

Required fields are shown with yellow backgrounds and asterisks.

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 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *)

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 Section 806(e)(1) <input type="checkbox"/>	Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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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 *).
 Proposed changes to the Qualified Market Maker Program under Rule 7014, the fees assessed under Rule 7015(g), and the schedule of fees and rebates for execution and routing of orders for securities priced at \$1 or more under Rule 7018(a)

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 * Sean Last Name * Bennett
 Title * Associate General Counsel
 E-mail * sean.bennett@nasdaqomx.com
 Telephone * (301) 978-8499 Fax (301) 978-8472

Signature
 Pursuant to the requirements of the Securities Exchange Act of 1934,
 has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.
 (Title *)
 Date 08/29/2013 Executive Vice President and General Counsel
 By Edward S. Knight Edward S Knight,
 (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”)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 the Qualified Market Maker (“QMM”) Program under Rule 7014, the fees assessed under Rule 7015(g), and the schedule of fees and rebates for execution and routing of orders for securities priced at \$1 or more under Rule 7018(a).

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on July 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 September 1, 2013.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Questions regarding this rule filing may be directed to T. Sean Bennett, Associate General Counsel, The NASDAQ OMX Group, Inc., (301) 978-8499.

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

a. Purpose

QMM Incentive Program

In November 2012,³ NASDAQ introduced a market quality incentive program under which a member may be designated as a QMM with respect to one or more of its market participant identifiers ("MPIDs") if:

- the member is not assessed any "Excess Order Fee" under Rule 7018 during the month;⁴ 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 hours⁵ in an average of at least 1,000 securities during the month.⁶

³ Securities Exchange Act Release No. 68209 (November 9, 2012), 77 FR 69519 (November 19, 2012) (SR-NASDAQ-2012-126).

⁴ 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.

⁵ 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).

⁶ 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

Thus, to be a QMM, a member must make a significant contribution to market quality by providing liquidity at the NBBO in a large number of stocks for a significant portion of the day. In addition, the member must avoid imposing the burdens on NASDAQ and its market participants that may be associated with excessive rates of entry of orders away from the inside and/or order cancellation. A QMM may be, but is not required to be, a registered market maker in any security; thus, the QMM designation does not by itself impose a two-sided quotation obligation or convey any of the benefits associated with being a registered market maker. The designation does, however, reflect the QMM's commitment to provide meaningful and consistent support to market quality and price discovery by extensive quoting at the NBBO in a large number of securities. Thus, the program is designed to attract liquidity both from traditional market makers and from other firms that are willing to commit capital to support liquidity at the NBBO. By providing incentives under the program, NASDAQ hopes to provide improved trading conditions for all market participants through narrower bid-ask spreads and increased depth of liquidity available at the inside market. In addition, the program reflects an effort to use financial incentives to encourage a wider variety of members, including members that may be characterized as high-frequency trading firms, to make positive commitments to promote market quality.

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.

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 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)⁷ and that are entered through the QMM MPID. 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)⁸ 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.⁹ 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.¹⁰

⁷ See Rule 7014(f) and (g).

⁸ “Consolidated Volume” is the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities.

⁹ The QMM will also receive the \$0.0005 per share rate during the first month in which an MPID becomes a QMM MPID.

¹⁰ Designated Retail Orders (as defined in Rule 7018) are not be eligible to receive an NBBO Setter Incentive credit.

- 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).¹¹ Designated Retail Orders are not eligible to receive this additional credit.
- 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 has charged 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 have not counted 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 has charged the rate otherwise applicable under Rule 7018.

¹¹ 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.

With regard to the \$0.0028 per share executed access fee paid by QMMs, as described above, NASDAQ is proposing to eliminate the Numerical Cap and increase the charge for removing liquidity from NASDAQ from \$0.0028 to \$0.0029 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 a QMM MPID.

NASDAQ adopted the \$0.0028 access fee in March 2013.¹² The change reduced the rate QMMs were paying prior to the change from \$0.0030 or \$0.0029 per share executed but limited the number of shares on which the fee was calculated to a number of shares not to exceed the number of shares of liquidity provided through a QMM MPID.¹³ In adopting the lower rate together with other new incentives, NASDAQ noted that the proposed changes to the program were intended to encourage members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities, thereby benefitting NASDAQ and other investors by committing capital to support the execution of orders. NASDAQ subsequently limited the number of shares eligible for the incentive program's access fee rate to the lower of a number of shares not to exceed the number of shares of liquidity provided through a QMM MPID or 20 million shares per trading day.¹⁴

NASDAQ is now proposing to increase the fee assessed to members, but no longer restrict the number of shares eligible for the lower rate. NASDAQ believes that

¹² Securities Exchange Act Release No. 68905 (February 12, 2013), 78 FR 11716 (February 19, 2013) (SR-NASDAQ-2013-023).

¹³ See Rules 7018(a)(1)-(3), which assess a fee of \$0.0030 or \$0.0029 per share executed for orders that access liquidity on the NASDAQ Market Center.

¹⁴ Securities Exchange Act Release No. 69376 (April 15, 2013), 78 FR 23611 (April 19, 2013) (SR-NASDAQ-2013-063).

eliminating the Numerical Cap will further incent members to participate in the program by eliminating any restriction on the total number of shares eligible for the program's lower fee. NASDAQ notes that the increase in the charge to \$0.0029 continues to represent a reduction in the access fees that most market participants are assessed under Rule 7018. NASDAQ will continue to require QMMs seeking to qualify for the \$0.0029 rate to have, after the first month in which an MPID becomes a QMM MPID, volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) that 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).

Amended Fees for TCP ITCH Data Feed Pairs

The Exchange is proposing to increase the fee assessed for use of TCP ITCH data feed pairs to connect to the NASDAQ System. TCP ITCH data feed pairs are a type of port pair¹⁵ to which firms may subscribe to receive market data through a private (*i.e.*, not shared) connection to NASDAQ. By contrast, a firm may subscribe to a Multicast ITCH data feed pair,¹⁶ which provides access to a shared distribution of market data, which is distributed to all subscribers simultaneously. NASDAQ assesses a fee of \$500 per month for each port pair used to connect to NASDAQ using protocols other than Multicast ITCH. Currently, subscription to a TCP ITCH data feed pair is covered by this fee.

¹⁵ NASDAQ uses the term "data feed pair" herein and in the rule as a more precise description of the intended use and functionality of the port pair.

¹⁶ For a fee of \$1,000 per month for software-based TotalView-ITCH or \$2,500 per month for combined software- and hardware-based TotalView-ITCH.

Unlike Multicast ITCH data, TCP ITCH data requires substantially greater hardware infrastructure to support subscribers because NASDAQ must support each individual TCP ITCH connection, including the transmission of the large volume of market data through each port. By contrast, NASDAQ transmits market data for Multicast ITCH through a single point, which is accessed by all subscribers. In light of increased costs resulting from a need to support the hardware and support demands of the service, the Exchange is proposing to increase the fees for subscription to a TCP ITCH data port from \$500 per month, per port pair to \$750 per month, per port pair.

Changes to NASDAQ Market Center Tiers

NASDAQ is proposing to modify several tiers under which members may receive credits with respect to orders that provide liquidity. First, under Rule 7018(a)(1), NASDAQ provides credits to member firms for their displayed quotes/orders that provide liquidity in securities listed on NASDAQ. The tiers are based on various measurements of providing liquidity. Currently, the lowest credit NASDAQ provides is \$0.0020 per share executed. This tier is the default if a member firm does not fall within any of the other tiers of the rule. NASDAQ is proposing to adopt a new default tier under which members would receive \$0.0015 per share executed, while imposing modest volume requirements with respect to the \$0.0020 tier. Specifically, to qualify for that tier, a member must have shares of liquidity provided in all securities during the month less than 0.10% of Consolidated Volume during the month,¹⁷ through one or more of its Nasdaq Market Center MPIDs, including a daily average volume of shares of liquidity

¹⁷ If the member has at least 0.10% of Consolidated Volume during the month through one or more of its Nasdaq Market Center MPIDs, it would qualify for a credit of \$0.0025 under Rule 7018(a)(1).

provided in securities listed on an exchange other than NASDAQ of at least 250,000. NASDAQ believes that the change to the \$0.0020 tier will provide an incentive for members that trade NASDAQ-listed securities on NASDAQ to also use NASDAQ to trade securities listed on other exchanges. In addition, the reduction in the level of the default credit will allow NASDAQ to reduce costs in a period of persistent low trading volumes in the cash equities markets.

NASDAQ is also eliminating several tiers under Rules 7018(a)(1) – (3), which are tied to activity on the NASDAQ Options Market and which are not used significantly by market participants. Specifically, NASDAQ is removing from each subparagraph of Rule 7018(a) the following credit tiers, together with associated credits:

- 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.
- 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.
- 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.

- 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.

NASDAQ is modifying the eligibility requirements for a tier found under each subparagraph of Rule 7018(a). Specifically, each of the identical tiers currently provides two means to qualify for a credit, which are based on the liquidity provided by a member's Designated Retail Orders. Currently, the tiers provide a:

- 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.

NASDAQ is removing the second criteria from each of the tiers, which ties eligibility for a credit to the volume of liquidity provided through Designated Retail Orders and the

member's qualification for the Penny Pilot Tier 4 during the month through one or more of its Nasdaq Options Market MPIDs. A member will continue to qualify for the credit if it meets the remaining criteria focused on the extent to which the member uses an MPID for Designated Retail Orders.

NASDAQ is also clarifying language in two credit tiers under each subparagraph of Rule 7018(a). The language is designed to align the text of the tier with terms and definitions used in the NASDAQ Options Market rules, which are also referenced in the tiers. Specifically, NASDAQ is amending:

- the tier that provides a credit to members (i) with 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. NASDAQ is deleting language concerning the volume calculation and replacing it with more precise language that references the NASDAQ Option Market rules. NASDAQ is not changing how eligibility for the tier is calculated in any way.
- The tier that provides a credit to members (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. NASDAQ is adding, deleting and rearranging language in the rule to use more precise terms in references to rebates under the NASDAQ Options Market rules. NASDAQ is not changing how eligibility for the tier is calculated in any way.

Amended Fees for Execution and Routing of Securities Listed on NYSE

NASDAQ is proposing to amend fees assessed for routing orders in New York Stock Exchange, Inc. (“NYSE”) listed securities that execute at NYSE. Currently, NASDAQ assesses a charge of \$0.0025 per share executed for DOTI, STGY, SCAN, SKNY, SKIP, TFTY, SAVE or SOLV orders executed at NYSE, as well as LIST orders executed at NYSE outside of an opening, closing, or reopening process. NASDAQ generally assesses a charge of \$0.0030 per share executed for such orders executed elsewhere.¹⁸ NASDAQ is proposing to increase the charge assessed for DOTI, STGY, SCAN, SKNY, SKIP, LIST, TFTY, SAVE and SOLV orders executed at NYSE to \$0.0030 so that it is consistent with the fee generally charged for such order routing.

NASDAQ is also proposing to increase the fee assessed for execution of MOPB and MOPP orders executed at NYSE. Currently, NASDAQ assesses a charge of \$0.0027 per share executed for MOPB or MOPP orders executed at NYSE, and a charge of \$0.0035 per share executed for MOPB or MOPP orders executed at venues other than NYSE. NASDAQ is proposing to increase the charge assessed for execution of MOPB

¹⁸ Members are charged \$0.0005 per share executed for TFTY orders that execute at venues other than NYSE, NASDAQ OMX BX or NASDAQ OMX PSX. This rate reflects the fact that the routing table for TFTY orders is generally focused on low-cost execution venues. In addition, orders that execute at NASDAQ OMX BX or NASDAQ OMX PSX are generally assessed different fees than orders executed at other venues. NASDAQ also provides a credit of \$0.0015 per share executed for orders that add liquidity at the NYSE after routing. See Rule 7018(a)(2).

and MOPP orders executed at NYSE to \$0.0035 per share executed, so that it is consistent with the fee assessed for such orders executed at venues other than NYSE.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁹ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,²⁰ 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 changes to the QMM Program are reasonable because they serve to maintain an incentive structure designed to benefit all market participants by encouraging quoting at or near the NBBO in a wide range of securities. The QMM program is intended to encourage members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities, thereby benefitting NASDAQ and other investors by committing capital to support the execution of orders. The proposed changes to the program are intended to further promote these goals by eliminating the Numerical Cap, which limited the number of shares eligible for the reduced fee, while increasing the fee a modest amount to offset the now unlimited number of shares eligible for the lower fee of the program. Accordingly, NASDAQ hopes thereby to maintain the benefits associated with the QMM program while reducing its cost, thereby making the program sustainable in the longer term. In addition, the

¹⁹ 15 U.S.C. 78f.

²⁰ 15 U.S.C. 78f(b)(4) and (5).

elimination of the Numerical Cap and the rate change are consistent with an equitable allocation of fees and not unfairly discriminatory because they do not alter the eligibility of QMMs to participate in the program and receive associated benefits.

The proposed fee increase to TCP ITCH data feed pairs under Rule 7015(g) is reasonable because it reflects the increased costs associated with offering the connectivity option. NASDAQ notes that it not raising the fee assessed for subscription to TCP ITCH to a level that equals or exceeds the subscription fee assessed for Multicast ITCH data subscription, which requires less hardware infrastructure and support than TCP ITCH. NASDAQ is taking a measured approach to increasing the fee and may further increase the fee in the future to more closely align the fee with costs. The proposed fee is equitable and not unfairly discriminatory because the Exchange is assessing the fee equally among subscribers to the service. Moreover, the proposed fee is not unfairly discriminatory as it enables the Exchange to allocate the increased costs of the connectivity option to those who subscribe to the service. The Exchange believes that the proposed fee for TCP ITCH data port connectivity access services will enable it to cover its costs and earn an appropriate return on its investment in market technology and services.

The modified criteria for the \$0.0020 credit tier for members active in NASDAQ-listed securities is reasonable because it imposes a modest requirement to attain the credit. The change is also reasonable because it requires members that provide liquidity in securities listed on NASDAQ to also use NASDAQ for trading other securities, thereby promoting greater use of NASDAQ as a trading venue for such securities and potentially enhancing the level of liquidity provided in non-NASDAQ securities. The

change is consistent with an equitable allocation of fees because the standards for the \$0.0020 credit tier requires a level of liquidity provision that is less rigorous than tiers that provide larger credits, yet provides incentive for members to provide liquidity sufficient to achieve a larger credit than is available under the new default \$0.0015 credit tier. The new criteria are not unreasonably discriminatory because NASDAQ believes that it will not be difficult for members currently receiving the \$0.0020 credit to continue to qualify for it if they wish to do so.

The new default tier of \$0.0015 per share executed is reasonable because although it will result in a reduction of credits for members not achieving other tiers, it will provide a means of reducing costs in a period of persistently low trading volumes. In addition, the new tier is consistent with an equitable allocation of fees and not unreasonably discriminatory because numerous tiers remain in effect through which members that support NASDAQ through more extensive levels of liquidity provision may receive higher credits. Accordingly, the lower tier is paid with respect to members whose participation in NASDAQ as liquidity providers is limited. To the extent that such members have opted to be more active on other trading venues, it is likely that they are receiving higher credits from such venues and will therefore not be significantly affected by the change on NASDAQ.

The proposed deletions of the credit tiers under the subparagraphs of Rule 7018(a) are reasonable because they have not been significantly used by market participants, and therefore have not had the intended effect of attracting order flow to NASDAQ. Elimination of unused tiers is consistent with an equitable allocation of fees and is not unfairly discriminatory because no members will be impacted by the change.

Similarly, the elimination of the optional criteria of tiers under each of the subparagraphs Rule 7018(a), which are tied to providing a certain level of shares of liquidity through Designated Retail Orders and qualifying for the Penny Pilot Tier 4 during a given month through one or more of its Nasdaq Options Market MPIDs, is reasonable because the optional criteria are not significantly used by market participants to qualify under the tiers. As a consequence, the criteria have not had the intended effect of attracting order flow to NASDAQ. Therefore, elimination of the unused criteria is consistent with an equitable allocation of fees and is not unfairly discriminatory because no members will be impacted by the change.

The change with respect to the charges assessed for routing NYSE-listed securities executed at NYSE is reasonable because it harmonizes these fees with the fees generally assessed for routing to venues other than NYSE. NASDAQ does not believe at this juncture that fees assessed members for routing NYSE-listed securities to the NYSE should be lower than the fees assessed members for routing such securities to other markets other than NYSE. 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 for accessing NYSE. The change is not unfairly discriminatory because it will make the economics applicable to executions on NYSE less disparate from the fees applicable to executions on other venues. Moreover, the change is not discriminatory because it applies equally to all members using the specified routing strategies.

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.²¹ 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 the change to the QMM program may limit the benefits of the program, the incentive program in question remain in place and is itself reflective of the need for exchanges to offer significant financial incentives to attract order flow. 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. Finally, the changes to fee tiers and access services fees, although constituting fee increases, are being made with respect to basic trading services for which numerous substitutes exist. Accordingly, if the changes are unattractive to market participants, it is likely that NASDAQ will lose market share as a result. 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.

²¹ 15 U.S.C. 78f(b)(8).

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,²² 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.

²² 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2013-114)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to the Qualified Market Maker Program under Rule 7014, the Fees Assessed under Rule 7015(g), and the Schedule of Fees and Rebates under Rule 7018(a).

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 29, 2013 The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ is proposing to the Qualified Market Maker Program under Rule 7014, the fees assessed under Rule 7015(g), and the its schedule of fees and rebates for execution and routing of orders for securities priced at \$1 or more under Rule 7018(a). NASDAQ will begin assessing the fees effective September 1, 2013.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

QMM Incentive Program

In November 2012,³ NASDAQ introduced a market quality incentive program under which a member may be designated as a QMM with respect to one or more of its market participant identifiers ("MPIDs") if:

- the member is not assessed any "Excess Order Fee" under Rule 7018 during the month;⁴ and

³ Securities Exchange Act Release No. 68209 (November 9, 2012), 77 FR 69519 (November 19, 2012) (SR-NASDAQ-2012-126).

⁴ 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.

- through such MPID the member quotes at the national best bid or best offer (“NBBO”) at least 25% of the time during regular market hours⁵ in an average of at least 1,000 securities during the month.⁶

Thus, to be a QMM, a member must make a significant contribution to market quality by providing liquidity at the NBBO in a large number of stocks for a significant portion of the day. In addition, the member must avoid imposing the burdens on NASDAQ and its market participants that may be associated with excessive rates of entry of orders away from the inside and/or order cancellation. A QMM may be, but is not required to be, a registered market maker in any security; thus, the QMM designation does not by itself impose a two-sided quotation obligation or convey any of the benefits associated with being a registered market maker. The designation does, however, reflect the QMM’s commitment to provide meaningful and consistent support to market quality and price discovery by extensive quoting at the NBBO in a large number of securities. Thus, the program is designed to attract liquidity both from traditional market makers and from other firms that are willing to commit capital to support liquidity at the NBBO. By providing incentives under the program, NASDAQ hopes to provide improved trading

⁵ 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).

⁶ 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.

conditions for all market participants through narrower bid-ask spreads and increased depth of liquidity available at the inside market. In addition, the program reflects an effort to use financial incentives to encourage a wider variety of members, including members that may be characterized as high-frequency trading firms, to make positive commitments to promote market quality.

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 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)⁷ and that are entered through the QMM MPID. 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)⁸ 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.⁹ If a QMM does not satisfy these volume requirements, it will receive an NBBO Setter Incentive credit of \$0.0002 per share

⁷ See Rule 7014(f) and (g).

⁸ “Consolidated Volume” is the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities.

⁹ The QMM will also receive the \$0.0005 per share rate during the first month in which an MPID becomes a QMM MPID.

executed with respect to orders that qualify for the NBBO Setter Incentive Program.¹⁰

- 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).¹¹ Designated Retail Orders are not eligible to receive this additional credit.
- 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 has charged 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 have not counted 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

¹⁰ Designated Retail Orders (as defined in Rule 7018) are not be eligible to receive an NBBO Setter Incentive credit.

¹¹ 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.

Volume). For shares above the Numerical Cap, NASDAQ has charged the rate otherwise applicable under Rule 7018.

With regard to the \$0.0028 per share executed access fee paid by QMMs, as described above, NASDAQ is proposing to eliminate the Numerical Cap and increase the charge for removing liquidity from NASDAQ from \$0.0028 to \$0.0029 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 a QMM MPID.

NASDAQ adopted the \$0.0028 access fee in March 2013.¹² The change reduced the rate QMMs were paying prior to the change from \$0.0030 or \$0.0029 per share executed but limited the number of shares on which the fee was calculated to a number of shares not to exceed the number of shares of liquidity provided through a QMM MPID.¹³ In adopting the lower rate together with other new incentives, NASDAQ noted that the proposed changes to the program were intended to encourage members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities, thereby benefitting NASDAQ and other investors by committing capital to support the execution of orders. NASDAQ subsequently limited the number of shares eligible for the incentive program's access fee rate to the lower of a number of shares not to exceed the number of shares of liquidity provided through a QMM MPID or 20 million shares per trading day.¹⁴

¹² Securities Exchange Act Release No. 68905 (February 12, 2013), 78 FR 11716 (February 19, 2013) (SR-NASDAQ-2013-023).

¹³ See Rules 7018(a)(1)-(3), which assess a fee of \$0.0030 or \$0.0029 per share executed for orders that access liquidity on the NASDAQ Market Center.

¹⁴ Securities Exchange Act Release No. 69376 (April 15, 2013), 78 FR 23611 (April 19, 2013) (SR-NASDAQ-2013-063).

NASDAQ is now proposing to increase the fee assessed to members, but no longer restrict the number of shares eligible for the lower rate. NASDAQ believes that eliminating the Numerical Cap will further incent members to participate in the program by eliminating any restriction on the total number of shares eligible for the program's lower fee. NASDAQ notes that the increase in the charge to \$0.0029 continues to represent a reduction in the access fees that most market participants are assessed under Rule 7018. NASDAQ will continue to require QMMs seeking to qualify for the \$0.0029 rate to have, after the first month in which an MPID becomes a QMM MPID, volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) that 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).

Amended Fees for TCP ITCH Data Feed Pairs

The Exchange is proposing to increase the fee assessed for use of TCP ITCH data feed pairs to connect to the NASDAQ System. TCP ITCH data feed pairs are a type of port pair¹⁵ to which firms may subscribe to receive market data through a private (i.e., not shared) connection to NASDAQ. By contrast, a firm may subscribe to a Multicast ITCH data feed pair,¹⁶ which provides access to a shared distribution of market data, which is distributed to all subscribers simultaneously. NASDAQ assesses a fee of \$500 per month

¹⁵ NASDAQ uses the term "data feed pair" herein and in the rule as a more precise description of the intended use and functionality of the port pair.

¹⁶ For a fee of \$1,000 per month for software-based TotalView-ITCH or \$2,500 per month for combined software- and hardware-based TotalView-ITCH.

for each port pair used to connect to NASDAQ using protocols other than Multicast ITCH. Currently, subscription to a TCP ITCH data feed pair is covered by this fee. Unlike Multicast ITCH data, TCP ITCH data requires substantially greater hardware infrastructure to support subscribers because NASDAQ must support each individual TCP ITCH connection, including the transmission of the large volume of market data through each port. By contrast, NASDAQ transmits market data for Multicast ITCH through a single point, which is accessed by all subscribers. In light of increased costs resulting from a need to support the hardware and support demands of the service, the Exchange is proposing to increase the fees for subscription to a TCP ITCH data port from \$500 per month, per port pair to \$750 per month, per port pair.

Changes to NASDAQ Market Center Tiers

NASDAQ is proposing to modify several tiers under which members may receive credits with respect to orders that provide liquidity. First, under Rule 7018(a)(1), NASDAQ provides credits to member firms for their displayed quotes/orders that provide liquidity in securities listed on NASDAQ. The tiers are based on various measurements of providing liquidity. Currently, the lowest credit NASDAQ provides is \$0.0020 per share executed. This tier is the default if a member firm does not fall within any of the other tiers of the rule. NASDAQ is proposing to adopt a new default tier under which members would receive \$0.0015 per share executed, while imposing modest volume requirements with respect to the \$0.0020 tier. Specifically, to qualify for that tier, a member must have shares of liquidity provided in all securities during the month less

than 0.10% of Consolidated Volume during the month,¹⁷ through one or more of its Nasdaq Market Center MPIDs, including a daily average volume of shares of liquidity provided in securities listed on an exchange other than NASDAQ of at least 250,000. NASDAQ believes that the change to the \$0.0020 tier will provide an incentive for members that trade NASDAQ-listed securities on NASDAQ to also use NASDAQ to trade securities listed on other exchanges. In addition, the reduction in the level of the default credit will allow NASDAQ to reduce costs in a period of persistent low trading volumes in the cash equities markets.

NASDAQ is also eliminating several tiers under Rules 7018(a)(1) – (3), which are tied to activity on the NASDAQ Options Market and which are not used significantly by market participants. Specifically, NASDAQ is removing from each subparagraph of Rule 7018(a) the following credit tiers, together with associated credits:

- 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.
- 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

¹⁷ If the member has at least 0.10% of Consolidated Volume during the month through one or more of its Nasdaq Market Center MPIDs, it would qualify for a credit of \$0.0025 under Rule 7018(a)(1).

- 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.
- 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.
 - 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.

NASDAQ is modifying the eligibility requirements for a tier found under each subparagraph of Rule 7018(a). Specifically, each of the identical tiers currently provides two means to qualify for a credit, which are based on the liquidity provided by a member's Designated Retail Orders. Currently, the tiers provide a:

- 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.

NASDAQ is removing the second criteria from each of the tiers, which ties eligibility for a credit to the volume of liquidity provided through Designated Retail Orders and the member's qualification for the Penny Pilot Tier 4 during the month through one or more of its Nasdaq Options Market MPIDs. A member will continue to qualify for the credit if it meets the remaining criteria focused on the extent to which the member uses an MPID for Designated Retail Orders.

NASDAQ is also clarifying language in two credit tiers under each subparagraph of Rule 7018(a). The language is designed to align the text of the tier with terms and definitions used in the NASDAQ Options Market rules, which are also referenced in the tiers. Specifically, NASDAQ is amending:

- the tier that provides a credit to members (i) with 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. NASDAQ is deleting language concerning the volume calculation and replacing it with more precise language that references the NASDAQ Option Market rules. NASDAQ is not changing how eligibility for the tier is calculated in any way.

- The tier that provides a credit to members (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. NASDAQ is adding, deleting and rearranging language in the rule to use more precise terms in references to rebates under the NASDAQ Options Market rules. NASDAQ is not changing how eligibility for the tier is calculated in any way.

Amended Fees for Execution and Routing of Securities Listed on NYSE

NASDAQ is proposing to amend fees assessed for routing orders in New York Stock Exchange, Inc. (“NYSE”) listed securities that execute at NYSE. Currently, NASDAQ assesses a charge of \$0.0025 per share executed for DOTI, STGY, SCAN, SKNY, SKIP, TFTY, SAVE or SOLV orders executed at NYSE, as well as LIST orders executed at NYSE outside of an opening, closing, or reopening process. NASDAQ generally assesses a charge of \$0.0030 per share executed for such orders executed elsewhere.¹⁸ NASDAQ is proposing to increase the charge assessed for DOTI, STGY,

¹⁸ Members are charged \$0.0005 per share executed for TFTY orders that execute at venues other than NYSE, NASDAQ OMX BX or NASDAQ OMX PSX. This rate reflects the fact that the routing table for TFTY orders is generally focused on low-cost execution venues. In addition, orders that execute at NASDAQ OMX BX or NASDAQ OMX PSX are generally assessed different fees than orders executed at other venues. NASDAQ also provides a credit of \$0.0015 per share executed for orders that add liquidity at the NYSE after routing. See Rule 7018(a)(2).

SCAN, SKNY, SKIP, LIST, TFTY, SAVE and SOLV orders executed at NYSE to \$0.0030 so that it is consistent with the fee generally charged for such order routing.

NASDAQ is also proposing to increase the fee assessed for execution of MOPB and MOPP orders executed at NYSE. Currently, NASDAQ assesses a charge of \$0.0027 per share executed for MOPB or MOPP orders executed at NYSE, and a charge of \$0.0035 per share executed for MOPB or MOPP orders executed at venues other than NYSE. NASDAQ is proposing to increase the charge assessed for execution of MOPB and MOPP orders executed at NYSE to \$0.0035 per share executed, so that it is consistent with the fee assessed for such orders executed at venues other than NYSE.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁹ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,²⁰ 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 changes to the QMM Program are reasonable because they serve to maintain an incentive structure designed to benefit all market participants by encouraging quoting at or near the NBBO in a wide range of securities. The QMM program is intended to encourage members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities, thereby

¹⁹ 15 U.S.C. 78f.

²⁰ 15 U.S.C. 78f(b)(4) and (5).

benefitting NASDAQ and other investors by committing capital to support the execution of orders. The proposed changes to the program are intended to further promote these goals by eliminating the Numerical Cap, which limited the number of shares eligible for the reduced fee, while increasing the fee a modest amount to offset the now unlimited number of shares eligible for the lower fee of the program. Accordingly, NASDAQ hopes thereby to maintain the benefits associated with the QMM program while reducing its cost, thereby making the program sustainable in the longer term. In addition, the elimination of the Numerical Cap and the rate change are consistent with an equitable allocation of fees and not unfairly discriminatory because they do not alter the eligibility of QMMs to participate in the program and receive associated benefits.

The proposed fee increase to TCP ITCH data feed pairs under Rule 7015(g) is reasonable because it reflects the increased costs associated with offering the connectivity option. NASDAQ notes that it not raising the fee assessed for subscription to TCP ITCH to a level that equals or exceeds the subscription fee assessed for Multicast ITCH data subscription, which requires less hardware infrastructure and support than TCP ITCH. NASDAQ is taking a measured approach to increasing the fee and may further increase the fee in the future to more closely align the fee with costs. The proposed fee is equitable and not unfairly discriminatory because the Exchange is assessing the fee equally among subscribers to the service. Moreover, the proposed fee is not unfairly discriminatory as it enables the Exchange to allocate the increased costs of the connectivity option to those who subscribe to the service. The Exchange believes that the proposed fee for TCP ITCH data port connectivity access services will enable it to cover its costs and earn an appropriate return on its investment in market technology and

services.

The modified criteria for the \$0.0020 credit tier for members active in NASDAQ-listed securities is reasonable because it imposes a modest requirement to attain the credit. The change is also reasonable because it requires members that provide liquidity in securities listed on NASDAQ to also use NASDAQ for trading other securities, thereby promoting greater use of NASDAQ as a trading venue for such securities and potentially enhancing the level of liquidity provided in non-NASDAQ securities. The change is consistent with an equitable allocation of fees because the standards for the \$0.0020 credit tier requires a level of liquidity provision that is less rigorous than tiers that provide larger credits, yet provides incentive for members to provide liquidity sufficient to achieve a larger credit than is available under the new default \$0.0015 credit tier. The new criteria are not unreasonably discriminatory because NASDAQ believes that it will not be difficult for members currently receiving the \$0.0020 credit to continue to qualify for it if they wish to do so.

The new default tier of \$0.0015 per share executed is reasonable because although it will result in a reduction of credits for members not achieving other tiers, it will provide a means of reducing costs in a period of persistently low trading volumes. In addition, the new tier is consistent with an equitable allocation of fees and not unreasonably discriminatory because numerous tiers remain in effect through which members that support NASDAQ through more extensive levels of liquidity provision may receive higher credits. Accordingly, the lower tier is paid with respect to members whose participation in NASDAQ as liquidity providers is limited. To the extent that such members have opted to be more active on other trading venues, it is likely that they are

receiving higher credits from such venues and will therefore not be significantly affected by the change on NASDAQ.

The proposed deletions of the credit tiers under the subparagraphs of Rule 7018(a) are reasonable because they have not been significantly used by market participants, and therefore have not had the intended effect of attracting order flow to NASDAQ. Elimination of unused tiers is consistent with an equitable allocation of fees and is not unfairly discriminatory because no members will be impacted by the change.

Similarly, the elimination of the optional criteria of tiers under each of the subparagraphs Rule 7018(a), which are tied to providing a certain level of shares of liquidity through Designated Retail Orders and qualifying for the Penny Pilot Tier 4 during a given month through one or more of its Nasdaq Options Market MPIDs, is reasonable because the optional criteria are not significantly used by market participants to qualify under the tiers. As a consequence, the criteria have not had the intended effect of attracting order flow to NASDAQ. Therefore, elimination of the unused criteria is consistent with an equitable allocation of fees and is not unfairly discriminatory because no members will be impacted by the change.

The change with respect to the charges assessed for routing NYSE-listed securities executed at NYSE is reasonable because it harmonizes these fees with the fees generally assessed for routing to venues other than NYSE. NASDAQ does not believe at this juncture that fees assessed members for routing NYSE-listed securities to the NYSE should be lower than the fees assessed members for routing such securities to other markets other than NYSE. 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 for accessing NYSE. The change is not unfairly discriminatory because it will make the economics applicable to executions on NYSE less disparate from the fees applicable to executions on other venues. Moreover, the change is not discriminatory because it applies equally to all members using the specified routing strategies.

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.²¹ 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 the change to the QMM program may limit the benefits of the program, the incentive program in question remain in place and is itself reflective of the need for exchanges to offer significant financial incentives to attract order flow. 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

²¹ 15 U.S.C. 78f(b)(8).

other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. Finally, the changes to fee tiers and access services fees, although constituting fee increases, are being made with respect to basic trading services for which numerous substitutes exist. Accordingly, if the changes are unattractive to market participants, it is likely that NASDAQ will lose market share as a result. 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

Written comments were neither solicited nor received.

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

The foregoing change has become effective pursuant to Section 19(b)(3)(A) of the Act,²² and paragraph (f)²³ of Rule 19b-4, thereunder. 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

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f)

the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2013-114 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-2013-114. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2013-114, 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.²⁴

Kevin M. O'Neill
Deputy Secretary

²⁴ 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.

Qualified Market Maker (“QMM”) Program

(d) No change.

(e) The following pricing incentives will be provided to a member that is a QMM with respect to a particular MPID (a “QMM MPID”):

(1) – (2) No change.

(3) [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]~~\$0.0029 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]a 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, however,[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

(f) – (g) No change.

Definitions and Certifications

(h) – (i) No change.

* * * * *

7015. Access Services

The following charges are assessed by Nasdaq for connectivity to systems operated by NASDAQ, including the Nasdaq Market Center, the FINRA/NASDAQ Trade Reporting Facility, and FINRA’s OTCBB Service. The following fees are not applicable to the NASDAQ Options Market LLC. For related options fees for Access Services refer to Chapter XV, Section 3 of the Options Rules.

(a) – (f) No change.

(g) Other Port Fees

Remote Multi-cast ITCH Wave Ports

Description	Installation Fee	Recurring Monthly Fee
MITCH Wave Port at Secaucus, NJ	\$2,500	\$7,500
MITCH Wave Port at Weehawken, NJ	\$2,500	\$7,500
MITCH Wave Port at Newark, NJ	\$2,500	\$7,500

The following port fees shall apply in connection with the use of other trading telecommunication protocols:

- \$500 per month for each port pair, other than Multicast ITCH® data feed pairs, for which the fee is \$1000 per month for software-based TotalView-ITCH or \$2,500 per month for combined software- and hardware-based TotalView-ITCH, and TCP ITCH data feed pairs, for which the fee is \$750 per month.
- An additional \$200 per month for each port used for entering orders or quotes over the Internet.
- An additional \$600 per month for each port used for market data delivery over the Internet.

Dedicated OUCH Port Infrastructure

The Dedicated OUCH Port Infrastructure subscription allows a member firm to assign up to 30 of its OUCH ports to a dedicated server infrastructure for its exclusive use. A Dedicated OUCH Port Infrastructure subscription is available to a member firm for a fee of \$5,000 per month, which is in addition to the standard fees assessed for each OUCH port. A one-time installation fee of \$5,000 is assessed subscribers for each Dedicated OUCH Port Server subscription. NASDAQ is waiving the \$5,000 installation fee for all subscriptions received through August 15, 2013.

(h) 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, 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
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QDRK and QCST orders that execute in the Nasdaq Market Center:	\$0.0029 per share executed
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all other orders that execute in the Nasdaq Market Center:	\$0.0030 per share executed
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Charge to member entering STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, re-opening, or closing process:

\$0.0030 per share executed

Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a venue other than the Nasdaq Market Center:

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 execute at NASDAQ OMX PSX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX PSX
 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
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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	\$0.0030 per share executed
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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 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
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member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	\$0.00295 per share executed
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member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:	\$0.0029 per share executed
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member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month: \$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 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 \$0.0029 per share executed

Center MPIDs during the month:

<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</p>
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<p>[member with (i) shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:]</p>	<p>[\$0.0027 per share executed]</p>
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<p>member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) <u>Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 100,000 or more contracts per day in a month executed</u>[an average daily volume</p>	<p>\$0.0029 per share executed</p>
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during the month of more than 100,000 contracts of liquidity accessed or provided] through one or more of its Nasdaq Option Market MPIDs:

<p>[member with (i) shares of liquidity provided in all securities during the month representing more than 1.0% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 200,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:]</p>	<p>[\$0.00295 per share executed]</p>
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<p>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 <u>Nasdaq Options Market Customer and Professional Rebate to Add Liquidity in Penny Pilot Options Tier 8</u> [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:</p>	<p>\$0.0030 per share executed</p>
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<p>[member (i) with shares of liquidity provided in all securities during the</p>	<p>[\$0.0027 per share executed]</p>
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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 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]
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<u>member with shares of liquidity provided in all securities during the month representing less than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs and the member also provides a daily average of at least 250,000 shares of liquidity provided in securities listed on an exchange other than NASDAQ:</u>	<u>\$0.0020 per share executed</u>
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Credit to other members:	\$0.0015[20] per share executed
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Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	<p>\$0.0020 per share executed for 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</p> <p>\$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</p> <p>\$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</p> <p>\$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</p> <p>\$0.0005 per share executed for other non-displayed orders</p>
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Credit for Supplemental Orders:	\$0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member
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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

<p>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]:</p>	<p>\$0.0034 per share executed</p>
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<p>Credit for other displayed Designated Retail Orders:*</p>	<p>\$0.0033 per share executed</p>
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<p>LIST order that executes in Nasdaq's closing process:</p>	<p>Applicable charges as provided in Rule 7018(d)</p>
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<p>LIST order that executes in Nasdaq's opening process:</p>	<p>Applicable charges as provided in Rule 7018(e)</p>
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LIST order that executes in Nasdaq's halt cross process:	Applicable charges as provided in Rule 7018(f)
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(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
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QDRK and QCST orders that execute in the Nasdaq Market Center:	\$0.0029 per share executed
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all other orders that execute in the Nasdaq Market Center:	\$0.0030 per share executed
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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	\$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
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process:

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:

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

No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX

Charge of \$0.0035 per share executed [F]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~~]\$0.0030 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 \$.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
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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	\$0.0030 per share executed
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of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:

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
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member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	\$0.00295 per share executed
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member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:	\$0.0029 per share executed
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member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month 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 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

\$0.0029 per share executed

Center MPIDs during the month:

<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</p>
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<p>[member with (i) shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 100,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:]</p>	<p>[\$0.0027 per share executed]</p>
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<p>member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) <u>Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 100,000 or more contracts per day in a month executed</u>[an average daily volume</p>	<p>\$0.0029 per share executed</p>
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during the month of more than 100,000 contracts of liquidity accessed or provided] through one or more of its Nasdaq Options Market MPIDs:

<p>[member with (i) shares of liquidity provided in all securities during the month representing more than 1.0% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) an average daily volume during the month of more than 200,000 contracts of liquidity accessed or provided through one or more of its Nasdaq Options Market MPIDs:]</p>	<p>[\$0.00295 per share executed]</p>
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<p>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 <u>Nasdaq Options Market Customer and Professional Rebate to Add Liquidity in Penny Pilot Options Tier 8</u> [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:</p>	<p>\$0.0030 per share executed</p>
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<p>[member (i) with shares of liquidity provided in all securities during the</p>	<p>[\$0.0027 per share executed]</p>
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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 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

\$0.0034 per share executed

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
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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
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QDRK and QCST orders that execute in the Nasdaq Market Center:	\$0.0029 per share executed
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all other orders that execute in the Nasdaq Market Center:	\$0.0030 per share executed
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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	\$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
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opening, closing or re-opening
process:

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:

Charge of \$0.0035 per share
executed for 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
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 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 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
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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
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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

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 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
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member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:	\$0.0025 per share executed
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member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% 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
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member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume	\$0.0025 per share executed
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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>[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:]</p>	<p>[\$0.0027 per share executed]</p>
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<p>member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) <u>Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 100,000 or more contracts per day in a month executed</u>[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:</p>	<p>\$0.0029 per share executed</p>
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[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 Nasdaq Options Market Customer and Professional Rebate to Add Liquidity in Penny Pilot Options 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 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,

[\$0.0027 per share executed]

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]
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Credit to other members:	\$0.0020 per share executed
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Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	<p>\$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</p> <p>\$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</p> <p>\$0.0014 per share executed for</p>
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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
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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	\$0.0034 per share executed
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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
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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
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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
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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
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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
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(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.