securities through one or more of its NASDAQ Market Center MPIDs during the month. NASDAQ is proposing to eliminate this rebate tier.¹²

- Currently, NASDAQ pays a credit of \$0.0027 per share executed with respect to displayed quotes/orders for a 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. The requirement for this tier is being modified to require that the member provide liquidity representing more than 0.30% of Consolidated Volume. NASDAQ believes that given the volume levels that have recently prevailed in the market, the change will make it slightly easier for members to qualify for this pricing tier.

- Similarly, NASDAQ pays a credit of \$0.0025 per share executed with respect to displayed quotes/orders for a 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 during the month. The requirement for this tier is being modified to require that the member provide liquidity representing more than 0.10% of Consolidated Volume. Again, NASDAQ believes that this change will make it easier for members to qualify for this pricing tier.

- NASDAQ currently pays a credit of \$0.0025 per share executed with respect to displayed quotes/orders for a member with shares of liquidity accessed in all securities through one or more of its MPIDs that represent 0.20% or more of Consolidated Volume during the month, and with shares of liquidity provided in all securities during the month

¹² Other rebate tiers under which members may be eligible to receive rebates of \$0.00295 or \$0.0029 per share will remain unchanged.

representing 0.10% or more of Consolidated Volume during the month. NASDAQ is proposing to eliminate this rebate tier.¹³

- NASDAQ currently pays a credit of \$0.0025 per share executed with respect to displayed quotes/orders for a member with shares of liquidity provided in all securities through one or more of its NASDAQ Market Center MPIDs representing more than 0.10% of Consolidated Volume during the month, and with an average daily volume during the month of more than 100,000 contracts of liquidity accessed or provided through one or more of its NASDAQ Options Market MPIDs. NASDAQ is proposing to increase the rebate for this tier to \$0.0027 per share executed.

- NASDAQ currently pays a credit of \$0.0029 per share executed with respect to displayed quotes/orders for a member with shares of liquidity provided in all securities through one or more of its NASDAQ Market Center MPIDs representing more than 0.15% of Consolidated Volume during the month, and with an average daily volume during the month of more than 100,000 contracts of liquidity accessed or provided through one or more of its NASDAQ Options Market MPIDs. NASDAQ is proposing to increase the Consolidated Volume requirement for this tier to 0.25%.

For securities listed on an exchange other than NASDAQ or the New York Stock Exchange (“Tape B Securities”), NASDAQ currently charges a discounted order execution fee of \$0.0027 per share executed with respect to an 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

¹³ Other rebate tiers under which members may be eligible to receive rebates of \$0.0025 per share will remain unchanged or will have their associated rebate increased.

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. Similarly, NASDAQ currently charges a discounted order execution fee of \$0.0028 per share executed with respect to an 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. NASDAQ is eliminating both of these discounted fees, such that the uniform access fee will be \$0.0030 per share executed for all securities priced above \$1.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁴ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ 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.

Changes to the ISP

The ISP encourages members to add targeted liquidity that is executed in the Nasdaq Market Center. NASDAQ believes that the reduction in the rebates paid under the ISP from \$0.000275 to \$0.0001 with respect to certain tiers of the ISP is reasonable,

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4) and (5).

because it provides a means for NASDAQ to reduce costs during a period of persistently low trading volumes, while maintaining the overall structure of the ISP for the purpose of providing incentives for retail and institutional investors to provide targeted liquidity at NASDAQ. The change is consistent with an equitable allocation of fees: although the change maintains the ISP's purpose of paying higher rebates to certain market participants in order to encourage them to benefit all NASDAQ members through the submission of targeted liquidity, the change reduces the disparity between rebates paid to ISP participants and other members for providing liquidity. Similarly, although NASDAQ believes that the price differentiation inherent in the ISP is fair, because it is designed to benefit all market participants by drawing targeted liquidity to the Exchange, the change reduces the level of differentiation between the rebates paid to ISP participants and those paid to other liquidity providers.

Changes to Fees and Other Rebates

NASDAQ believes that the proposed change to the fee to access liquidity in Tape B Securities is reasonable because NASDAQ already charges the same fee with respect to other securities, and because the fee is consistent with the requirements of SEC Rule 610.¹⁶ The change is consistent with an equitable allocation of fees because it will result in uniform access fees for all market participants and all securities. Similarly, the change is not unreasonably discriminatory because it will eliminate existing price differentials among market participants with respect to execution of orders for Tape B Securities.

NASDAQ further believes that the proposed changes to rebate tiers are reasonable, because they are not expected to result in significant rebate reductions for

¹⁶ 17 CFR 242.610.

market participants. This is the case because members that no longer qualify for rebate tiers whose criteria are being restricted will likely qualify for other tiers that pay an enhanced rebate, while other market participants are likely to qualify for tiers that they have not qualified for in the past. Thus, although some market participants may see reduced rebates, NASDAQ does not believe that the reductions will be significant. NASDAQ further believes that the changes are consistent with an equitable allocation of fees because the modified rebate schedule will continue to provide the incentives for provision of displayed liquidity that NASDAQ believes benefit all market participants by dampening price volatility and promoting price discovery. Finally, NASDAQ believes that the changes are not unreasonably discriminatory because opportunities for enhanced rebates to liquidity providers will continue to exist under the modified schedule.

Specifically:

- The change to one of the rebate tiers through which members may earn a \$0.029 per share executed rebate by requiring liquidity representing 0.50% of Consolidated Volume (rather than 0.45% of Consolidated Volume), as well as the elimination of another \$0.0029 per share rebate tier that requires shares of liquidity accessed that represent more than 0.65% of Consolidated Volume during the month and provision of a daily average of at least 2 million shares of liquidity, are reasonable because members may continue to receive a rebate of \$0.0029 per share through several alternative tiers, or may qualify for slightly lower rebates of \$0.0027 per share or \$0.0025 per share through a range of alternative tiers. In addition, the changes are consistent with an equitable allocation of fees because after the change, the rebate schedule will continue to reflect an allocation of rebates to liquidity providers designed to encourage beneficial market

activity, with affected market participants still able to earn comparable or slightly lower rebates through alternative means. Finally, the changes are not unreasonably discriminatory because although they affect only those market participants currently qualifying for the tiers in question, they serve the reasonable purposes of reducing costs while continuing to provide reasonable rebate opportunities to those participants.

- The changes to express the requirements for certain \$0.0027 and \$0.0025 per share tiers in terms of percentage of Consolidated Volume rather than share amounts is reasonable because at currently prevailing volume levels, the changes will make it easier for market participants to qualify for these tiers. The changes are consistent with an equitable allocation of fees because they encourage liquidity provision and help to ensure that market participants affected by changes that restrict eligibility for other rebate tiers will continue to have alternative means to earn a favorable rebate. Finally, the changes are not unreasonably discriminatory because they broaden the eligibility of members to receive rebates at these levels.

- The elimination of the \$0.0025 per share tier requiring liquidity accessing equal or greater to 0.20% of Consolidated Volume and liquidity provision of 0.10% or more of Consolidation Volume is reasonable because affected members will continue to qualify for the modified tier requiring comparable liquidity provision in order to earn a \$0.0025 per share rebate. Thus, the change is also consistent with an equitable allocation of fees, and is not unreasonably discriminatory, because it will not deprive market participants of the rebate opportunity in question.

The increase in the rebate paid with respect to market participants providing liquidity representing 0.10% of Consolidated Volume and active in the NASDAQ

Options Market, as well as the tightening of the requirements for a \$0.0029 per share credit paid to market participants active in both the NASDAQ Market Center and the NASDAQ Options Market, are reasonable because they provide an increased rebate to members currently in the lower tier while ensuring that members no longer qualifying for the higher tier can nevertheless receive the new higher rebate for the lower tier. The changes are consistent with an equitable allocation of fees because the modified rebates continue to be responsive to the convergence of trading in which members simultaneously trade different asset classes within a single 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. Finally, the changes are not unreasonably discriminatory, since NASDAQ Market Center participants have alternative means of early rebates of \$0.0027 or \$0.0029 per share rebates that do not require participation in 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. These competitive forces help to ensure that NASDAQ's fees are reasonable, equitably

allocated, and not unfairly discriminatory since market participants can largely avoid fees to which they object by changing their trading behavior.

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.

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.¹⁷ 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.

¹⁷ 15 U.S.C. 78s(b)(3)(a)(ii).

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2012-103 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-2012-103. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m.

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

All submissions should refer to File Number SR-NASDAQ-2012-103, 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.¹⁸

Kevin M. O'Neill
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

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

(a) No change.

(b) Subject to the conditions set forth in section (c) of this Rule, Nasdaq shall issue to the member a monthly ISP credit, which shall be determined by multiplying \$0.00005, \$0.0001 [\$0.000275], or \$0.000375 by the number of shares of displayed liquidity to which a particular rate applies, as described below.

An ISP credit issued under this Rule will be in addition to (and will not replace) any other credit or rebate for which a member may qualify.

(c) (1) No change.

(2) A member shall be entitled to receive an ISP credit at the \$0.0001 [\$0.000275] 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 \$0.00005 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 40% of the liquidity provided by the member during the month is provided through ISP-designated ports; and

(D) the member exceeds its Baseline Participation Ratio by at least 0.43%.

(3) Alternatively, a member shall be entitled to receive an ISP credit at the \$0.0001 [\$0.000275] 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 \$0.00005 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 0.70.

(4) No change.

Extended Hours Investor Program

(d) – (f) No change.

Definitions and Certifications

(g) – (h) No change.

* * * * *

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 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	\$0.0030 per share executed
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opening, re-opening, or closing process:

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 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

Credit of \$0.0014 for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX

Charge of \$0.0029 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 on 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 market participant identifiers (MPIDs) that represent more than 0.90% of

\$0.00295 per share executed for displayed quotes/orders

\$0.0017 per share executed for midpoint pegged or midpoint peg

the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities ("Consolidated Volume") during the month:

post-only orders ("midpoint orders") if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

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:

\$0.00295 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.50% [0.45%] of Consolidated Volume during the month:

\$0.0029 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not

<p>member with [an average daily volume] <u>shares of liquidity provided</u> in all securities [of more than 25 million shares of liquidity provided] through one or more of its Nasdaq Market Center MPIDs <u>that represent more than 0.30% of Consolidated Volume</u> during the month:</p>	<p>displayed \$0.0027 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed</p>
<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>\$0.0029 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed</p>
<p>member with <u>shares of liquidity provided</u> [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 <u>that represent more than 0.10% of Consolidated Volume</u> during <u>the month</u>:</p>	<p>\$0.0025 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of</p>

3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

[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:]

[\$0.0029 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed]

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:

\$0.0025 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

[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

[\$0.0025 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member

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:]

provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed]

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

~~\$0.0027~~ [\$0.0025] per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed

member with (i) shares of liquidity provided in all securities during the month representing more than 0.25% [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 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Option Market MPIDs:

\$0.0029 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not

displayed

<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>\$0.00295 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed</p>
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Credit to other members:

\$0.0020 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

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 orders that execute in the Nasdaq Market Center: \$0.0030 per share executed

Charge to member entering DOTI, STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center, and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, closing, or reopening process: For DOTI orders that execute in NASDAQ OMX BX, NASDAQ will pass-through all fees assessed and rebates offered by NASDAQ OMX BX \$0.0015 credit for orders that add liquidity at the NYSE after routing \$0.0023 fee per share executed for other orders executed at NYSE \$0.0030 fee per share executed for other orders

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
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

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

For other directed orders, charge of \$0.0035 per share executed

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

Credit of \$0.0014 for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX

For a MOPP order: charge of \$0.0035 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 \$0.0023 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 \$0.0029 per share executed, or (ii) at NYSE, charge of \$0.0023 per share executed

Credit to member for quotes/orders (other than Supplemental Orders) that provide liquidity:

member with shares of liquidity

\$0.00295 per share executed for

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

displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

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:

\$0.00295 per share executed for displaced quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.50% [0.45%] of Consolidated Volume during the month:

\$0.0029 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

member with [an average daily volume] shares of liquidity provided in all securities [of more than 25 million shares of liquidity provided] through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month:

\$0.0027 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

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:

\$0.0029 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

member with [an average daily volume] shares of liquidity provided in all securities [of more than 20 million shares of liquidity provided] through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:

\$0.0025 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month

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

[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:]

[\$0.0029 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed]

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:

\$0.0025 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

[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

[\$0.0025 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an

month, through one or more of its Nasdaq Market Center MPIDs:]

average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed]

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

\$0.0027 [\$0.0025] per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

member with (i) shares of liquidity provided in all securities during the month representing more than 0.25% [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 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:

\$0.0029 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

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

\$0.00295 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders

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: during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

Credit to other members: \$0.0020 per share executed for displayed quotes/orders
 \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
 \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
 \$0.0010 per share executed for other quotes/orders that are not displayed

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 \$0.0005 per share executed, but not to

NYSE opening process or reopening process: 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: \$0.0030 per share executed

[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 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 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:

For DOTI orders that execute in NASDAQ OMX BX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX BX
For other orders, \$0.0030 per 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 \$0.0029 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:

<p>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:</p>	<p>\$0.00295 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed</p>
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<p>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:</p>	<p>\$0.00295 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed</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 <u>0.50%</u> [0.45%] of Consolidated Volume during the month:</p>	<p>\$0.0029 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of</p>
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3 million or fewer shares through
midpoint orders during the month
\$0.0010 per share executed for other

member with [an average daily volume]
shares of liquidity provided in all securities
[of more than 25 million shares of liquidity
provided] through one or more of its Nasdaq
Market Center MPIDs that represent more
than 0.30% of Consolidated Volume during
the month:

\$0.0027 per share executed for
displayed quotes/orders
\$0.0017 per share executed for
midpoint orders if the member
provides an average daily volume of
more than 3 million shares through
midpoint orders during the month
\$0.0015 per share executed for
midpoint orders if the member
provides an average daily volume of
3 million or fewer shares through
midpoint orders during the month
\$0.0010 per share executed for other
quotes/orders that are not displayed

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:

\$0.0029 per share executed for
displayed quotes/orders
\$0.0017 per share executed for
midpoint orders if the member
provides an average daily volume of
more than 3 million shares through
midpoint orders during the month
\$0.0015 per share executed for
midpoint orders if the member
provides an average daily volume of
3 million or fewer shares through
midpoint orders during the month
\$0.0010 per share executed for other
quotes/orders that are not displayed

member with [an average daily volume]
shares of liquidity provided in all securities
[of more than 20 million shares of liquidity
provided] through one or more of its Nasdaq
Market Center MPIDs that represent more
than 0.10% of Consolidated Volume during
the month:

\$0.0025 per share executed for
displayed quotes/orders
\$0.0017 per share executed for
midpoint orders if the member
provides an average daily volume of
more than 3 million shares through
midpoint orders during the month
\$0.0015 per share executed for

midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed

[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:]

[\$0.0029 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed]

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:

\$0.0025 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

[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,

[\$0.0025 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of

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:] more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed]

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 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs: \$0.0027 [\$0.0025] per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed

member with (i) shares of liquidity provided in all securities during the month representing more than 0.25% [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 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs: \$0.0029 per share executed for displayed quotes/orders \$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month \$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month \$0.0010 per share executed for other quotes/orders that are not displayed

member with (i) shares of liquidity provided in all securities during the month \$0.00295 per share executed for displayed quotes/orders

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:

\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

Credit to other members:

\$0.0020 per share executed for displayed quotes/orders
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month
\$0.0015 per share executed for midpoint orders if the member provides an average daily volume of 3 million or fewer shares through midpoint orders during the month
\$0.0010 per share executed for other quotes/orders that are not displayed

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) – (m) No change.