Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1)  
Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2)

Exhibit 2 Sent As Paper Document  
Exhibit 3 Sent As Paper Document

19b-4(f)(6)  
19b-4(f)(5)

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

A proposed rule change to modify the listing of additional shares fees payable by non US companies

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 * Arnold  
Last Name * Golub
Title * Vice President
E-mail * arnold.golub@nasdaqomx.com
Telephone * (301) 978-8075  
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.

(Date *)

Executive Vice President and General Counsel

(Title *)

Edward S Knight,

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.
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.

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).

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.

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.

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.

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.

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") a proposed rule change to modify the listing of additional shares fees payable by non-U.S. companies.

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. 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 the Exchange pursuant to authority delegated by the Board of Directors of NASDAQ (the "Board") on July 17, 2013. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the proposed rule change. Questions and comments on the proposed rule change may be directed to Arnold Golub, Vice President, The NASDAQ OMX Group, Inc., at (301) 978-8075.

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

   a. **Purpose**

   NASDAQ’s listing of additional shares fees are designed, in part, to offset the costs of NASDAQ’s regulatory program associated with oversight of listed companies, including the review of share issuances for compliance with the shareholder approval and voting rights rules, the regulatory review of entities and individuals that purchase a significant interest in a listed company in a transaction with the company, and NASDAQ’s efforts to increase the transparency of interpretations of its rules. Currently, the applicable fees depend on whether the company is a domestic or non-U.S. company. Domestic companies pay a fee of $0.01 per share, subject to a minimum fee of $5,000, for any amount of shares in excess of 49,999 shares issued during a quarter, and a maximum fee of $65,000 per year.\(^3\) In contrast, non-U.S. companies pay a flat fee of $5,000 for any amount of shares in excess of 49,999 shares issued during a year.\(^4\) There is no fee for issuances of up to 49,999 shares per quarter for domestic companies and up to 49,999 shares per year for non-U.S. companies.

   NASDAQ proposes to make two changes to the listing of additional shares fees payable by non-U.S. companies. First, NASDAQ proposes to modify the rule such that a foreign company that is not a foreign private issuer (hereinafter a “Foreign Issuer”) pays the same listing of additional shares fees as a domestic company. For purposes of

\(^3\) Rules 5910(b)(1) and 5920(b)(1).
\(^4\) Rules 5910(b)(2) and 5920(b)(2).
NASDAQ’s other rules, Foreign Issuers are treated the same as domestic companies.\(^5\) Further, unlike a foreign private issuer,\(^6\) a Foreign Issuer files the same quarterly reports as a domestic company\(^7\) and is typically not primarily traded on another marketplace. As such, NASDAQ believes it is appropriate to treat Foreign Issuers the same as domestic companies for fee purposes because they are subject to the same rules and receive the same benefits.

Second, NASDAQ proposes to increase the listing of additional shares fee applicable to foreign private issuers from $5,000 to $7,500 per year. As under the current rule, no fee would be charged for issuances of up to 49,999 shares per year. NASDAQ believes this change would reduce the current disparity in the listing of additional shares fees paid by foreign private issuers, which also benefit from NASDAQ’s regulatory program, and other companies, while still recognizing that those foreign private issuers generally also trade on another marketplace and are subject to exemptions from many of NASDAQ’s corporate governance rules. While the proposed $7,500 per year fee would exceed the $5,000 minimum fee applicable to companies that are not foreign private

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\(^5\) For example, while a foreign private issuer can rely on an exemption from most of NASDAQ’s corporate governance requirements under Rule 5615(a)(3), a Foreign Issuer is not eligible for that exemption.

\(^6\) “Foreign private issuer” is defined in Rule 3b-4 under the Act. See Rule 5005(a)(18).

\(^7\) Under SEC Rule 13a-13(b)(2), 17 CFR 240.13a-13(b)(2), a foreign private issuer is not required to file quarterly reports with the Commission.
issuers, NASDAQ believes that this higher fee is appropriate given that foreign private issuers are not subject to per share fees, which can range as high as $65,000 per year.8

NASDAQ will implement these changes on January 1, 2014.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,9 in general and with Sections 6(b)(4) and (5) of the Act,10 in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities, and does not unfairly discriminate between customers, issuers, brokers or dealers.

NASDAQ believes that the proposed fees are reasonable because they will better allocate costs of NASDAQ’s regulatory program across the listed companies that benefit from that program. In that regard, NASDAQ notes, as described above, that the listing situation of Foreign Issuers is more akin to domestic companies than it is to foreign private issuers, and that it therefore is reasonable and not unfairly discriminatory to charge Foreign Issuers the same fees for listing additional shares as domestic companies. Further, NASDAQ believes that the proposed $2,500 increase in the listing of additional shares fee applicable to foreign private issuers is reasonable and an equitable allocation of a portion of the costs of NASDAQ’s regulatory program. Finally, NASDAQ notes

8 NASDAQ also proposes to make a non-substantive change to replace the term “issuer” with the defined term “Company” in Rule 5920(b)(2). This will make the language describing the Capital Market fee the same as that already used in Rule 5910(b)(2) to describe the Global Market fee.


10 15 U.S.C. 78f(b)(4) and (5).
that the proposed fees are equitable and not unfairly discriminatory because they would apply equally to all similarly situated companies.

NASDAQ also believes that the proposed fees are consistent with the investor protection objectives of Section 6(b)(5) of the Act\(^\text{11}\) in that they are designed to promote just and equitable principles of trade, to remove impediments to a free and open market and national market system, and in general to protect investors and the public interest. Specifically, the fees are designed to ensure that there are adequate resources for NASDAQ’s listing compliance program, which helps to assure that listing standards are properly enforced and investors are protected.

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. The market for listing services is extremely competitive and listed companies may freely choose alternative venues based on the aggregate fees assessed, and the value provided by each listing. This rule proposal does not burden competition with other listing venues, which are similarly free to set their fees. For these reasons, NASDAQ does not believe that the proposed rule change will result in any burden on competition for listings.

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**
   
   NASDAQ does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.

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, 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. **Advanced Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**
   
   Not applicable.

11. **Exhibits**
   
   1. Completed notice of proposed rule change for publication in the Federal Register.
   
   5. Text of the proposed rule change.

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Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the Listing of Additional Shares Fees Payable by Non-U.S. Companies

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\), and Rule 19b-4\(^2\) thereunder, notice is hereby given that on October 11, 2013, The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by NASDAQ. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ is proposing to modify the listing of additional shares fees payable by non-U.S. companies.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may


be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. **Purpose**

NASDAQ’s listing of additional shares fees are designed, in part, to offset the costs of NASDAQ’s regulatory program associated with oversight of listed companies, including the review of share issuances for compliance with the shareholder approval and voting rights rules, the regulatory review of entities and individuals that purchase a significant interest in a listed company in a transaction with the company, and NASDAQ’s efforts to increase the transparency of interpretations of its rules. Currently, the applicable fees depend on whether the company is a domestic or non-U.S. company. Domestic companies pay a fee of $0.01 per share, subject to a minimum fee of $5,000, for any amount of shares in excess of 49,999 shares issued during a quarter, and a maximum fee of $65,000 per year.\(^3\) In contrast, non-U.S. companies pay a flat fee of $5,000 for any amount of shares in excess of 49,999 shares issued during a year.\(^4\) There is no fee for issuances of up to 49,999 shares per quarter for domestic companies and up to 49,999 shares per year for non-U.S. companies.

NASDAQ proposes to make two changes to the listing of additional shares fees payable by non-U.S. companies. First, NASDAQ proposes to modify the rule such that a foreign company that is not a foreign private issuer (hereinafter a “Foreign Issuer”) pays

\(^3\) Rules 5910(b)(1) and 5920(b)(1).

\(^4\) Rules 5910(b)(2) and 5920(b)(2).
the same listing of additional shares fees as a domestic company. For purposes of NASDAQ’s other rules, Foreign Issuers are treated the same as domestic companies. Further, unlike a foreign private issuer, a Foreign Issuer files the same quarterly reports as a domestic company and is typically not primarily traded on another marketplace. As such, NASDAQ believes it is appropriate to treat Foreign Issuers the same as domestic companies for fee purposes because they are subject to the same rules and receive the same benefits.

Second, NASDAQ proposes to increase the listing of additional shares fee applicable to foreign private issuers from $5,000 to $7,500 per year. As under the current rule, no fee would be charged for issuances of up to 49,999 shares per year. NASDAQ believes this change would reduce the current disparity in the listing of additional shares fees paid by foreign private issuers, which also benefit from NASDAQ’s regulatory program, and other companies, while still recognizing that those foreign private issuers generally also trade on another marketplace and are subject to exemptions from many of NASDAQ’s corporate governance rules. While the proposed $7,500 per year fee would exceed the $5,000 minimum fee applicable to companies that are not foreign private

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5 For example, while a foreign private issuer can rely on an exemption from most of NASDAQ’s corporate governance requirements under Rule 5615(a)(3), a Foreign Issuer is not eligible for that exemption.

6 “Foreign private issuer” is defined in Rule 3b-4 under the Act. See Rule 5005(a)(18).

7 Under SEC Rule 13a-13(b)(2), 17 CFR 240.13a-13, a foreign private issuer is not required to file quarterly reports with the Commission.
issuers, NASDAQ believes that this higher fee is appropriate given that foreign private issuers are not subject to per share fees, which can range as high as $65,000 per year.8

NASDAQ will implement these changes on January 1, 2014.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,9 in general and with Sections 6(b)(4) and (5) of the Act,10 in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities, and does not unfairly discriminate between customers, issuers, brokers or dealers.

NASDAQ believes that the proposed fees are reasonable because they will better allocate costs of NASDAQ’s regulatory program across the listed companies that benefit from that program. In that regard, NASDAQ notes, as described above, that the listing situation of Foreign Issuers is more akin to domestic companies than it is to foreign private issuers, and that it therefore is reasonable and not unfairly discriminatory to charge Foreign Issuers the same fees for listing additional shares as domestic companies. Further, NASDAQ believes that the proposed $2,500 increase in the listing of additional shares fee applicable to foreign private issuers is reasonable and an equitable allocation of a portion of the costs of NASDAQ’s regulatory program. Finally, NASDAQ notes

8 NASDAQ also proposes to make a non-substantive change to replace the term “issuer” with the defined term “Company” in Rule 5920(b)(2). This will make the language describing the Capital Market fee the same as that already used in Rule 5910(b)(2) to describe the Global Market fee.


10 15 U.S.C. 78f(b)(4) and (5).
that the proposed fees are equitable and not unfairly discriminatory because they would apply equally to all similarly situated companies.

NASDAQ also believes that the proposed fees are consistent with the investor protection objectives of Section 6(b)(5) of the Act\(^\text{11}\) in that they are designed to promote just and equitable principles of trade, to remove impediments to a free and open market and national market system, and in general to protect investors and the public interest. Specifically, the fees are designed to ensure that there are adequate resources for NASDAQ’s listing compliance program, which helps to assure that listing standards are properly enforced and investors are protected.

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. The market for listing services is extremely competitive and listed companies may freely choose alternative venues based on the aggregate fees assessed, and the value provided by each listing. This rule proposal does not burden competition with other listing venues, which are similarly free to set their fees. For these reasons, NASDAQ does not believe that the proposed rule change will result in any burden on competition for listings.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act\(^\text{12}\) and paragraph (f) of Rule 19b-4 thereunder.\(^\text{13}\) At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2013-134 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-2013-134. This file number should be included on the subject line if e-mail is used. To help the Commission process


\(^\text{13}\) 17 CFR 240.19b-4(f).
and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (http://www.sec.gov/rules/sro.shtml).

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

All submissions should refer to File Number SR-NASDAQ-2013-134 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.14

Kevin M. O’Neill
Deputy Secretary

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The NASDAQ Stock Market Rules

5910. The Nasdaq Global Market

(a) No change.

(b) Additional Shares

(1) The issuer of each class of security, other than a foreign private issuer, which is listed on the Nasdaq Global Market shall pay to Nasdaq a fee in connection with the issuance of additional shares in the amount of $5,000 or $.01 per additional share, whichever is higher, up to an annual maximum of $65,000 per Company. There shall be no fee, however, for issuances of up to 49,999 additional shares per quarter.

(2) The issuer of each class of security, other than a foreign private issuer, that is listed on the Nasdaq Global Market shall pay to Nasdaq a fee in connection with the issuance of additional shares, or in the case of ADRs, the issuance of additional shares underlying the ADRs. The annual fee in connection with additional shares shall be $7,500 for any amount of additional shares listed on an annual basis. However, there shall be no fee for annual issuances of up to 49,999 shares per year. This fee will be assessed annually based on the Company's total shares outstanding as reported on its periodic reports filed with the SEC. [There shall be no fee, however, for issuances of up to 49,999 additional shares per year.]

(3) – (6) No change.

(c) – (f) No change.

5920. The Nasdaq Capital Market

(a) No change.

(b) Additional Shares

(1) The issuer of each class of security, other than a foreign private issuer, which is listed on The Nasdaq Capital Market shall pay to Nasdaq a fee in connection with the issuance of additional shares in the amount of $5,000 or $.01 per additional share, whichever is higher, up to an annual...
maximum of $65,000 per Company. There shall be no fee, however, for issuances of up to 49,999 additional shares per quarter.

(2) The issuer of each class of securities that is a foreign private issuer that is listed on the Nasdaq Capital Market shall pay to Nasdaq a fee in connection with the issuance of additional shares, or in the case of ADRs, the issuance of additional shares underlying the ADRs. The annual fee in connection with additional shares shall be $7,500 [$5,000 for any amount of additional shares listed on an annual basis]. However, there shall be no fee for issuances of up to 49,999 shares per year. This fee will be assessed annually based on the Company’s total shares outstanding as reported on its periodic reports filed with the SEC. [There shall be no fee, however, for issuances of up to 49,999 additional shares per year.]

(3) – (6) No change.

(c) – (e) No change.