

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="57"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2013"/> - * <input type="text" value="100"/> Amendment No. (req. for Amendments *) <input type="text"/>
---	--	---

Filing by
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"/>
---	---

Description

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

Proposed changes to its fees for routing of orders priced at \$1 or more under Rule 7018a, as well as changes to its Excess Order Fee under Rule 7018m.

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.

Edward S Knight,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

Add Remove View

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) proposed changes to its fees for routing of orders priced at \$1 or more under Rule 7018(a), as well as changes to its Excess Order Fee under Rule 7018(m).

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 17, 2013. 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 August 1, 2013.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

Routing Fees

NASDAQ is proposing to adjust certain of the fees it charges for routing orders in securities priced above \$1. Currently, for directed orders³ in securities listed on exchanges other than the New York Stock Exchange ("NYSE") that are sent to NASDAQ OMX BX ("BX"), NASDAQ charges no fee and provides no credit, while charging \$0.0035 per share executed for directed orders sent to other execution venues. Similarly, for directed orders in securities listed on NYSE that are sent to BX, NASDAQ charges no fee and provides no credit. If directed orders in securities listed on NYSE are sent to NYSE, NASDAQ charges (i) \$0.0028 per share executed for a member 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 market participant identifiers ("MPIDs"), and (ii) \$0.0029 per share executed for other members.⁴

³ As provided in Rule 4751, directed orders are directed to an exchange other than NASDAQ, as designated by the entering party, without checking the NASDAQ book. If unexecuted, the order (or unexecuted portion thereof) is returned to the entering party. Directed orders may be designated as intermarket sweep orders by the entering party.

⁴ It should be noted that Rule 7018(a)(2) currently has text that distinguishes among directed orders that are designated as intermarket sweep orders, directed orders sent to BX, directed orders sent to NASDAQ OMX PSX, and other directed orders, but the applicable fees are as described above: \$0.0029 per share executed for all directed orders sent to NYSE (unless the member qualifies for the volume-based tier described above), no fee or credit if sent to BX, and \$0.0035 per share executed if sent to any venue other than BX or NYSE. The proposed rule change will also simplify the applicable rule text by eliminating classifications of directed order with identical fees.

Effective August 1, 2013, NASDAQ will make its fee for routing directed orders to BX and NYSE \$0.0035 per share executed, equal to its fee for routing directed orders to all other venues. Thus, the change will make the applicable fees more uniform by eliminating an aspect of the pricing schedule that may have provided undue encouragement to those members that use NASDAQ's routing services to route directed orders to BX or NYSE rather than using routing strategies that access a variety of venues. Moreover, NASDAQ notes that although BX currently pays a credit with respect to orders that access liquidity, NASDAQ currently charges \$0.0035 per share executed for directed orders that are sent to the BATS-Y Exchange and the EDGA Exchange, venues that also pay a credit for orders that access liquidity. Thus, the change will result in a consistent fee for routing directed orders to all such venues. The change is also consistent with NASDAQ's long-standing practice of charging a high fee for use of directed orders, which represent a special service of the NASDAQ routing broker and which, when designated as intermarket sweep orders, require additional after-the-fact surveillance to determine whether the member's designation was compliant with the requirements of Regulation NMS.

For orders using NASDAQ's TFTY, SOLV, CART, or SAVE⁵ routing strategies that execute at BX, NASDAQ currently provides a credit of \$0.0004 (equivalent to the credit provided by BX). Effective August 1, 2013, NASDAQ will eliminate this credit, such that there will be no fee or credit when such orders execute at BX. Thus, as is the case with other routed orders, the fee for orders that execute at BX using these routing strategies will reflect a markup that NASDAQ believes will be consistent with the value

⁵ These routing strategies are described in NASDAQ Rule 4758.

of the service provided and that will assist NASDAQ in covering its costs of operating a routing service and earning a return.

Excess Order Fee

In 2012, NASDAQ introduced an Excess Order Fee, imposed on MPIDs that have characteristics indicative of inefficient order entry practices.⁶ As NASDAQ explained at the time, inefficient order entry practices may place excessive burdens on the systems of NASDAQ and its members and may negatively impact the usefulness and life cycle cost of market data.⁷ Market participants that flood the market with orders that are rapidly cancelled or that are priced away from the inside market do little to support meaningful price discovery.

In general, the determination of whether to impose the fee on a particular MPID has been made by calculating the ratio between (i) entered orders, weighted by the distance of the order from the national best bid or offer (“NBBO”), and (ii) orders that execute in whole or in part. The fee has been imposed on MPIDs with an “Order Entry Ratio” of more than 100. The Order Entry Ratio is calculated, and the Excess Order Fee imposed, on a monthly basis. NASDAQ is now proposing to modify the fee, such that it

⁶ Securities Exchange Act Release Nos. 66951 (May 9, 2012), 77 FR 28647 (May 15, 2012) (SR-NASDAQ-2012-055) (establishing fee); 67292 (June 28, 2012), 77 FR 39773 (July 5, 2012) (SR-NASDAQ-2012-073) (modifying terms and conditions of fee).

⁷ See generally Recommendations Regarding Regulatory Responses to the Market Events of May 6, 2010, Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues, at 11 (February 18, 2011) (“The SEC and CFTC should also consider addressing the disproportionate impact that [high frequency trading] has on Exchange message traffic and market surveillance costs.... The Committee recognizes that there are valid reasons for algorithmic strategies to drive high cancellation rates, but we believe that this is an area that deserves further study. At a minimum, we believe that the participants of those strategies should properly absorb the externalized costs of their activity.”).

will be calculated and assessed on the basis of all of a member's trading activity on NASDAQ, rather than on an MPID basis. The purpose of this change is to ensure that members do not act in a manner inconsistent with the intent of the fee by spreading inefficient order activity across multiple MPIDs in a manner that allows the MPIDs to avoid a charge that would not be avoided if all of the member's activity were aggregated. Thus, the change replaces the term "MPID" with the term "member" throughout the text of Rule 7018(m). The rule, as amended, will operate as follows:

For each member, the Order Entry Ratio will be the ratio of (i) the member's "Weighted Order Total" to (ii) the greater of one (1) or the number of displayed, non-marketable orders⁸ sent to NASDAQ by the member during the month that execute in full or in part.⁹ The Weighted Order Total is the number of displayed, non-marketable orders sent to NASDAQ by the member, as adjusted by a "Weighting Factor." The applicable Weighting Factor is applied to each order based on its price in comparison to the NBBO at the time of order entry:

<u>Order's Price versus NBBO at Entry</u>	<u>Weighting Factor</u>
Less than 0.20% away	0x
0.20% to 0.99% away	1x
1.00% to 1.99% away	2x
2.00% or more away	3x

Thus, in calculating the Weighted Order Total, an order that was more than 2.0% away from the NBBO would be equivalent to three orders that were 0.50% away. Due to

⁸ The fee focuses on displayed orders since they have the most significant impact on investor confusion and the quality of market data.

⁹ Thus, in an extreme case where no orders entered by the member executed, this component of the ratio would be assumed to be 1, so as to avoid the impossibility of dividing by zero.

the applicable Weighting Factor of 0x, orders entered less than 0.20% away from the NBBO would not be included in the Weighted Order Total, but would be included in the “executed” orders component of the Order Entry Ratio if they execute in full or part. Orders sent by market makers in securities in which they are registered, through the MPID applicable to the registration, are excluded from both components of the ratio.¹⁰ In addition, members with a daily average Weighted Order Total of less than 100,000 during the month will not be subject to the Excess Order Fee. Finally, the fee is based on orders received by NASDAQ during regular market hours (generally, 9:30 a.m. to 4:00 p.m.),¹¹ and will exclude orders received at other times, even if they execute during regular market hours.

The following example illustrates the calculation of the Order Entry Ratio:

- A member enters 35,000,000 displayed, liquidity-providing orders:
 - The member is registered as a market maker with respect to 20,000,000 of the orders. These orders are excluded from the calculation.
 - 10,000,000 orders are entered at the NBBO. The Weighting Factor for these orders is 0x.

¹⁰ This is the case because market makers are already subject to rule-based standards designed to promote the efficiency and quality of their order entry practices. See Rule 4613. Although Rule 4613 allows market makers to quote at spreads much wider than 2%, NASDAQ’s assessment of market maker performance has led it to conclude that market makers do not generally engage in the inefficient practices at which the new fee is aimed. NASDAQ will continually assess this data and revisit the applicability of the fee to market makers and/or the requirements of Rule 4613 as needed to promote efficient quotation practices by market makers.

¹¹ Regular market hours may be different in some circumstances, such as on the day after Thanksgiving, when regular market hours on all exchanges traditionally end at 1:00 p.m.

- 5,000,000 orders are entered at a price that is 1.50% away from the NBBO. The Weighting Factor for these orders is 2x.
- Of the 15,000,000 orders included in the calculation, 90,000 are executed.
- The Weighted Order Total is $(10,000,000 \times 0) + (5,000,000 \times 2) = 10,000,000$. The Order Entry Ratio is $10,000,000 / 90,000 = 111$.

If a member has an Order Entry Ratio of more than 100, the amount of the Order Entry Fee will be calculated by determining the member's "Excess Weighted Orders." Excess Weighted Orders are calculated by subtracting (i) the Weighted Order Total that would result in the member having an Order Entry Ratio of 100 from (ii) the member's actual Weighted Order Total. In the example above, the Weighted Order Total that would result in an Order Entry Ratio of 100 is 9,000,000, since $9,000,000 / 90,000 = 100$. Accordingly, the Excess Weighted Orders would be $10,000,000 - 9,000,000 = 1,000,000$.

The Excess Order Fee charged to the member will then be determined by multiplying the "Applicable Rate" by the number of Excess Weighted Orders. The Applicable Rate is determined based on the member's Order Entry Ratio:

<u>Order Entry Ratio</u>	<u>Applicable Rate</u>
101 – 1,000	\$0.005
More than 1,000	\$0.01

In the example above, the Applicable Rate would be \$0.005, based on the member's Order Entry Ratio of 111. Accordingly, the monthly Excess Order Fee would be $1,000,000 \times \$0.005 = \$5,000$.

NASDAQ continues to expect that the impact of the fee, as modified, will be narrow because the change will encourage potentially affected market participants to modify their order entry practices in order to avoid the fee, thereby improving the market

for all participants. Accordingly, NASDAQ does not expect to earn significant revenues from the modified fee.

b. Statutory Basis

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

NASDAQ believes that the adoption of a uniform fee of \$0.0035 per share executed for directed orders is reasonable because NASDAQ already charges this fee for directed orders sent to most venues, charging lower fees only with respect to BX and NYSE. The fee level is consistent with NASDAQ's long-standing practice of charging a high fee for use of directed orders, which represent a special service of the NASDAQ routing broker and which, when designated as intermarket sweep orders, require additional after-the-fact surveillance to determine whether the member's designation was compliant with the requirements of Regulation NMS. The change is consistent with an equitable allocation of fees because it is assessed solely upon members that opt to use NASDAQ's directed order functionality. The change is not unfairly discriminatory because it will result in NASDAQ charging the same fee for all directed orders in

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(4) and (5).

securities priced above \$1, regardless of the activity level of the member, the listing venue of the security, or the venue to which the order is directed.

NASDAQ believes that the change to fees for TFTY, SOLV, CART, and SAVE orders that execute at BX is reasonable because even though market participants will receive no credit with respect to such orders, they will also pay no fee.¹⁴ NASDAQ believes that the change is consistent with an equitable allocation of fees because it is allocated solely to members that use NASDAQ's routing services and opt to use the specified routing strategies. The change is not unfairly discriminatory because it will make the economics applicable to executions on BX of orders using the specified routing strategies less disparate from the fee applicable to such executions using other routing strategies. Moreover, the change is not discriminatory in that it applies equally to all members using the specified routing strategies.

With respect to the Excess Order Fee, NASDAQ stated in its original filing to institute the fee that it is reasonable because it is designed to achieve improvements in the quality of displayed liquidity and market data that will benefit all market participants. In addition, although the level of the fee may theoretically be very high, the fee is reasonable because market participants may readily avoid the fee by making improvements in their order entry practices that reduce the number of orders they enter, bring the prices of their orders closer to the NBBO, and/or increase the percentage of their orders that execute. Similarly, the change proposed herein is reasonable because it will provide further incentive to members to improve order entry practices by insuring that they cannot evade the fee by spreading activity across multiple MPIDs.

¹⁴ By contrast, the fee for routed orders that execute at BX using the STGY, SCAN, SKNY, or SKIP routing strategies is \$0.0030 per share executed.

For similar reasons, the fee is consistent with an equitable allocation of fees, because although the fee may apply to only a small number of market participants, the fee would be applied to them in order to encourage better order entry practices that will benefit all market participants. The change is also equitable because it will further encourage better order entry practices across a wider group of market participants. Finally, NASDAQ believes that the fee is not unfairly discriminatory. Although the fee may apply to only a small number of market participants, it will be imposed because of the negative externalities that such market participants impose on others through inefficient order entry practices. Accordingly, NASDAQ believes that it is fair to impose the fee on these market participants in order to incentivize them to modify their behavior and thereby benefit the market. The change is likewise not unfairly discriminatory because it will negatively affect members only if they have been evading the incentives to improve order entry practices provided by the fee.

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.¹⁵ 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,

¹⁵ 15 U.S.C. 78f(b)(8).

while also seeking to earn a reasonable profit from its trading and routing services. 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, the changes to routing fees do not impose a burden on competition because NASDAQ's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. Accordingly, if the changes are unattractive to market participants, it is likely that NASDAQ will lose market share as a result of them.

With respect to the change to the Excess Order Fee, NASDAQ believes that the change, like the original fee, will constrain market participants from pursuing certain inefficient and potentially abusive trading strategies. To the extent that this change may be construed as a burden on competition, NASDAQ believes that it is appropriate in order to allow NASDAQ to better achieve this purpose.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹⁶ NASDAQ has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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.

¹⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2013-100)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to its Fees for Routing of Orders Priced at \$1 or More Under Rule 7018(a), as Well as Changes to its Excess Order Fee Under Rule 7018(m)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² thereunder, notice is hereby given that on July 25, 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 fees for routing of orders priced at \$1 or more under Rule 7018(a), as well as changes to its Excess Order Fee under Rule 7018(m). The changes pursuant to this proposal are effective upon filing, and the Exchange will implement the proposed rule changes on August 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, the 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

Routing Fees

NASDAQ is proposing to adjust certain of the fees it charges for routing orders in securities priced above \$1. Currently, for directed orders³ in securities listed on exchanges other than the New York Stock Exchange (“NYSE”) that are sent to NASDAQ OMX BX (“BX”), NASDAQ charges no fee and provides no credit, while charging \$0.0035 per share executed for directed orders sent to other execution venues. Similarly, for directed orders in securities listed on NYSE that are sent to BX, NASDAQ charges no fee and provides no credit. If directed orders in securities listed on NYSE are sent to NYSE, NASDAQ charges (i) \$0.0028 per share executed for a member 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

³ As provided in Rule 4751, directed orders are directed to an exchange other than NASDAQ, as designated by the entering party, without checking the NASDAQ book. If unexecuted, the order (or unexecuted portion thereof) is returned to the entering party. Directed orders may be designated as intermarket sweep orders by the entering party.

market participant identifiers (“MPIDs”), and (ii) \$0.0029 per share executed for other members.⁴

Effective August 1, 2013, NASDAQ will make its fee for routing directed orders to BX and NYSE \$0.0035 per share executed, equal to its fee for routing directed orders to all other venues. Thus, the change will make the applicable fees more uniform by eliminating an aspect of the pricing schedule that may have provided undue encouragement to those members that use NASDAQ’s routing services to route directed orders to BX or NYSE rather than using routing strategies that access a variety of venues. Moreover, NASDAQ notes that although BX currently pays a credit with respect to orders that access liquidity, NASDAQ currently charges \$0.0035 per share executed for directed orders that are sent to the BATS-Y Exchange and the EDGA Exchange, venues that also pay a credit for orders that access liquidity. Thus, the change will result in a consistent fee for routing directed orders to all such venues. The change is also consistent with NASDAQ’s long-standing practice of charging a high fee for use of directed orders, which represent a special service of the NASDAQ routing broker and which, when designated as intermarket sweep orders, require additional after-the-fact surveillance to determine whether the member’s designation was compliant with the requirements of Regulation NMS.

⁴ It should be noted that Rule 7018(a)(2) currently has text that distinguishes among directed orders that are designated as intermarket sweep orders, directed orders sent to BX, directed orders sent to NASDAQ OMX PSX, and other directed orders, but the applicable fees are as described above: \$0.0029 per share executed for all directed orders sent to NYSE (unless the member qualifies for the volume-based tier described above), no fee or credit if sent to BX, and \$0.0035 per share executed if sent to any venue other than BX or NYSE. The proposed rule change will also simplify the applicable rule text by eliminating classifications of directed order with identical fees.

For orders using NASDAQ's TFTY, SOLV, CART, or SAVE⁵ routing strategies that execute at BX, NASDAQ currently provides a credit of \$0.0004 (equivalent to the credit provided by BX). Effective August 1, 2013, NASDAQ will eliminate this credit, such that there will be no fee or credit when such orders execute at BX. Thus, as is the case with other routed orders, the fee for orders that execute at BX using these routing strategies will reflect a markup that NASDAQ believes will be consistent with the value of the service provided and that will assist NASDAQ in covering its costs of operating a routing service and earning a return.

Excess Order Fee

In 2012, NASDAQ introduced an Excess Order Fee, imposed on MPIDs that have characteristics indicative of inefficient order entry practices.⁶ As NASDAQ explained at the time, inefficient order entry practices may place excessive burdens on the systems of NASDAQ and its members and may negatively impact the usefulness and life cycle cost of market data.⁷ Market participants that flood the market with orders that are rapidly

⁵ These routing strategies are described in NASDAQ Rule 4758.

⁶ Securities Exchange Act Release Nos. 66951 (May 9, 2012), 77 FR 28647 (May 15, 2012) (SR-NASDAQ-2012-055) (establishing fee); 67292 (June 28, 2012), 77 FR 39773 (July 5, 2012) (SR-NASDAQ-2012-073) (modifying terms and conditions of fee).

⁷ See generally Recommendations Regarding Regulatory Responses to the Market Events of May 6, 2010, Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues, at 11 (February 18, 2011) ("The SEC and CFTC should also consider addressing the disproportionate impact that [high frequency trading] has on Exchange message traffic and market surveillance costs.... The Committee recognizes that there are valid reasons for algorithmic strategies to drive high cancellation rates, but we believe that this is an area that deserves further study. At a minimum, we believe that the participants of those strategies should properly absorb the externalized costs of their activity.").

cancelled or that are priced away from the inside market do little to support meaningful price discovery.

In general, the determination of whether to impose the fee on a particular MPID has been made by calculating the ratio between (i) entered orders, weighted by the distance of the order from the national best bid or offer (“NBBO”), and (ii) orders that execute in whole or in part. The fee has been imposed on MPIDs with an “Order Entry Ratio” of more than 100. The Order Entry Ratio is calculated, and the Excess Order Fee imposed, on a monthly basis. NASDAQ is now proposing to modify the fee, such that it will be calculated and assessed on the basis of all of a member’s trading activity on NASDAQ, rather than on an MPID basis. The purpose of this change is to ensure that members do not act in a manner inconsistent with the intent of the fee by spreading inefficient order activity across multiple MPIDs in a manner that allows the MPIDs to avoid a charge that would not be avoided if all of the member’s activity were aggregated. Thus, the change replaces the term “MPID” with the term “member” throughout the text of Rule 7018(m). The rule, as amended, will operate as follows:

For each member, the Order Entry Ratio will be the ratio of (i) the member’s “Weighted Order Total” to (ii) the greater of one (1) or the number of displayed, non-marketable orders⁸ sent to NASDAQ by the member during the month that execute in full or in part.⁹ The Weighted Order Total is the number of displayed, non-marketable orders sent to NASDAQ by the member, as adjusted by a “Weighting Factor.” The applicable

⁸ The fee focuses on displayed orders since they have the most significant impact on investor confusion and the quality of market data.

⁹ Thus, in an extreme case where no orders entered by the member executed, this component of the ratio would be assumed to be 1, so as to avoid the impossibility of dividing by zero.

Weighting Factor is applied to each order based on its price in comparison to the NBBO at the time of order entry:

<u>Order's Price versus NBBO at Entry</u>	<u>Weighting Factor</u>
Less than 0.20% away	0x
0.20% to 0.99% away	1x
1.00% to 1.99% away	2x
2.00% or more away	3x

Thus, in calculating the Weighted Order Total, an order that was more than 2.0% away from the NBBO would be equivalent to three orders that were 0.50% away. Due to the applicable Weighting Factor of 0x, orders entered less than 0.20% away from the NBBO would not be included in the Weighted Order Total, but would be included in the "executed" orders component of the Order Entry Ratio if they execute in full or part. Orders sent by market makers in securities in which they are registered, through the MPID applicable to the registration, are excluded from both components of the ratio.¹⁰ In addition, members with a daily average Weighted Order Total of less than 100,000 during the month will not be subject to the Excess Order Fee. Finally, the fee is based on orders received by NASDAQ during regular market hours (generally, 9:30 a.m. to 4:00

¹⁰ This is the case because market makers are already subject to rule-based standards designed to promote the efficiency and quality of their order entry practices. See Rule 4613. Although Rule 4613 allows market makers to quote at spreads much wider than 2%, NASDAQ's assessment of market maker performance has led it to conclude that market makers do not generally engage in the inefficient practices at which the new fee is aimed. NASDAQ will continually assess this data and revisit the applicability of the fee to market makers and/or the requirements of Rule 4613 as needed to promote efficient quotation practices by market makers.

p.m.),¹¹ and will exclude orders received at other times, even if they execute during regular market hours.

The following example illustrates the calculation of the Order Entry Ratio:

- A member enters 35,000,000 displayed, liquidity-providing orders:
 - The member is registered as a market maker with respect to 20,000,000 of the orders. These orders are excluded from the calculation.
 - 10,000,000 orders are entered at the NBBO. The Weighting Factor for these orders is 0x.
 - 5,000,000 orders are entered at a price that is 1.50% away from the NBBO. The Weighting Factor for these orders is 2x.
- Of the 15,000,000 orders included in the calculation, 90,000 are executed.
- The Weighted Order Total is $(10,000,000 \times 0) + (5,000,000 \times 2) = 10,000,000$. The Order Entry Ratio is $10,000,000 / 90,000 = 111$.

If a member has an Order Entry Ratio of more than 100, the amount of the Order Entry Fee will be calculated by determining the member's "Excess Weighted Orders." Excess Weighted Orders are calculated by subtracting (i) the Weighted Order Total that would result in the member having an Order Entry Ratio of 100 from (ii) the member's actual Weighted Order Total. In the example above, the Weighted Order Total that would result in an Order Entry Ratio of 100 is 9,000,000, since $9,000,000 / 90,000 = 100$. Accordingly, the Excess Weighted Orders would be $10,000,000 - 9,000,000 = 1,000,000$.

¹¹ Regular market hours may be different in some circumstances, such as on the day after Thanksgiving, when regular market hours on all exchanges traditionally end at 1:00 p.m.

The Excess Order Fee charged to the member will then be determined by multiplying the “Applicable Rate” by the number of Excess Weighted Orders. The Applicable Rate is determined based on the member’s Order Entry Ratio:

<u>Order Entry Ratio</u>	<u>Applicable Rate</u>
101 – 1,000	\$0.005
More than 1,000	\$0.01

In the example above, the Applicable Rate would be \$0.005, based on the member’s Order Entry Ratio of 111. Accordingly, the monthly Excess Order Fee would be $1,000,000 \times \$0.005 = \$5,000$.

NASDAQ continues to expect that the impact of the fee, as modified, will be narrow because the change will encourage potentially affected market participants to modify their order entry practices in order to avoid the fee, thereby improving the market for all participants. Accordingly, NASDAQ does not expect to earn significant revenues from the modified fee.

2. Statutory Basis

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

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(4) and (5).

NASDAQ believes that the adoption of a uniform fee of \$0.0035 per share executed for directed orders is reasonable because NASDAQ already charges this fee for directed orders sent to most venues, charging lower fees only with respect to BX and NYSE. The fee level is consistent with NASDAQ's long-standing practice of charging a high fee for use of directed orders, which represent a special service of the NASDAQ routing broker and which, when designated as intermarket sweep orders, require additional after-the-fact surveillance to determine whether the member's designation was compliant with the requirements of Regulation NMS. The change is consistent with an equitable allocation of fees because it is assessed solely upon members that opt to use NASDAQ's directed order functionality. The change is not unfairly discriminatory because it will result in NASDAQ charging the same fee for all directed orders in securities priced above \$1, regardless of the activity level of the member, the listing venue of the security, or the venue to which the order is directed.

NASDAQ believes that the change to fees for TFTY, SOLV, CART, and SAVE orders that execute at BX is reasonable because even though market participants will receive no credit with respect to such orders, they will also pay no fee.¹⁴ NASDAQ believes that the change is consistent with an equitable allocation of fees because it is allocated solely to members that use NASDAQ's routing services and opt to use the specified routing strategies. The change is not unfairly discriminatory because it will make the economics applicable to executions on BX of orders using the specified routing strategies less disparate from the fee applicable to such executions using other routing

¹⁴ By contrast, the fee for routed orders that execute at BX using the STGY, SCAN, SKNY, or SKIP routing strategies is \$0.0030 per share executed.

strategies. Moreover, the change is not discriminatory in that it applies equally to all members using the specified routing strategies.

With respect to the Excess Order Fee, NASDAQ stated in its original filing to institute the fee that it is reasonable because it is designed to achieve improvements in the quality of displayed liquidity and market data that will benefit all market participants. In addition, although the level of the fee may theoretically be very high, the fee is reasonable because market participants may readily avoid the fee by making improvements in their order entry practices that reduce the number of orders they enter, bring the prices of their orders closer to the NBBO, and/or increase the percentage of their orders that execute. Similarly, the change proposed herein is reasonable because it will provide further incentive to members to improve order entry practices by insuring that they cannot evade the fee by spreading activity across multiple MPIDs.

For similar reasons, the fee is consistent with an equitable allocation of fees, because although the fee may apply to only a small number of market participants, the fee would be applied to them in order to encourage better order entry practices that will benefit all market participants. The change is also equitable because it will further encourage better order entry practices across a wider group of market participants. Finally, NASDAQ believes that the fee is not unfairly discriminatory. Although the fee may apply to only a small number of market participants, it will be imposed because of the negative externalities that such market participants impose on others through inefficient order entry practices. Accordingly, NASDAQ believes that it is fair to impose the fee on these market participants in order to incentivize them to modify their behavior and thereby benefit the market. The change is likewise not unfairly discriminatory

because it will negatively affect members only if they have been evading the incentives to improve order entry practices provided by the fee.

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.¹⁵ 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, while also seeking to earn a reasonable profit from its trading and routing services. 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, the changes to routing fees do not impose a burden on competition because NASDAQ's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. Accordingly, if the changes are unattractive to market participants, it is likely that NASDAQ will lose market share as a result of them.

¹⁵ 15 U.S.C. 78f(b)(8).

With respect to the change to the Excess Order Fee, NASDAQ believes that the change, like the original fee, will constrain market participants from pursuing certain inefficient and potentially abusive trading strategies. To the extent that this change may be construed as a burden on competition, NASDAQ believes that it is appropriate in order to allow NASDAQ to better achieve this purpose.

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 Act¹⁶ and paragraph (f) of Rule 19b-4 thereunder.¹⁷ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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:

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f).

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2013-100 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-2013-100. 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-2013-100 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Kevin M. O'Neill
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

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, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST and directed orders are not counted. As used in this rule, the term "Consolidated Volume" shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.

(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 Consolidated Volume during the month:	\$0.0029 per share executed
--	-----------------------------

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

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, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a venue other than the Nasdaq Market Center:

[No charge or credit for directed orders sent to NASDAQ OMX BX]
 [Charge of \$0.0035 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 \$0.0004] No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX
 Charge of \$0.0030 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 MOPB or 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 displayed 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

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

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

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

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

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

member with shares of liquidity \$0.0029 per share executed

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:

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

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

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

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

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

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

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 \$0.0030 per share executed

Nasdaq Market Center MPIDs, and
(ii) that qualifies for the Penny Pilot
Tier 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:

member (i) with shares of liquidity \$0.0027 per share executed
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:

member (i) with shares of liquidity \$0.0029 per share executed
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:

Credit to other members: \$0.0020 per share executed

Credit for non-displayed orders \$0.0020 per share executed for

(other than Supplemental Orders)
that provide liquidity:

midpoint pegged or midpoint post-only orders ("midpoint orders") if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month, and the member's average daily volume of liquidity provided through midpoint orders during the month is at least 2 million shares more than in April 2013

\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month

\$0.0014 per share executed for midpoint orders if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month

\$0.0010 per share executed for other non-displayed orders if the member provides an average daily volume of 1 million or more shares per day through midpoint orders or other non-displayed orders during the month

\$0.0005 per share executed for other non-displayed orders

Credit for Supplemental Orders:

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

Credit for displayed Designated Retail Orders,* if entered through an MPID through which (i) at least 90%

\$0.0034 per share executed

of the shares of liquidity provided during the month are provided through Designated Retail Orders, or (ii) the member provides shares of liquidity through Designated Retail Orders that represent at least 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:

Credit for other displayed Designated Retail Orders: * \$0.0033 per share executed

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 \$0.0029 per share executed

represent more than 0.06% of Consolidated Volume during the month:

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

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

Charge or credit 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:	\$0.0004 per share executed credit for DOTI orders that execute in NASDAQ OMX BX \$0.0015 per share executed 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, MOPB, MOPP, SAVE, SOLV, CART, QCST, QDRK or directed order that executes in a venue other than the Nasdaq Market Center:	[No charge or credit for directed orders sent to NASDAQ OMX BX] [Charge of \$0.0035 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 \$0.0029 per share executed] [For other directed orders that execute at NYSE: (i) charge of \$0.0028 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 \$0.0029 per share executed for other members]

[For other directed orders, c] Charge of \$0.0035 per share executed for 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 executed at NASDAQ OMX PSX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX PSX

[Credit of \$0.0004] No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX

For a MOPB or 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 \$0.0025 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 \$0.0030 per share executed, or (ii) at NYSE, charge of \$0.0025 per share executed

Charge of \$0.0005 per share executed for QCST and QDRK orders, except a credit of \$0.0014 per share for QCST orders that execute on NASDAQ OMX BX

Credit to member for displayed 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

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

member with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs \$0.00295 per share executed

that represent more than 0.90% of Consolidated Volume during the month:

member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:

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

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: \$0.0027 per share executed

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 \$0.0029 per share executed

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:

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

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

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

member with (i) shares of liquidity provided in all securities during the month representing more than 0.10% \$0.0027 per share executed

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:

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

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

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 8 Customer and Professional Rebate to Add Liquidity under \$0.0030 per share executed

Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:

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

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

Credit to other members: \$0.0020 per share executed

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity: \$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month,

and the member's average daily volume of liquidity provided through midpoint orders during the month is at least 2 million shares more than in April 2013

\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month

\$0.0014 per share executed for midpoint orders if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month

\$0.0010 per share executed for other non-displayed orders if the member provides an average daily volume of 1 million or more shares per day through midpoint orders or other non-displayed orders during the month

\$0.0005 per share executed for other non-displayed orders

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

Credit for displayed 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, or (ii) the member provides shares of liquidity through Designated Retail \$0.0034 per share executed

Orders that represent at least 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:

Credit for other displayed Designated Retail Orders:* \$0.0033 per share executed

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 or credit 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:	\$0.0004 per share executed credit for DOTI orders that execute in NASDAQ OMX BX For other orders, charge of \$0.0030 per share executed
--	---

Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a	[No charge of credit for directed orders sent to NASDAQ OMX BX] [Charge of \$0.0035 per share executed for directed orders sent to
---	---

venue other than the Nasdaq Market Center:

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 \$0.0004] No charge or credit for TTTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX
 Charge of \$0.0030 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 MOPB or MOPP order
 Charge of \$0.0005 per share executed for TTTY 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 displayed 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 \$0.00305 per share executed

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:

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

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

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 \$0.00295 per share executed

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:

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

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

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

member with shares of liquidity provided in all securities through one \$0.0025 per share executed

or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:

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

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

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

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

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

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 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

member (i) with shares of liquidity provided in all securities during the month representing at least 0.05% of Consolidated Volume during the \$0.0027 per share executed

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:

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

Credit to other members: \$0.0020 per share executed

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity: \$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month, and the member's average daily volume of liquidity provided through midpoint orders during the month is at least 2 million shares more than in April 2013
\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month
\$0.0014 per share executed for

midpoint orders if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month \$0.0010 per share executed for other non-displayed orders if the member provides an average daily volume of 1 million or more shares per day through midpoint orders or other non-displayed orders during the month \$0.0005 per share executed for other non-displayed orders

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

Credit for displayed 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, or (ii) the member provides shares of liquidity through Designated Retail Orders that represent at least 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

Credit for other displayed Designated Retail Orders: \$0.0033 per share executed

Order that is routed to NYSEAmex or NYSEArca and then routed to another venue for execution:	NASDAQ will pass-through any routing fees charged to NASDAQ by NYSEAmex or NYSEArca, as applicable
--	--

LIST order that executes in an exchange's closing process:	\$0.001 per share executed in the NYSEArca closing process \$0.00095 per share executed in the NYSEAmex closing process
--	--

LIST order that executes in an exchange's opening process:	\$0.0005 per share executed in the NYSEArca opening process; provided, however, that total charges for all LIST orders that execute in the NYSEArca opening process shall not exceed \$10,000 per month \$0.0005 per share executed in the NYSEAmex opening process
--	--

LIST order that executes in an exchange's re-opening process:	\$0.001 per share executed in the NYSEArca re-opening process \$0.0005 per share executed in the NYSEAmex re-opening process
---	---

(b) – (l) No change.

(m) Excess Order Fee

(1) To deter members from inefficient order entry practices that place excessive burdens on the systems of Nasdaq and other members and that may negatively impact the usefulness of market data, Nasdaq imposes an Excess Order Fee on [market participant identifiers ("MPIDs")] members with an "Order Entry Ratio" of more than 100. The Order Entry Ratio is calculated, and the Excess Order Fee imposed, on a monthly basis. All calculations under the rule will be based on orders received by Nasdaq during regular market hours (generally, 9:30 a.m. to 4:00 p.m.) and will exclude orders received at other times, even if they execute during regular market hours.

(2) For each [MPID] member, the Order Entry Ratio is the ratio of (i) the [MPID's] member's Weighted Order Total to (ii) the greater of one (1) or the number of displayed, non-marketable orders sent to Nasdaq [through the MPID] by the member that execute in full or in part. The Weighted Order Total is the number of displayed, non-marketable orders sent to Nasdaq [through the MPID] by the member, as adjusted by a "Weighting Factor." The applicable Weighting Factor is applied to each order based on its price in comparison to the national best bid or best offer ("NBBO") at the time of order entry:

Order's Price versus NBBO at Entry	Weighting Factor
Less than 0.20% away	0x
0.20% to 0.99% away	1x
1.00% to 1.99% away	2x
2.00% or more away	3x

Thus, in calculating the Weighted Order Total, an order that was more than 2.0% away from the NBBO would be equivalent to three orders that were 0.50% away. Due to the applicable Weighting Factor of 0x, orders entered less than 0.20% away from the NBBO would not be included in the Weighted Order Total, but would be included in the "executed" orders component of the Order Entry Ratio if they execute in full or part. Orders sent by market makers in securities in which they are registered, through the market participant identifier ("MPID") applicable to the registration, are excluded from both components of the ratio. The following example illustrates the calculation of the Order Entry Ratio:

- A member enters 35,000,000 displayed, liquidity-providing orders:
- The member is registered as a market maker with respect to 20,000,000 of the orders. These orders are excluded from the calculation.
- 10,000,000 orders are entered at the NBBO. The Weighting Factor for these orders is 0x.
- 5,000,000 orders are entered at a price that is 1.50% away from the NBBO. The Weighting Factor for these orders is 2x.
- Of the 15,000,000 orders included in the calculation, 90,000 are executed.
- The Weighted Order Total is $(10,000,000 \times 0) + (5,000,000 \times 2) = 10,000,000$. The Order Entry Ratio is $10,000,000 / 90,000 = 111$

(3) If [an MPID] a member has an Order Entry Ratio of more than 100, the Order Entry Fee will be calculated by determining the [MPID's] member's Excess Weighted Orders. Excess Weighted Orders are calculated by subtracting (i) the Weighted Order Total that would result in the [MPID] member having an Order Entry Ratio of 100 from (ii) the [MPID's] member's actual Weighted Order Total.

In the example above, the Weighted Order Total that would result in an Order Entry Ratio of 100 is 9,000,000, since $9,000,000 / 90,000 = 100$. Accordingly, the Excess Weighted Orders would be $10,000,000 - 9,000,000 = 1,000,000$.

The Excess Order Fee charged to the member will then be determined by multiplying the Applicable Rate by the number of Excess Weighted Orders. The Applicable Rate is determined based on the [MPID's] member's Order Entry Ratio.

Order Entry Ratio	Applicable Rate
101 - 1,000	\$0.005
More than 1,000	\$0.01

In the example above, the Applicable Rate would be \$0.005, based on the [MPID's] member's Order Entry Ratio of 111. Accordingly, the monthly Excess Order Fee would be $1,000,000 \times \$0.005 = \$5,000$.

(4) Notwithstanding the foregoing, [MPIDs] members with a daily average Weighted Order Total of less than 100,000 during the month will not be subject to the Excess Order Fee.

* 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.