

Required fields are shown with yellow backgrounds and asterisks.

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

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

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

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**  
Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

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

First Name \*  Last Name \*   
 Title \*   
 E-mail \*   
 Telephone \*  Fax

**Signature**  
Pursuant to the requirements of the Securities Exchange Act of 1934,  
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.  
(Title \*)

Date  By    
 (Name \*)

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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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 \***

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

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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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) proposed changes to its schedule of fees and rebates for execution of orders for securities priced at \$1 or more under Rule 7018, as well as changes to its Qualified Market Maker (“QMM”) and NBBO Setter Incentive Programs under Rule 7014.

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 April 1, 2013.

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

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

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

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

### **Designated Retail Orders**

In March 2013,<sup>3</sup> NASDAQ introduced new liquidity provider credit tiers for orders designated by a member as Designated Retail Orders. The change was part of an ongoing effort by NASDAQ to use financial incentives to encourage greater participation in NASDAQ by members that represent retail customers.<sup>4</sup> For purposes of the new tiers and credits, a Designated Retail Order is defined as an agency or riskless principal<sup>5</sup> order that originates from a natural person and is submitted to NASDAQ by a member that

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<sup>3</sup> Securities Exchange Act Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-042).

<sup>4</sup> The Commission has expressed concern that a significant percentage of the orders of individual investors are executed in over-the-counter markets, that is, at off-exchange markets. 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 recognized the strong policy preference under the Act in favor of price transparency and displayed markets. 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 former Commission Chairman on what she viewed as a troubling trend of reduced participation in the equity markets by individual investors, and that a significant percentage of volume in U.S.-listed equities is executed in venues that do not display their liquidity or make it generally available to the public).

<sup>5</sup> To qualify as a Designated Retail Order, a riskless principal order must satisfy the criteria set forth in FINRA Rule 5320.03. These criteria include that that the member maintain supervisory systems to reconstruct, in a time-sequenced manner, all orders that are entered on a riskless principal basis; and the member submits a report, contemporaneously with the execution of the facilitated order, that identifies the trade as riskless principal.

designates it pursuant to Rule 7018, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. As originally adopted, if a member enters Designated Retail Orders through a market participant identifier (“MPID”) through which (i) at least 90% of the shares of liquidity provided during the month are provided through Designated Retail Orders, and (ii) the member accesses, provides, or routes shares of liquidity that represent at least 0.10% of Consolidated Volume<sup>6</sup> during the month, the member would receive a credit of \$0.0034 per share executed for Designated Retail Orders that provide liquidity if they are displayed orders. NASDAQ is proposing to modify the criteria for this tier in two respects. First, NASDAQ is removing the 0.10% of Consolidated Volume requirement, such that any member that satisfies the requirement to provide 90% of the shares of liquidity provided through a particular MPID using Designated Retail Orders will be eligible for the \$0.0034 per share executed rate. In addition, NASDAQ is proposing an additional means by which a member may receive the \$0.0034 per share executed rate. If the member provides shares of liquidity through Designated Retail Orders that represent at least 0.30% of Consolidated Volume, and the member also qualifies for the Penny Pilot Tier 4 Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the NASDAQ Options Market (“NOM”) rules during the month through one or more of its NOM MPIDs, it will also qualify for the \$0.0034 rate. Under a proposed rule change for NOM being filed contemporaneously,<sup>7</sup> a NOM Participant qualifies for the Tier 4

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<sup>6</sup> “Consolidated Volume” is defined as the total consolidated volume reported to all consolidated transaction plans by all exchanges and trade reporting facilities.

<sup>7</sup> SR-NASDAQ-2013-062 (April 1, 2013).

Customer and Professional Rebate if it adds a number of contracts of Customer and Professional<sup>8</sup> liquidity that equals or exceeds 0.5% of total industry customer equity and ETF option average daily volume (“ADV”) during the month.

As is currently the case, Designated Retail Orders not qualifying for the \$0.0034 per share executed tier will receive a credit of \$0.0033 per share executed if they are displayed, and will receive NASDAQ’s existing credits for midpoint pegged and midpoint peg post-only orders (“midpoint orders”) and other forms of non-displayed orders if they are not displayed.<sup>9</sup>

### **New Tiers for Members Active in the NASDAQ Market Center and the NASDAQ Options Market**

In March 2013,<sup>10</sup> NASDAQ adopted a new liquidity provider credit tier for members that are active in both the Nasdaq Market Center and NOM. Under that tier, NASDAQ provides a credit of \$0.0030 per share executed for displayed orders that provide liquidity if a member (i) has shares of liquidity provided in all securities during the month representing at least 0.45% of Consolidated Volume during the month, through

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<sup>8</sup> The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of a broker or dealer or for the account of a Professional. The term “Professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48) of the NOM Rules.

<sup>9</sup> Specifically, NASDAQ provides a credit of \$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, and \$0.0010 per share executed for other orders that are not displayed.

<sup>10</sup> Securities Exchange Act Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-042).

one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the Penny Pilot Tier 8<sup>11</sup> Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the NOM rules during the month through one or more of its NOM MPIDs. A NOM Participant may qualify for the Tier 8 Customer and Professional Rebate if it (i) has Total Volume<sup>12</sup> of 325,000 or more contracts per day in a month, (2) adds Customer and Professional liquidity of 1.00% or more of national customer volume in multiply-listed equity and ETF options classes in a month, or (iii) adds Customer and Professional liquidity of 60,000 or more contracts per day in a month and NOM Market Maker liquidity of 40,000 (formerly 30,000) or more contracts per day per month.

In this proposed rule change, NASDAQ is proposing two additional tiers with similar criteria. Specifically, NASDAQ will provide a credit of \$0.0029 per share executed for displayed orders that provide liquidity if a member (i) has shares of liquidity provided in all securities during the month representing at least 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and

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<sup>11</sup> Formerly Tier 7, but redesignated as Tier 8 in SR-NASDAQ-2013-062 (April 1, 2013). SR-NASDAQ-2013-062 also increases the Tier's requirement for NOM Market Maker liquidity from 30,000 to 40,000 contracts per day during the month.

<sup>12</sup> "Total Volume" is defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and Non-Penny Pilot Options that either adds or removes liquidity on NOM. The term "Non-NOM Market Maker" means a registered market maker on another options exchange that is not a NOM Market Maker. The term "NOM Market Maker" means a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2 of the NOM Rules, and must also remain in good standing pursuant to Chapter VII, Section 4 of the NOM Rules. The term "Firm" applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC. The term "Broker-Dealer" applies to any transaction that is not subject to any of the other transaction fees applicable within a particular category.

(ii) qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the NOM rules during the month through one or more of its NOM MPIDs. Similarly, NASDAQ will provide a credit of \$0.0027 per share executed for displayed orders that provide liquidity if a member (i) has shares of liquidity provided in all securities during the month representing at least 0.05% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the NOM rules during the month through one or more of its NOM MPIDs. Under a contemporaneous NOM proposed rule change,<sup>13</sup> a NOM Participant will qualify for the Tier 4 NOM Market Maker Rebate if it adds Market Maker liquidity in Penny Pilot Options of 110,000 or more contracts per day in a month.

As with existing tiers that require participation in both the Nasdaq Market Center and NOM, the criteria for these new tiers, as well as the new tier for Designated Retail Orders, establish volume thresholds that must be met on both markets in order to receive a higher rebate. In doing so, the pricing incentives recognize the prevalence of trading in which members simultaneously trade different asset classes within the same strategy. Because cash equities and options markets are linked, with liquidity and trading patterns on one market affecting those on the other, NASDAQ believes that pricing incentives that encourage market participant activity in NOM also support price discovery and liquidity provision in the Nasdaq Market Center.

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<sup>13</sup> SR-NASDAQ-2013-062 (April 1, 2013).



### **QMM and NBBO Setter Incentive Programs**

In November 2012,<sup>14</sup> NASDAQ introduced two new pricing programs designed to create incentives for members to improve market quality. The programs are in effect on a pilot basis from November 1, 2012 until April 30, 2013, and NASDAQ expects to file a proposed rule change next month to remove the pilot limitation on the programs.<sup>15</sup> In this proposed rule change, NASDAQ is making several changes to the pilot programs as currently in effect.

Under the QMM Program, a member may be designated as a QMM with respect to one or more of its MPIDs if:

- the member is not assessed any “Excess Order Fee” under Rule 7018 during the month;<sup>16</sup> and
- through such MPID the member quotes at the national best bid or best offer (“NBBO”) at least 25% of the time during regular market hours<sup>17</sup> in an average of at least 1,000 securities during the month.<sup>18</sup>

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<sup>14</sup> Securities Exchange Act Release No. 68209 (November 9, 2012), 77 FR 69519 (November 19, 2012) (SR-NASDAQ-2012-126).

<sup>15</sup> As noted in the original filing to establish the programs, NASDAQ will report to the Commission on the effects of the programs on bid-ask spreads, depth of liquidity at the inside, and such other factors as may be deemed relevant.

<sup>16</sup> Rule 7018(m). Last year, NASDAQ introduced an Excess Order Fee, aimed at reducing inefficient order entry practices of certain market participants that place excessive burdens on the systems of NASDAQ and its members and that may negatively impact the usefulness and life cycle cost of market data. In general, the determination of whether to impose the fee on a particular MPID is made by calculating the ratio between (i) entered orders, weighted by the distance of the order from the NBBO, and (ii) orders that execute in whole or in part. The fee is imposed on MPIDs that have an “Order Entry Ratio” of more than 100.

Currently, a member that is a QMM with respect to a particular MPID (a “QMM MPID”) is eligible to receive certain financial benefits. These benefits, and proposed modifications to them, are described below:

- The QMM may receive an NBBO Setter Incentive credit of \$0.0005 with respect to orders that qualify for the NBBO Setter Incentive Program (i.e., displayed orders with a size of at least one round lot that set the NBBO or join another trading center at the NBBO)<sup>19</sup> and that are entered through the QMM MPID. Beginning April 1, 2013, in order to receive an NBBO Setter Incentive credit at the \$0.0005 rate, the QMM must also have a volume of liquidity provided through the QMM MPID (as a percentage of Consolidated Volume) that exceeds the lesser of the volume of liquidity provided through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume) or 1.0% of Consolidated Volume.<sup>20</sup> If a QMM does not satisfy these volume requirements, it will receive an NBBO Setter Incentive credit

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<sup>17</sup> Defined as 9:30 a.m. through 4:00 p.m., or such shorter period as may be designated by NASDAQ on a day when the securities markets close early (such as the day after Thanksgiving).

<sup>18</sup> A member MPID is considered to be quoting at the NBBO if it has a displayed order at either the national best bid or the national best offer or both the national best bid and offer. On a daily basis, NASDAQ will determine the number of securities in which the member satisfied the 25% NBBO requirement. To qualify for QMM designation, the MPID must meet the requirement for an average of 1,000 securities per day over the course of the month. Thus, if a member MPID satisfied the 25% NBBO requirement in 900 securities for half the days in the month, and satisfied the requirement for 1,100 securities for the other days in the month, it would meet the requirement for an average of 1,000 securities.

<sup>19</sup> The NBBO Setter Incentive program is described in more detail below.

<sup>20</sup> The QMM will also receive the \$0.0005 per share rate during the first month in which an MPID becomes a QMM MPID.

- of \$0.0002 per share executed with respect to orders that qualify for the NBBO Setter Incentive Program.<sup>21</sup>
- Currently, the QMM receives a credit of \$0.0001 per share executed with respect to all other displayed orders in securities priced at \$1 or more per share that provide liquidity and that are entered through a QMM MPID (in addition to any credit payable under Rule 7018).<sup>22</sup> This aspect of the program is being changed only to stipulate that Designated Retail Orders are not eligible to receive this additional credit.
  - Currently, the QMM may receive a 25% discount on fees for ports used for entering orders for that MPID, up to a total discount of \$10,000 per MPID per month.<sup>23</sup> As provided in Rule 7015, the specific fees subject to this discount are: (i) all ports using the NASDAQ Information Exchange (“QIX”) protocol,<sup>24</sup> (ii) Financial Information Exchange (“FIX”) trading ports,<sup>25</sup> and (iii) ports using other trading telecommunications protocols.<sup>26</sup> Beginning April 1, 2013, the

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<sup>21</sup> Beginning April 1, 2013, Designated Retail Orders will not be eligible to receive an NBBO Setter Incentive credit.

<sup>22</sup> If the QMM also participates in NASDAQ Investor Support Program (the “ISP”) NASDAQ will pay the greater of any applicable credit under the ISP or the QMM program, but not a credit under both programs.

<sup>23</sup> The ports subject to the discount are not used for receipt of market data.

<sup>24</sup> The applicable undiscounted fees are \$1,200 per month for a port pair or ECN direct connection port pair, and \$1,000 per month for an unsolicited message port. See Rule 7015(a).

<sup>25</sup> The applicable undiscounted fee is \$500 per port per month. See Rule 7015(b).

<sup>26</sup> The applicable undiscounted fee is \$500 per port pair per month. See Rule 7015(g).

- discount will be equal to the lesser of the QMM's total fees for such ports or \$5,000.
- Currently, the QMM may receive a credit of \$0.0020 per share executed for all midpoint orders in securities priced at \$1 or more per share entered through a QMM MPID (in lieu of any credit payable under Rule 7018). Effective April 1, 2013, NASDAQ will eliminate this provision, such that the applicable credit will be the credit payable under Rule 7018.
  - Currently, for a number of shares not to exceed the number of shares of liquidity provided through a QMM MPID (the "Numerical Cap"), NASDAQ charges a fee of \$0.0028 per share executed for orders in securities priced at \$1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through the same QMM MPID; provided, however, that orders that would otherwise be charged \$0.0028 per share executed under Rule 7018 do not count toward the Numerical Cap. For shares above the Numerical Cap, NASDAQ charges the rate otherwise applicable under Rule 7018. Beginning on April 1, 2013, the Numerical Cap will be the lower of the number of shares of liquidity provided through a QMM MPID or 20 million shares per trading day. Moreover, in order to be charged the execution rate of \$0.0028 per share executed, the QMM's volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) must be not less than 0.05% lower than the volume of liquidity added, provided, and/or routed

through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume).<sup>27</sup>

Under the NBBO Setter Incentive program, NASDAQ provides an enhanced liquidity provider rebate with respect to displayed liquidity-providing orders that set the NBBO or join another trading center with a protected quotation at the NBBO. The NBBO Setter Incentive credit is paid on a monthly basis, and the amount is determined by multiplying the applicable rate by the number of shares of displayed liquidity provided to which a particular rate applies.<sup>28</sup> Currently, a member receives an NBBO Setter Incentive credit at the \$0.0002 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if posted through an order that:

- displayed a quantity of at least one round lot at the time of execution; and
- either established the NBBO or was the first order posted on NASDAQ that had the same price as an order posted at another trading center with a protected quotation that established the NBBO.

Beginning April 1, 2013, members must also provide a daily average volume of at least 5 million shares of liquidity through orders that satisfy the foregoing criteria (i.e., that qualify for an NBBO Setter Incentive credit) in order to receive a credit at the \$0.0002 rate. Members with a lower daily average volume will receive a NBBO Setter Incentive credit at a rate of \$0.0001 per shares executed. Alternatively, a member may receive a

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<sup>27</sup> This limitation will not apply during the first month in which an MPID becomes a QMM MPID.

<sup>28</sup> Beginning April 1, 2013, a member will not be eligible to receive an NBBO Setter Incentive credit with respect to a Designated Retail Order.

credit at the \$0.0002 per share executed rate if it is a QMM but does not satisfy new volume criteria to be required for a QMM to receive a credit at the \$0.0005 per share executed rate.

Under the current program, a member receives an NBBO Setter Incentive credit at the \$0.0005 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the NASDAQ Market Center during a given month if posted through an order that:

- displayed a quantity of at least one round lot at the time of execution;
- either established the NBBO or was the first order posted on Nasdaq that had the same price as an order posted at another trading center with a protected quotation that established the NBBO; and
- was entered through a QMM MPID.

As discussed above, beginning April 1, 2013, in order to receive an NBBO Setter Incentive credit at the \$0.0005 rate, the QMM must also have a volume of liquidity provided through the QMM MPID (as a percentage of Consolidated Volume) that exceeds the lesser of the volume of liquidity provided through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume) or 1.0% of Consolidated Volume. If it does not satisfy this volume requirement, the QMM MPID will receive a credit at the \$0.0002 per share executed rate.

#### **Modification to Tier for Members Entering Orders in the NASDAQ Closing Cross**

Currently, NASDAQ charges \$0.0029 per share executed for orders that access liquidity when entered by a member with Market-on-Close and/or Limit-on-Close orders

executed in the NASDAQ Closing Cross that represent more than 0.06% of Consolidated Volume during the month. NASDAQ is proposing to modify the requirements for this tier, such that the member must enter the required volume of orders through a single MPID. As with other provisions of the fee schedule requiring activity to be concentrated through a single MPID, the change is designed to avoid providing excessive encouragement to members aggregating the activity of several firms (some of whom may not themselves be members of the Exchange) for the sole purpose of earning a higher rebate or reducing fees.<sup>29</sup>

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>30</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>31</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes to the \$0.0034 per share pricing tier for Designated Retail Orders are reasonable because they will make it easier for a wider range of members to achieve this pricing tier, thereby resulting in a higher credit for members introducing Designated Retail Orders to the market. The change is consistent with an equitable

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<sup>29</sup> See Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028) (discussing introduction of fees designed to discourage aggregation for purposes of earning a rebate).

<sup>30</sup> 15 U.S.C. 78f.

<sup>31</sup> 15 U.S.C. 78f(b)(4) and (5).

allocation of fees because it broadens the availability of fee reductions used as a means to encourage greater retail participation in NASDAQ. Because retail orders are likely to reflect long-term investment intentions, they promote price discovery and dampen volatility. Accordingly, their presence in the NASDAQ market has the potential to benefit all market participants, and it is therefore equitable to provide financial incentives with respect to such orders. NASDAQ further believes that the change is not unreasonably discriminatory because it will continue to broaden the retail pricing incentives already provided through Designated Retail Order pricing, the Routable Order Program (the "ROP") and the ISP by offering a meaningful pricing incentive (\$0.0034 per share executed) to all members that are able to concentrate Designated Retail Orders through a single MPID, while also continuing to offer a credit of \$0.0033 per share executed that is available to all members that are able to attest that orders designated by them for participation in the program meet the definition of a Designated Retail Order.

The new tiers for members active in both the NASDAQ Market Center and NOM are reasonable because they reflect the availability of a significant price reduction for members that support liquidity on both markets. The changes are consistent with an equitable allocation of fees because the pricing tiers require significant levels of liquidity provision, which benefits all market participants, and because activity in NOM also supports price discovery and liquidity provision in the NASDAQ Market Center due to the increasing propensity of market participants to be active in both markets and the influence of each market on the pricing of securities in the other. The new tiers are not unreasonably discriminatory because market participants may qualify for a comparable or a higher rebate through alternative means that do not require participation in NOM,



including through existing volume-based NASDAQ Market Center tiers, the use of Designated Retail Orders, participation in the ROP, or through a combination of qualification for volume-based tiers and participation in the ISP.<sup>32</sup>

The changes to the QMM Program and the NBBO Setter Incentive Program are reasonable, equitable, and not unreasonably discriminatory because they merely serve to limit the extent of the incentives associated with the programs, thereby causing the credits received by program participants to become more consistent with credits received by members that are not participants, while maintaining an incentive structure designed to benefit all market participants by encouraging quoting at or near the NBBO in a wide range of securities. NASDAQ hopes thereby to maintain the benefits associated with the programs while reducing their costs and making the programs sustainable in the longer term. Specifically:

- The change with respect to the availability of an NBBO Setter Incentive Credit of \$0.0005 per share executed for QMMs is reasonable because it does not prevent a QMM from earning the credit at the specified level, but does provide an incentive for QMMs to increase their participation in NASDAQ above a prior benchmark level (or 1.0% of Consolidated Volume), thereby benefitting the Exchange and other market participants through high levels of liquidity provision. The change is consistent with an equitable allocation of fees because members that contribute significantly to market

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<sup>32</sup> The change made by NOM with respect to the requirements for the Penny Pilot Tier 8 Customer and Profession Rebate to Add Liquidity is reasonable because it is intended to incentivize NOM Market Makers to post additional liquidity, an incentive that is strengthened by the availability of a higher rebate in the NASDAQ Market Center. The change is consistent with an equitable allocation of fees because it has the potential to increase liquidity provided on both markets, and is not unreasonably discriminatory because members have alternative means to earn a comparable rebate on NASDAQ that do not require use of NOM.

quality by satisfying the requirements of both the QMM and the NBBO Setter Incentive program while participating actively in the NASDAQ Market Center justifiably earn the higher credit of \$0.0005 per share executed. The change is not unreasonably discriminatory because a QMM that does not achieve the higher requirements may still receive a credit of \$0.0002 for orders that set the NBBO.

- Similarly, the modified requirements for the \$0.0002 per share NBBO Setter Incentive credit to be earned by a non-QMM are reasonable because volume thresholds are widely used by NASDAQ and other exchanges as requirements for the receipt of favorable pricing, and NASDAQ is introducing a credit of \$0.0001 per share for NBBO setting orders of a member that do not meet the requirement to ensure that financial incentives continue to be provided with respect to these beneficial orders. The change is consistent with an equitable allocation of fees in that it introduces a volume-based requirement for one tier of the program: such volume-based tiers are widely used by NASDAQ and other exchanges as a means of increasing participation or other desirable activity in their markets. The change is not unreasonably discriminatory because a credit of \$0.0001 will now offered for NBBO setting orders that do not meet the volume requirement, and because comparable credits may be earned through other means, including participation in the ISP.

- The modification with respect to port fees is reasonable because it does not alter the fact that QMMs continue to be provided a discount as compared with other members, thereby resulting in lower overall fees for QMMs. The change is consistent with an equitable allocation of fees and not unreasonably discriminatory because the discount, like other QMM incentives, serves to encourage beneficial quoting conduct by

QMMs, but the change will make the fees paid by QMMs for ports more consistent with the fees paid by others.

- The elimination of the QMM credit for midpoint orders is reasonable because QMMs, like other members, will continue to receive a higher credit with respect to midpoint orders, which provide price improvement, than with respect to other forms of non-displayed orders. The change is consistent with an equitable allocation of fees and not unreasonably discriminatory because the change will cause the credits paid to QMMs with respect to midpoint orders to be identical to the credits paid to other members with respect to the same orders.

- The change with respect to the \$0.0028 per share executed pricing tier for QMMs is reasonable because it will maintain the availability of the pricing incentive in question while limiting the associated cost (by altering the number of shares to which the discount may apply) and providing an incentive for QMMs to maintain their participation in NASDAQ near or above a prior benchmark level. The change is consistent with an equitable allocation of fees because members that contribute significantly to market quality by satisfying the requirements of the QMM program while participating actively in the NASDAQ Market Center justifiably may be charged a lower fee with respect to order executions. The change is not unreasonably discriminatory because a QMM that does not achieve the higher requirements would pay a fee that is only slightly higher (\$0.0029 or \$0.0030 per share executed, depending on other aspects of its participation in NASDAQ).

- The change to provide that NBBO Setter Incentive credits and QMM credits will not be paid with respect to Designated Retail Orders is reasonable because

Designated Retail Orders are already eligible to receive a high credit of \$0.0034 or \$0.0033 per share executed. The change is consistent with an equitable allocation of fees and is not unreasonably discriminatory because NASDAQ believes that the credit provided with respect to Designated Retail Orders provides sufficient incentive with respect to the market benefits associated with the orders in question, such that an additional credit is not warranted.

The change with respect to the tier for members active in the NASDAQ Closing Cross is reasonable because it does not materially alter the availability of the discount in question, but merely requires a member receiving the discount to concentrate its activity through a single MPID. Accordingly, the change is consistent with an equitable allocation of fees and not unreasonably discriminatory because it is consistent with other provisions of NASDAQ's fee schedule that are designed to avoid providing excessive encouragement to members aggregating the activity of several firms (some of whom may not themselves be members of the Exchange) for the sole purpose of earning a higher rebate or paying reduced fees.<sup>33</sup>

#### 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. 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

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<sup>33</sup> See Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028) (discussing introduction of fees designed to discourage aggregation for purposes of earning a rebate).

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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, although some of the proposed changes impose conditions on the availability of certain previously introduced pricing incentives, the incentive programs in question remain in place and are themselves reflective of the need for exchanges to offer significant financial incentives to attract order flow. Moreover, if the changes are unattractive to market participants, it is likely that NASDAQ will lose market share as a result. Similarly, certain of the changes broaden the availability of incentive programs, thereby reducing costs to market participants and possibly encouraging competitive responses from other trading venues. Accordingly, 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,<sup>34</sup> 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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

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<sup>34</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2013-063)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rules 7014 and 7018

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup>, and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on April 1, 2013, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by NASDAQ. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ is proposing changes to its schedule of fees and rebates for execution of orders for securities priced at \$1 or more under Rule 7018, as well as changes to its Qualified Market Maker ("QMM") and NBBO Setter Incentive Programs under Rule 7014. The changes pursuant to this proposal are effective upon filing, and the Exchange will implement the proposed rule changes on April 1, 2013.

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

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

**Designated Retail Orders**

In March 2013,<sup>3</sup> NASDAQ introduced new liquidity provider credit tiers for orders designated by a member as Designated Retail Orders. The change was part of an ongoing effort by NASDAQ to use financial incentives to encourage greater participation in NASDAQ by members that represent retail customers.<sup>4</sup> For purposes of the new tiers

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<sup>3</sup> Securities Exchange Act Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-042).

<sup>4</sup> The Commission has expressed concern that a significant percentage of the orders of individual investors are executed in over-the-counter markets, that is, at off-exchange markets. 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 recognized the strong policy preference under the Act in favor of price transparency and displayed markets. 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 former Commission Chairman on what she viewed as a troubling trend of reduced participation in the equity markets by individual investors, and that a significant percentage 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).



and credits, a Designated Retail Order is defined as an agency or riskless principal<sup>5</sup> order that originates from a natural person and is submitted to NASDAQ by a member that designates it pursuant to Rule 7018, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. As originally adopted, if a member enters Designated Retail Orders through a market participant identifier (“MPID”) through which (i) at least 90% of the shares of liquidity provided during the month are provided through Designated Retail Orders, and (ii) the member accesses, provides, or routes shares of liquidity that represent at least 0.10% of Consolidated Volume<sup>6</sup> during the month, the member would receive a credit of \$0.0034 per share executed for Designated Retail Orders that provide liquidity if they are displayed orders. NASDAQ is proposing to modify the criteria for this tier in two respects. First, NASDAQ is removing the 0.10% of Consolidated Volume requirement, such that any member that satisfies the requirement to provide 90% of the shares of liquidity provided through a particular MPID using Designated Retail Orders will be eligible for the \$0.0034 per share executed rate. In addition, NASDAQ is proposing an additional means by which a member may receive the \$0.0034 per share executed rate. If the member provides shares of liquidity through Designated Retail Orders that represent at least

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<sup>5</sup> To qualify as a Designated Retail Order, a riskless principal order must satisfy the criteria set forth in FINRA Rule 5320.03. These criteria include that that the member maintain supervisory systems to reconstruct, in a time-sequenced manner, all orders that are entered on a riskless principal basis; and the member submits a report, contemporaneously with the execution of the facilitated order, that identifies the trade as riskless principal.

<sup>6</sup> “Consolidated Volume” is defined as the total consolidated volume reported to all consolidated transaction plans by all exchanges and trade reporting facilities.

0.30% of Consolidated Volume, and the member also qualifies for the Penny Pilot Tier 4 Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the NASDAQ Options Market (“NOM”) rules during the month through one or more of its NOM MPIDs, it will also qualify for the \$0.0034 rate. Under a proposed rule change for NOM being filed contemporaneously,<sup>7</sup> a NOM Participant qualifies for the Tier 4 Customer and Professional Rebate if it adds a number of contracts of Customer and Professional<sup>8</sup> liquidity that equals or exceeds 0.5% of total industry customer equity and ETF option average daily volume (“ADV”) during the month.

As is currently the case, Designated Retail Orders not qualifying for the \$0.0034 per share executed tier will receive a credit of \$0.0033 per share executed if they are displayed, and will receive NASDAQ’s existing credits for midpoint pegged and midpoint peg post-only orders (“midpoint orders”) and other forms of non-displayed orders if they are not displayed.<sup>9</sup>

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<sup>7</sup> SR-NASDAQ-2013-062 (April 1, 2013).

<sup>8</sup> The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of a broker or dealer or for the account of a Professional. The term “Professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48) of the NOM Rules.

<sup>9</sup> Specifically, NASDAQ provides a credit of \$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, and \$0.0010 per share executed for other orders that are not displayed.

## **New Tiers for Members Active in the NASDAQ Market Center and the NASDAQ Options Market**

In March 2013,<sup>10</sup> NASDAQ adopted a new liquidity provider credit tier for members that are active in both the Nasdaq Market Center and NOM. Under that tier, NASDAQ provides a credit of \$0.0030 per share executed for displayed orders that provide liquidity if a member (i) has shares of liquidity provided in all securities during the month representing at least 0.45% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the Penny Pilot Tier 8<sup>11</sup> Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the NOM rules during the month through one or more of its NOM MPIDs. A NOM Participant may qualify for the Tier 8 Customer and Professional Rebate if it (i) has Total Volume<sup>12</sup> of 325,000 or more contracts per day in a month, (2) adds Customer and Professional liquidity of 1.00% or more of national customer volume in multiply-listed

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<sup>10</sup> Securities Exchange Act Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-042).

<sup>11</sup> Formerly Tier 7, but redesignated as Tier 8 in SR-NASDAQ-2013-062 (April 1, 2013). SR-NASDAQ-2013-062 also increases the Tier's requirement for NOM Market Maker liquidity from 30,000 to 40,000 contracts per day during the month.

<sup>12</sup> "Total Volume" is defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and Non-Penny Pilot Options that either adds or removes liquidity on NOM. The term "Non-NOM Market Maker" means a registered market maker on another options exchange that is not a NOM Market Maker. The term "NOM Market Maker" means a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2 of the NOM Rules, and must also remain in good standing pursuant to Chapter VII, Section 4 of the NOM Rules. The term "Firm" applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC. The term "Broker-Dealer" applies to any transaction that is not subject to any of the other transaction fees applicable within a particular category.

equity and ETF options classes in a month, or (iii) adds Customer and Professional liquidity of 60,000 or more contracts per day in a month and NOM Market Maker liquidity of 40,000 (formerly 30,000) or more contracts per day per month.

In this proposed rule change, NASDAQ is proposing two additional tiers with similar criteria. Specifically, NASDAQ will provide a credit of \$0.0029 per share executed for displayed orders that provide liquidity if a member (i) has shares of liquidity provided in all securities during the month representing at least 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the NOM rules during the month through one or more of its NOM MPIDs. Similarly, NASDAQ will provide a credit of \$0.0027 per share executed for displayed orders that provide liquidity if a member (i) has shares of liquidity provided in all securities during the month representing at least 0.05% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the NOM rules during the month through one or more of its NOM MPIDs. Under a contemporaneous NOM proposed rule change,<sup>13</sup> a NOM Participant will qualify for the Tier 4 NOM Market Maker Rebate if it adds Market Maker liquidity in Penny Pilot Options of 110,000 or more contracts per day in a month.

As with existing tiers that require participation in both the Nasdaq Market Center and NOM, the criteria for these new tiers, as well as the new tier for Designated Retail Orders, establish volume thresholds that must be met on both markets in order to receive

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<sup>13</sup> SR-NASDAQ-2013-062 (April 1, 2013).

a higher rebate. In doing so, the pricing incentives recognize the prevalence of trading in which members simultaneously trade different asset classes within the same strategy.

Because cash equities and options markets are linked, with liquidity and trading patterns on one market affecting those on the other, NASDAQ believes that pricing incentives that encourage market participant activity in NOM also support price discovery and liquidity provision in the Nasdaq Market Center.

### **QMM and NBBO Setter Incentive Programs**

In November 2012,<sup>14</sup> NASDAQ introduced two new pricing programs designed to create incentives for members to improve market quality. The programs are in effect on a pilot basis from November 1, 2012 until April 30, 2013, and NASDAQ expects to file a proposed rule change next month to remove the pilot limitation on the programs.<sup>15</sup> In this proposed rule change, NASDAQ is making several changes to the pilot programs as currently in effect.

Under the QMM Program, a member may be designated as a QMM with respect to one or more of its MPIDs if:

- the member is not assessed any “Excess Order Fee” under Rule 7018 during the month;<sup>16</sup> and

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<sup>14</sup> Securities Exchange Act Release No. 68209 (November 9, 2012), 77 FR 69519 (November 19, 2012) (SR-NASDAQ-2012-126).

<sup>15</sup> As noted in the original filing to establish the programs, NASDAQ will report to the Commission on the effects of the programs on bid-ask spreads, depth of liquidity at the inside, and such other factors as may be deemed relevant.

<sup>16</sup> Rule 7018(m). Last year, NASDAQ introduced an Excess Order Fee, aimed at reducing inefficient order entry practices of certain market participants that place excessive burdens on the systems of NASDAQ and its members and that may negatively impact the usefulness and life cycle cost of market data. In general, the determination of whether to impose the fee on a particular MPID is made by

- through such MPID the member quotes at the national best bid or best offer (“NBBO”) at least 25% of the time during regular market hours<sup>17</sup> in an average of at least 1,000 securities during the month.<sup>18</sup>

Currently, a member that is a QMM with respect to a particular MPID (a “QMM MPID”) is eligible to receive certain financial benefits. These benefits, and proposed modifications to them, are described below:

- The QMM may receive an NBBO Setter Incentive credit of \$0.0005 with respect to orders that qualify for the NBBO Setter Incentive Program (i.e., displayed orders with a size of at least one round lot that set the NBBO or join another trading center at the NBBO)<sup>19</sup> and that are entered through the QMM MPID. Beginning April 1, 2013, in order to receive an NBBO Setter Incentive credit at the \$0.0005 rate, the QMM must also have a volume of liquidity provided through the QMM MPID (as a percentage of Consolidated Volume) that exceeds the lesser

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calculating the ratio between (i) entered orders, weighted by the distance of the order from the NBBO, and (ii) orders that execute in whole or in part. The fee is imposed on MPIDs that have an “Order Entry Ratio” of more than 100.

<sup>17</sup> Defined as 9:30 a.m. through 4:00 p.m., or such shorter period as may be designated by NASDAQ on a day when the securities markets close early (such as the day after Thanksgiving).

<sup>18</sup> A member MPID is considered to be quoting at the NBBO if it has a displayed order at either the national best bid or the national best offer or both the national best bid and offer. On a daily basis, NASDAQ will determine the number of securities in which the member satisfied the 25% NBBO requirement. To qualify for QMM designation, the MPID must meet the requirement for an average of 1,000 securities per day over the course of the month. Thus, if a member MPID satisfied the 25% NBBO requirement in 900 securities for half the days in the month, and satisfied the requirement for 1,100 securities for the other days in the month, it would meet the requirement for an average of 1,000 securities.

<sup>19</sup> The NBBO Setter Incentive program is described in more detail below.

of the volume of liquidity provided through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume) or 1.0% of Consolidated Volume.<sup>20</sup> If a QMM does not satisfy these volume requirements, it will receive an NBBO Setter Incentive credit of \$0.0002 per share executed with respect to orders that qualify for the NBBO Setter Incentive Program.<sup>21</sup>

- Currently, the QMM receives a credit of \$0.0001 per share executed with respect to all other displayed orders in securities priced at \$1 or more per share that provide liquidity and that are entered through a QMM MPID (in addition to any credit payable under Rule 7018).<sup>22</sup> This aspect of the program is being changed only to stipulate that Designated Retail Orders are not eligible to receive this additional credit.
- Currently, the QMM may receive a 25% discount on fees for ports used for entering orders for that MPID, up to a total discount of \$10,000 per MPID per month.<sup>23</sup> As provided in Rule 7015, the specific fees subject to this discount are:

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<sup>20</sup> The QMM will also receive the \$0.0005 per share rate during the first month in which an MPID becomes a QMM MPID.

<sup>21</sup> Beginning April 1, 2013, Designated Retail Orders will not be eligible to receive an NBBO Setter Incentive credit.

<sup>22</sup> If the QMM also participates in NASDAQ Investor Support Program (the “ISP”) NASDAQ will pay the greater of any applicable credit under the ISP or the QMM program, but not a credit under both programs.

<sup>23</sup> The ports subject to the discount are not used for receipt of market data.

- (i) all ports using the NASDAQ Information Exchange (“QIX”) protocol,<sup>24</sup> (ii) Financial Information Exchange (“FIX”) trading ports,<sup>25</sup> and (iii) ports using other trading telecommunications protocols.<sup>26</sup> Beginning April 1, 2013, the discount will be equal to the lesser of the QMM’s total fees for such ports or \$5,000.
- Currently, the QMM may receive a credit of \$0.0020 per share executed for all midpoint orders in securities priced at \$1 or more per share entered through a QMM MPID (in lieu of any credit payable under Rule 7018). Effective April 1, 2013, NASDAQ will eliminate this provision, such that the applicable credit will be the credit payable under Rule 7018.
  - Currently, for a number of shares not to exceed the number of shares of liquidity provided through a QMM MPID (the "Numerical Cap"), NASDAQ charges a fee of \$0.0028 per share executed for orders in securities priced at \$1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through the same QMM MPID; provided, however, that orders that would otherwise be charged \$0.0028 per share executed under Rule 7018 do not count toward the Numerical Cap. For shares above the Numerical Cap, NASDAQ charges the rate otherwise applicable under Rule 7018. Beginning on April 1, 2013, the Numerical Cap will be the lower of the number of shares of liquidity

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<sup>24</sup> The applicable undiscounted fees are \$1,200 per month for a port pair or ECN direct connection port pair, and \$1,000 per month for an unsolicited message port. See Rule 7015(a).

<sup>25</sup> The applicable undiscounted fee is \$500 per port per month. See Rule 7015(b).

<sup>26</sup> The applicable undiscounted fee is \$500 per port pair per month. See Rule 7015(g).



provided through a QMM MPID or 20 million shares per trading day. Moreover, in order to be charged the execution rate of \$0.0028 per share executed, the QMM's volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) must be not less than 0.05% lower than the volume of liquidity added, provided, and/or routed through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume).<sup>27</sup>

Under the NBBO Setter Incentive program, NASDAQ provides an enhanced liquidity provider rebate with respect to displayed liquidity-providing orders that set the NBBO or join another trading center with a protected quotation at the NBBO. The NBBO Setter Incentive credit is paid on a monthly basis, and the amount is determined by multiplying the applicable rate by the number of shares of displayed liquidity provided to which a particular rate applies.<sup>28</sup> Currently, a member receives an NBBO Setter Incentive credit at the \$0.0002 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if posted through an order that:

- displayed a quantity of at least one round lot at the time of execution; and
- either established the NBBO or was the first order posted on NASDAQ that had the same price as an order posted at another trading center with a protected quotation that established the NBBO.

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<sup>27</sup> This limitation will not apply during the first month in which an MPID becomes a QMM MPID.

<sup>28</sup> Beginning April 1, 2013, a member will not be eligible to receive an NBBO Setter Incentive credit with respect to a Designated Retail Order.

Beginning April 1, 2013, members must also provide a daily average volume of at least 5 million shares of liquidity through orders that satisfy the foregoing criteria (i.e., that qualify for an NBBO Setter Incentive credit) in order to receive a credit at the \$0.0002 rate. Members with a lower daily average volume will receive a NBBO Setter Incentive credit at a rate of \$0.0001 per shares executed. Alternatively, a member may receive a credit at the \$0.0002 per share executed rate if it is a QMM but does not satisfy new volume criteria to be required for a QMM to receive a credit at the \$0.0005 per share executed rate.

Under the current program, a member receives an NBBO Setter Incentive credit at the \$0.0005 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the NASDAQ Market Center during a given month if posted through an order that:

- displayed a quantity of at least one round lot at the time of execution;
- either established the NBBO or was the first order posted on Nasdaq that had the same price as an order posted at another trading center with a protected quotation that established the NBBO; and
- was entered through a QMM MPID.

As discussed above, beginning April 1, 2013, in order to receive an NBBO Setter Incentive credit at the \$0.0005 rate, the QMM must also have a volume of liquidity provided through the QMM MPID (as a percentage of Consolidated Volume) that exceeds the lesser of the volume of liquidity provided through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume) or 1.0% of Consolidated Volume. If it does not satisfy this

volume requirement, the QMM MPID will receive a credit at the \$0.0002 per share executed rate.

### **Modification to Tier for Members Entering Orders in the NASDAQ Closing Cross**

Currently, NASDAQ charges \$0.0029 per share executed for orders that access liquidity when entered by a member with Market-on-Close and/or Limit-on-Close orders executed in the NASDAQ Closing Cross that represent more than 0.06% of Consolidated Volume during the month. NASDAQ is proposing to modify the requirements for this tier, such that the member must enter the required volume of orders through a single MPID. As with other provisions of the fee schedule requiring activity to be concentrated through a single MPID, the change is designed to avoid providing excessive encouragement to members aggregating the activity of several firms (some of whom may not themselves be members of the Exchange) for the sole purpose of earning a higher rebate or reducing fees.<sup>29</sup>

#### 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>30</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>31</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system

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<sup>29</sup> See Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028) (discussing introduction of fees designed to discourage aggregation for purposes of earning a rebate).

<sup>30</sup> 15 U.S.C. 78f.

<sup>31</sup> 15 U.S.C. 78f(b)(4) and (5).

which NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes to the \$0.0034 per share pricing tier for Designated Retail Orders are reasonable because they will make it easier for a wider range of members to achieve this pricing tier, thereby resulting in a higher credit for members introducing Designated Retail Orders to the market. The change is consistent with an equitable allocation of fees because it broadens the availability of fee reductions used as a means to encourage greater retail participation in NASDAQ. Because retail orders are likely to reflect long-term investment intentions, they promote price discovery and dampen volatility. Accordingly, their presence in the NASDAQ market has the potential to benefit all market participants, and it is therefore equitable to provide financial incentives with respect to such orders. NASDAQ further believes that the change is not unreasonably discriminatory because it will continue to broaden the retail pricing incentives already provided through Designated Retail Order pricing, the Routable Order Program (the "ROP") and the ISP by offering a meaningful pricing incentive (\$0.0034 per share executed) to all members that are able to concentrate Designated Retail Orders through a single MPID, while also continuing to offer a credit of \$0.0033 per share executed that is available to all members that are able to attest that orders designated by them for participation in the program meet the definition of a Designated Retail Order.

The new tiers for members active in both the NASDAQ Market Center and NOM are reasonable because they reflect the availability of a significant price reduction for members that support liquidity on both markets. The changes are consistent with an equitable allocation of fees because the pricing tiers require significant levels of liquidity

provision, which benefits all market participants, and because activity in NOM also supports price discovery and liquidity provision in the NASDAQ Market Center due to the increasing propensity of market participants to be active in both markets and the influence of each market on the pricing of securities in the other. The new tiers are not unreasonably discriminatory because market participants may qualify for a comparable or a higher rebate through alternative means that do not require participation in NOM, including through existing volume-based NASDAQ Market Center tiers, the use of Designated Retail Orders, participation in the ROP, or through a combination of qualification for volume-based tiers and participation in the ISP.<sup>32</sup>

The changes to the QMM Program and the NBBO Setter Incentive Program are reasonable, equitable, and not unreasonably discriminatory because they merely serve to limit the extent of the incentives associated with the programs, thereby causing the credits received by program participants to become more consistent with credits received by members that are not participants, while maintaining an incentive structure designed to benefit all market participants by encouraging quoting at or near the NBBO in a wide range of securities. NASDAQ hopes thereby to maintain the benefits associated with the programs while reducing their costs and making the programs sustainable in the longer term. Specifically:

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<sup>32</sup> The change made by NOM with respect to the requirements for the Penny Pilot Tier 8 Customer and Profession Rebate to Add Liquidity is reasonable because it is intended to incentivize NOM Market Makers to post additional liquidity, an incentive that is strengthened by the availability of a higher rebate in the NASDAQ Market Center. The change is consistent with an equitable allocation of fees because it has the potential to increase liquidity provided on both markets, and is not unreasonably discriminatory because members have alternative means to earn a comparable rebate on NASDAQ that do not require use of NOM.

- The change with respect to the availability of an NBBO Setter Incentive Credit of \$0.0005 per share executed for QMMs is reasonable because it does not prevent a QMM from earning the credit at the specified level, but does provides an incentive for QMMs to increase their participation in NASDAQ above a prior benchmark level (or 1.0% of Consolidated Volume), thereby benefitting the Exchange and other market participants through high levels of liquidity provision. The change is consistent with an equitable allocation of fees because members that contribute significantly to market quality by satisfying the requirements of both the QMM and the NBBO Setter Incentive program while participating actively in the NASDAQ Market Center justifiably earn the higher credit of \$0.0005 per share executed. The change is not unreasonably discriminatory because a QMM that does not achieve the higher requirements may still receive a credit of \$0.0002 for orders that set the NBBO.

- Similarly, the modified requirements for the \$0.0002 per share NBBO Setter Incentive credit to be earned by a non-QMM are reasonable because volume thresholds are widely used by NASDAQ and other exchanges as requirements for the receipt of favorable pricing, and NASDAQ is introducing a credit of \$0.0001 per share for NBBO setting orders of a member that do not meet the requirement to ensure that financial incentives continue to be provided with respect to these beneficial orders. The change is consistent with an equitable allocation of fees in that it introduces a volume-based requirement for one tier of the program: such volume-based tiers are widely used by NASDAQ and other exchanges as a means of increasing participation or other desirable activity in their markets. The change is not unreasonably discriminatory because a credit of \$0.0001 will now offered for NBBO setting orders that do not meet

the volume requirement, and because comparable credits may be earned through other means, including participation in the ISP.

- The modification with respect to port fees is reasonable because it does not alter the fact that QMMs continue to be provided a discount as compared with other members, thereby resulting in lower overall fees for QMMs. The change is consistent with an equitable allocation of fees and not unreasonably discriminatory because the discount, like other QMM incentives, serves to encourage beneficial quoting conduct by QMMs, but the change will make the fees paid by QMMs for ports more consistent with the fees paid by others.

- The elimination of the QMM credit for midpoint orders is reasonable because QMMs, like other members, will continue to receive a higher credit with respect to midpoint orders, which provide price improvement, than with respect to other forms of non-displayed orders. The change is consistent with an equitable allocation of fees and not unreasonably discriminatory because the change will cause the credits paid to QMMs with respect to midpoint orders to be identical to the credits paid to other members with respect to the same orders.

- The change with respect to the \$0.0028 per share executed pricing tier for QMMs is reasonable because it will maintain the availability of the pricing incentive in question while limiting the associated cost (by altering the number of shares to which the discount may apply) and providing an incentive for QMMs to maintain their participation in NASDAQ near or above a prior benchmark level. The change is consistent with an equitable allocation of fees because members that contribute significantly to market quality by satisfying the requirements of the QMM program while participating actively

in the NASDAQ Market Center justifiably may be charged a lower fee with respect to order executions. The change is not unreasonably discriminatory because a QMM that does not achieve the higher requirements would pay a fee that is only slightly higher (\$0.0029 or \$0.0030 per share executed, depending on other aspects of its participation in NASDAQ).

- The change to provide that NBBO Setter Incentive credits and QMM credits will not be paid with respect to Designated Retail Orders is reasonable because Designated Retail Orders are already eligible to receive a high credit of \$0.0034 or \$0.0033 per share executed. The change is consistent with an equitable allocation of fees and is not unreasonably discriminatory because NASDAQ believes that the credit provided with respect to Designated Retail Orders provides sufficient incentive with respect to the market benefits associated with the orders in question, such that an additional credit is not warranted.

The change with respect to the tier for members active in the NASDAQ Closing Cross is reasonable because it does not materially alter the availability of the discount in question, but merely requires a member receiving the discount to concentrate its activity through a single MPID. Accordingly, the change is consistent with an equitable allocation of fees and not unreasonably discriminatory because it is consistent with other provisions of NASDAQ's fee schedule that are designed to avoid providing excessive encouragement to members aggregating the activity of several firms (some of whom may



not themselves be members of the Exchange) for the sole purpose of earning a higher rebate or paying reduced fees.<sup>33</sup>

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. 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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, although some of the proposed changes impose conditions on the availability of certain previously introduced pricing incentives, the incentive programs in question remain in place and are themselves reflective of the need for exchanges to offer significant financial incentives to attract order flow. Moreover, if the changes are unattractive to market participants, it is likely that NASDAQ will lose market share as a result. Similarly, certain of the changes broaden the availability of incentive programs, thereby reducing costs to market participants and possibly

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<sup>33</sup> See Securities Exchange Act Release No. 64003 (March 2, 2011), 76 FR 12784 (March 8, 2011) (SR-NASDAQ-2011-028) (discussing introduction of fees designed to discourage aggregation for purposes of earning a rebate).

encouraging competitive responses from other trading venues. Accordingly, 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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>34</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>35</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

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<sup>34</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>35</sup> 17 CFR 240.19b-4(f).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2013-063 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-2013-063. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The

Commission will post all comments on the Commission's Internet Web site

(<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2013-063 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>36</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>36</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**7014. Market Quality Incentive Programs****Investor Support Program**

(a) – (c) No change.

**Routable Order Program**

(d) – (f) No change.

**Qualified Market Maker ("QMM") Program**

(g) No change.

(h) During a pilot period expiring on April 30, 2013, the following pricing incentives will be provided to a member that is a QMM with respect to a particular MPID (a "QMM MPID"):

(1) NASDAQ will provide an NBBO Setter Incentive credit of \$0.0005 per share executed with respect to orders that qualify for the NBBO Setter Incentive program under Rule 7014(j) and that are entered through a QMM MPID during the first month in which the MPID becomes a QMM MPID. Thereafter, NASDAQ will provide an NBBO Setter Incentive credit of \$0.0005 per share executed with respect to such orders if the QMM's volume of liquidity provided through the QMM MPID during the month (as a percentage of Consolidated Volume) exceeds the lesser of the volume of liquidity provided through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume) or 1.0% of Consolidated Volume. NASDAQ will provide an NBBO Setter Incentive credit of \$0.0002 per share executed with respect to orders that qualify for the NBBO Setter Incentive program that are entered through any other QMM MPID.

(2) NASDAQ will provide a credit of \$0.0001 per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at \$1 or more per share that provide liquidity and that are entered through a QMM MPID. Such credit will be in addition to any credit payable under Rule 7018. However, if a QMM also participates in the ISP, NASDAQ will pay the greater of any applicable credit under the ISP or the QMM program, but not a credit under both programs.

(3) NASDAQ will provide a [25%] discount on fees for ports used for entering orders for a QMM MPID (as designated eligible for such discount in Rule 7015), equal to the lesser of the QMM's total fees for such ports or \$5,000 [up to a total discount of \$10,000 per QMM MPID per month].

[(4) NASDAQ will provide a credit of \$0.0020 per share executed for all midpoint pegged or midpoint peg post-only orders in securities priced at \$1 or more per share entered through a QMM MPID (in lieu of any credit payable under Rule 7018).]

[(5)] (4) For a number of shares not to exceed the lower of the number of shares of liquidity provided through a QMM MPID or 20 million shares per trading day (the "Numerical Cap"), NASDAQ will charge a fee of \$0.0028 per share executed for orders in securities priced at \$1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through the same QMM MPID; provided, however, that orders that would otherwise be charged \$0.0028 per share executed under Rule 7018 will not count toward the Numerical Cap; and provided further that after the first month in which an MPID becomes a QMM MPID, the QMM's volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) is not less than 0.05% lower than the volume of liquidity added, provided, and/or routed through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume). For shares above the Numerical Cap, NASDAQ will charge the rate otherwise applicable under Rule 7018.

### **NBBO Setter Incentive Program**

(i) During a pilot period expiring on April 30, 2013, and subject to the conditions set forth in section (j) of this Rule, Nasdaq shall issue to a member a monthly NBBO Setter Incentive credit, which shall be determined by multiplying \$0.0005, [or] \$0.0002, or \$0.0001 by the number of shares of displayed liquidity to which a particular rate applies, as described below. An NBBO Setter Incentive 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; provided, however, that no NBBO Setter Incentive credit will be issued with respect to Designated Retail Orders (as defined in Rule 7018).

(j)(1) A member shall be entitled to receive an NBBO Setter Incentive credit at the [~~\$0.0002~~]\$0.0001 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if posted through an order that:

(A) displayed a quantity of at least one round lot at the time of execution; and

(B) either established the NBBO or was the first order posted on Nasdaq that had the same price as an order posted at another trading center with a protected quotation that established the NBBO.

(2) A member shall be entitled to receive an NBBO Setter Incentive credit at the \$0.0002 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if posted through an order that:

(A) displayed a quantity of at least one round lot at the time of execution; and

(B) either established the NBBO or was the first order posted on Nasdaq that had the same price as an order posted at another trading center with a protected quotation that established the NBBO;

provided that the member had a daily average volume of at least 5 million shares of liquidity provided through such orders during the month.

[(2)] (3) A member shall be entitled to receive an NBBO Setter Incentive credit at the \$0.0005 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if posted through an order that:

(A) displayed a quantity of at least one round lot at the time of execution;

(B) either established the NBBO or was the first order posted on Nasdaq that had the same price as an order posted at another trading center with a protected quotation that established the NBBO; and

(C) was entered through a QMM MPID during the first month in which it became a QMM MPID, or during a subsequent month in which the QMM's volume of liquidity provided through the QMM MPID during the month (as a percentage of Consolidated Volume) exceeds the lesser of the volume of liquidity provided through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume) or 1.0% of Consolidated Volume.

(4) A member shall be entitled to receive an NBBO Setter Incentive credit at the \$0.0002 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month if posted through an order that:

(A) displayed a quantity of at least one round lot at the time of execution;

(B) either established the NBBO or was the first order posted on Nasdaq that had the same price as an order posted at another trading center with a protected quotation that established the NBBO; and

(C) was entered through a QMM MPID that did not satisfy the criteria specified in paragraph (j)(3)(C) above.

## **Definitions and Certifications**

(k) – (l) No change.

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**7018. Nasdaq Market Center Order Execution and Routing**

(a) The following charges shall apply to the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at \$1 or more that it trades. For purposes of determining a member's shares of liquidity routed, TFTY, MOPP, SAVE, SOLV, CART, QDRK, QCST 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:

member with Market-on-Close and/or Limit-on-Close orders executed in the Nasdaq Closing Cross, entered through a single Nasdaq Market Center market participant identifier ("MPID"), that represent more than 0.06% of the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities ("Consolidated Volume") during the month: \$0.0029 per share executed

QDRK and QCST orders that execute in the Nasdaq Market Center: \$0.0029 per share executed

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

Charge to member entering STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, re-opening, or closing process: \$0.0030 per share executed

Charge or credit to member entering TFTY, MOPP, SAVE, SOLV, CART, QDRK, Credit of \$0.0005 per share executed for directed orders sent to



QCST or directed order that executes in a venue other than the Nasdaq Market Center:

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  
 Charge of \$0.0028 per share executed for TFTY, SOLV, or SAVE orders that execute at NASDAQ OMX PSX  
 For CART 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  
 Charge of \$0.0005 per share executed for QCST and QDRK orders, except a credit of \$.0014 per share for QCST orders that execute on NASDAQ OMX BX

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

member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center [market participant identifiers] \$0.00305 per share executed for displayed quotes/orders  
 \$0.0017 per share executed for

("MPIDs") that represent 1.60% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:

midpoint pegged or midpoint peg 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 with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:

\$0.0030 per share executed for displayed quotes/orders  
\$0.0017 per share executed 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 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 (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 0.45% 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 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:

\$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 shares of liquidity provided in all securities 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 representing 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 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 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 0.15% 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

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:

\$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 (i) with shares of liquidity provided in all securities during the month representing at least 0.45% of Consolidated Volume during the month, through one or

\$0.0030 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) that qualifies for the Penny Pilot Tier [7] § Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market 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 (i) with shares of liquidity provided in all securities during the month representing at least 0.05% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs: \$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 (i) with shares of liquidity provided in all securities during the month representing at least 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month 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

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

Credit for Designated Retail Orders,\* if  
 entered through an MPID through which (i)  
 at least 90% of the shares of liquidity  
 provided during the month are provided  
 through Designated Retail Orders, [and] or  
 (ii) the member [accesses,] provides[, or  
 routes] shares of liquidity through  
Designated Retail Orders that represent at  
 least [0.10%] 0.30% of Consolidated Volume  
 during the month and the member qualifies  
for the Penny Pilot Tier 4 Customer and  
Professional Rebate to Add Liquidity under  
Chapter XV, Section 2 of the Nasdaq  
Options Market rules during the month  
through one or more of its Nasdaq Options  
Market MPIDs:

\$0.0034 per share executed for  
 displayed 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 orders that are not displayed



Credit for other Designated Retail Orders:\* \$0.0033 per share executed for displayed 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 orders that are not displayed

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:

member with Market-on-Close and/or Limit-on-Close orders executed in the Nasdaq Closing Cross, entered through a single Nasdaq Market Center MPID, that represent more than 0.06% of Consolidated Volume during the month: \$0.0029 per share executed

QDRK and QCST orders that execute in the Nasdaq Market Center: \$0.0029 per share executed

all 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 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 \$0.0025 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, QCST, QDRK 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 \$0.0027 per share executed  
 For other directed orders that execute at NYSE: (i) charge of \$0.0026 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 \$0.0027 per share executed for other members  
 For other directed orders, charge of \$0.0035 per share executed

Charge of \$0.0028 per share executed for TFTY, SOLV, or SAVE orders that execute at NASDAQ OMX PSX  
 For CART orders that executed 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 \$0.0027 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 \$0.0024 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 \$0.0025 per share executed  
 Charge of \$.0005 per share executed for QCST and QDRK orders, except a credit of \$.0014 per share for QCST orders that execute on NASDAQ OMX BX

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

member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities	\$0.00305 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
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through one or more of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	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
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member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	\$0.0030 per share executed for displayed quotes/orders \$0.0017 per share executed 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
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member with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	\$0.00295 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
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member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000	\$0.00295 per share executed for displaced quotes/orders \$0.0017 per share executed for midpoint
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<p>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,</p>	<p>orders if the member provides an average daily volume of more than 3 million shares through midpoint orders during the month</p>
<p>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>\$0.0015 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</p>
	<p>\$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 0.45% of Consolidated Volume during the month:</p>	<p>\$0.0029 per share executed for displayed quotes/orders</p>
	<p>\$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</p>
	<p>\$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</p>
	<p>\$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 during the month:</p>	<p>\$0.0027 per share executed for displayed quotes/orders</p>
	<p>\$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</p>
	<p>\$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</p>
	<p>\$0.0010 per share executed for other</p>

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 shares of liquidity provided in all securities 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 representing 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 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 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 0.15% 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

\$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

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

\$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 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:

\$0.00295 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 (i) with shares of liquidity provided in all securities during the month representing at least 0.45% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier [7] 8 Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:

\$0.0030 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 (i) with shares of liquidity provided in all securities during the month representing at least 0.05% 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



<u>through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:</u>	<u>average daily volume of more than 3 million shares through midpoint orders during the month</u> <u>\$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</u> <u>\$0.0010 per share executed for other quotes/orders that are not displayed</u>
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<u>member (i) with shares of liquidity provided in all securities during the month representing at least 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:</u>	<u>\$0.0029 per share executed for displayed quotes/orders</u> <u>\$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</u> <u>\$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</u> <u>\$0.0010 per share executed for other quotes/orders that are not displayed</u>
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Credit to other members:	<u>\$0.0020 per share executed for displayed quotes/orders</u> <u>\$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</u> <u>\$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</u> <u>\$0.0010 per share executed for other quotes/orders that are not displayed</u>
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Credit for Supplemental Orders:	<p>\$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</p> <p>\$0.0015 per share executed for other Supplemental Orders</p>
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<p>Credit for Designated Retail Orders,* if entered through an MPID through which (i) at least 90% of the shares of liquidity provided during the month are provided through Designated Retail Orders, [and] <u>or</u> (ii) the member [accesses,] provides[, or routes] shares of liquidity <u>through Designated Retail Orders that represent at least [0.10% ]0.30% of Consolidated Volume during the month and the member qualifies for the Penny Pilot Tier 4 Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:</u></p>	<p>\$0.0034 per share executed for displayed orders</p> <p>\$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</p> <p>\$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</p> <p>\$0.0010 per share executed for other orders that are not displayed</p>
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Credit for other Designated Retail Orders:*	<p>\$0.0033 per share executed for displayed orders</p> <p>\$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</p> <p>\$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</p> <p>\$0.0010 per share executed for other orders that are not displayed</p>
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Order that is routed to NYSE and then routed to another venue for execution: NASDAQ will pass-through any routing fees charged to NASDAQ by NYSE

DOT or LIST Order that executes in the NYSE closing process: \$0.00095 per share executed

DOT or LIST Order that executes in the NYSE opening process or reopening process: \$0.0005 per share executed, but not to exceed \$15,000 per month per member

Per order charge for round lot or mixed lot DOTI orders: \$0.01 fee per DOTI Order when during a month: (i) a market participant sends an average of more than 10,000 DOTI Orders per day through one or more of its MPIDs; and (ii) the ratio of DOTI Orders to executions exceeds 300 to 1. The fee will apply to each DOTI Order that exceeds the 300 to 1 ratio. In calculating daily average DOTI Orders, Nasdaq will exclude the day with the highest ratio of DOTI Orders to executions.

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

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

member with Market-on-Close and/or Limit-on-Close orders executed in the Nasdaq Closing Cross, entered through a single Nasdaq Market Center MPID, that represent more than 0.06% of Consolidated Volume during the month: \$0.0029 per share executed

QDRK and QCST orders that execute in the Nasdaq Market Center:	\$0.0029 per share executed
all 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, QDRK, QCST 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 Charge of \$0.0028 per share executed for TFYY, SOLV, or SAVE orders that execute at NASDAQ OMX PSX For CART 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

Charge of \$0.0005 per share executed for QCST and QDRK, except a credit of \$.0014 per share for QCST orders that execute on NASDAQ OMX BX

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

member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	\$0.00305 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
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member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume	\$0.0030 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
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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 of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	<p>\$0.00295 per share executed for displayed quotes/orders</p> <p>\$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</p> <p>\$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</p> <p>\$0.0010 per share executed for other quotes/orders that are not displayed</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>\$0.00295 per share executed for displayed quotes/orders</p> <p>\$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</p> <p>\$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</p> <p>\$0.0010 per share executed for other quotes/orders that are not displayed</p>
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:	<p>\$0.0029 per share executed for displayed quotes/orders</p> <p>\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of more than 3 million shares through</p>

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:

\$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

<p>member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:</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 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 accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:</p>	<p>\$0.0029 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>
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<p>member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:</p>	<p>\$0.0025 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</p>
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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 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 0.15% 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

\$0.00295 per share executed for displayed quotes/orders  
 \$0.0017 per share executed for

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:

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) with shares of liquidity provided in all securities during the month representing at least 0.45% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier [7] § Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:

\$0.0030 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 (i) with shares of liquidity provided in all securities during the month representing at least 0.05% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:

\$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

<u>member (i) with shares of liquidity provided in all securities during the month representing at least 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Penny Pilot Tier 4 NOM Market Maker Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:</u>	<u>\$0.0029 per share executed for displayed quotes/orders</u> <u>\$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</u> <u>\$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</u> <u>\$0.0010 per share executed for other quotes/orders that are not displayed</u>
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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

Credit for Designated Retail Orders,\* if entered through an MPID through which (i) at least 90% of the shares of liquidity provided during the month are provided through Designated Retail Orders, [and] or (ii) the member [accesses,] provides[, or routes] shares of liquidity through Designated Retail Orders that represent at least [0.10%]0.30% of Consolidated Volume during the month and the member qualifies for the Penny Pilot Tier 4 Customer and Professional Rebate to Add Liquidity under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:

\$0.0034 per share executed for displayed 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 orders that are not displayed

Credit for other Designated Retail Orders:\*

\$0.0033 per share executed for displayed 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 orders that are not displayed

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.

\* A "Designated Retail Order" is agency or riskless principal order that originates from a natural person and is submitted to Nasdaq by a member that designates it pursuant to this rule, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they have implemented policies and procedures that are reasonably designed to ensure that every order designated by the member as a "Designated Retail Order" complies with these requirements. Orders may be designated on an order-by-order basis, or by designating all orders on a particular order entry port as Designated Retail Orders.

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