

Required fields are shown with yellow backgrounds and asterisks.

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|---|--|--|--|--|--|
| Page 1 of * 15  |  | SECURITIES AND EXCHANGE COMMISSION<br>WASHINGTON, D.C. 20549<br>Form 19b-4 |  | File No.* SR - 2014 - * 018  |  |
| Amendment No. (req. for Amendments *)   |  |  |  |  |  |
| Filing by NASDAQ Stock Market<br>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"/>                                 |  |
| Rule  |  |  |  |  |  |
| Pilot <input type="checkbox"/>  |  | Extension of Time Period for Commission Action * <input type="checkbox"/>  |  | Date Expires * <input type="text"/>  |  |
|   |  | <input type="checkbox"/> 19b-4(f)(1)                                       |  | <input type="checkbox"/> 19b-4(f)(4)   |  |
|   |  | <input checked="" type="checkbox"/> 19b-4(f)(2)                            |  | <input type="checkbox"/> 19b-4(f)(5)   |  |
|   |  | <input type="checkbox"/> 19b-4(f)(3)                                       |  | <input type="checkbox"/> 19b-4(f)(6)   |  |
| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010   |  |  |  | Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 |  |
| Section 806(e)(1) * <input type="checkbox"/>  |  | Section 806(e)(2) * <input type="checkbox"/>                               |  | Section 3C(b)(2) * <input type="checkbox"/>                                    |  |
| Exhibit 2 Sent As Paper Document <input type="checkbox"/>   |  | Exhibit 3 Sent As Paper Document <input type="checkbox"/>                  |  |  |  |
| <b>Description</b>  |  |  |  |  |  |
| Provide a brief description of the action (limit 250 characters, required when Initial is checked *).   |  |  |  |  |  |
| <input type="text" value="Options Regulatory Fee"/>   |  |  |  |  |  |
| <b>Contact Information</b>  |  |  |  |  |  |
| 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 * <input type="text" value="Angela"/>  |  | Last Name * <input type="text" value="Dunn"/>                              |  |  |  |
| Title * <input type="text" value="Associate General Counsel"/>  |  |  |  |  |  |
| E-mail * <input type="text" value="angela.dunn@nasdaqomx.com"/>   |  |  |  |  |  |
| Telephone * <input type="text" value="(215) 496-5692"/>   |  | Fax <input type="text"/>   |  |  |  |
| <b>Signature</b>  |  |  |  |  |  |
| 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 <input type="text" value="02/07/2014"/>  |  | <input type="text" value="Executive Vice President and General Counsel"/>  |  |  |  |
| By <input type="text" value="Edward S. Knight"/>  |  | <input type="text"/>   |  |  |  |
| (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. |  |  |  |  |  |
| <input type="button" value="Persona Not Validated - 1383935917270"/>  |  |  |  |  |  |

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 \***

Add Remove View

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

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

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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 the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify Chapter XV, entitled “Options Pricing,” at Section 5 governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NOM proposes to amend its fees to specify the frequency with which the Exchange may change the Options Regulatory Fee (“ORF”).

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on March 3, 2014.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable portion of the rule text is attached hereto 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

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

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

pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Angela Saccomandi Dunn, Associate General Counsel, at (215) 496-5692.

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

a. Purpose

NASDAQ proposes to amend its Rules at Chapter XV, Section 5 to specify the frequency with which the Exchange may change the ORF. The ORF is assessed by the Exchange on each member for all options transactions executed or cleared by the member that are cleared by The Options Clearing Corporation (“OCC”) in the customer range (i.e., transactions that clear in the customer account of the member's clearing firm at OCC) regardless of the exchange on which the transaction occurs.<sup>3</sup> The fee is collected indirectly from members through their clearing firms by OCC on behalf of the Exchange. The dues and fees paid by members go into the general funds of the Exchange, a portion of which is used to help pay the costs of regulation.

In response to feedback from market participants requesting greater certainty as to when ORF changes may occur, the Exchange proposes to specify in the Pricing Schedule that the Exchange may only increase or decrease the ORF semi-annually, and any such

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<sup>3</sup> NOM Participants who do not transact an equities business on the NASDAQ Stock Market LLC in a calendar year receive a refund of the fees specified in Rule 7003(b) upon written notification to the Exchange along with documentation evidencing that no equities business was conducted on the NASDAQ Stock Market for that calendar year. The Exchange accepts refund requests up until sixty (60) days after the end of the calendar year.

fee change will be effective on the first business day of February or August.<sup>4</sup> In addition to submitting a proposed rule change to the Securities and Exchange Commission (“Commission”) as required by the Act to increase or decrease the ORF, the Exchange will notify participants via an Options Trader Update of any anticipated change in the amount of the fee at least 30 calendar days prior to the effective date of the change. The Exchange believes that by providing guidance on the timing of any changes to the ORF, the Exchange would make it easier for market participants to ensure their systems are configured to properly account for the ORF.

The proposed change is not intended to address any other issues, and the Exchange is not aware of any problems that members would have in complying with the proposed change.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>6</sup> in particular, because 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.

The Exchange believes that the proposed change to limit changes to the ORF to twice a year on specific dates with advance notice is reasonable because it will give

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<sup>4</sup> The Exchange monitors the amount of revenue collected from the ORF so that it, in combination with its other regulatory fees and fines, does not exceed regulatory costs. See, e.g., Securities Exchange Act Release Nos. 65913 (December 8, 2011), 76 FR 77883 (December 14, 2011) (SR-NASDAQ-2011-163).

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

<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).

market participants certainty on the timing of changes, if any, and better enable them to properly account for ORF charges among their customers. The Exchange believes that the proposed change is equitable and not unfairly discriminatory because it will apply in the same manner to all members that are subject to the ORF and provide them with additional advance notice of changes to that fee.

4. Self-Regulatory Organization's Statement on Burden on Competition

NASDAQ does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not intended to address a competitive issue but rather to provide members with better notice of any change that the Exchange may make to the ORF. In any event, because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their trading practices, the Exchange believes that the degree to which fee or credit changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed change will impair the ability of members, or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or 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)

The foregoing proposed rule change establishes or changes 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 pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>7</sup>

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

This filing is based on a filing by NYSE Arca, Inc.<sup>8</sup>

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. Notice of proposed rule for publication in the Federal Register.

5. Applicable portion of the Exchange's rule text.

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> See Securities Exchange Act Release No. 70500 (September 25, 2013), 78 FR 60361 (October 1, 2013) SR-NYSEARCA-2013-91). The Exchange is proposing to copy the NYSE Arca, Inc. rule change.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2014-018)

February \_\_, 2014

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Options Regulatory Fee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 7, 2014, 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 proposes to modify Chapter XV, entitled “Options Pricing,” at Section 5 governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NOM proposes to amend its fees to specify the frequency with which the Exchange may change the Options Regulatory Fee (“ORF”).

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on March 3, 2014.

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

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

The text of the proposed rule change is available on the Exchange's Website at <http://www.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 proposes to amend its Rules at Chapter XV, Section 5 to specify the frequency with which the Exchange may change the ORF. The ORF is assessed by the Exchange on each member for all options transactions executed or cleared by the member that are cleared by The Options Clearing Corporation ("OCC") in the customer range (i.e., transactions that clear in the customer account of the member's clearing firm at OCC) regardless of the exchange on which the transaction occurs.<sup>3</sup> The fee is collected indirectly from members through their clearing firms by OCC on behalf of the Exchange.

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<sup>3</sup> NOM Participants who do not transact an equities business on the NASDAQ Stock Market LLC in a calendar year receive a refund of the fees specified in Rule 7003(b) upon written notification to the Exchange along with documentation evidencing that no equities business was conducted on the NASDAQ Stock Market for that calendar year. The Exchange accepts refund requests up until sixty (60) days after the end of the calendar year.

The dues and fees paid by members go into the general funds of the Exchange, a portion of which is used to help pay the costs of regulation.

In response to feedback from market participants requesting greater certainty as to when ORF changes may occur, the Exchange proposes to specify in the Pricing Schedule that the Exchange may only increase or decrease the ORF semi-annually, and any such fee change will be effective on the first business day of February or August.<sup>4</sup> In addition to submitting a proposed rule change to the Securities and Exchange Commission (“Commission”) as required by the Act to increase or decrease the ORF, the Exchange will notify participants via an Options Trader Update of any anticipated change in the amount of the fee at least 30 calendar days prior to the effective date of the change. The Exchange believes that by providing guidance on the timing of any changes to the ORF, the Exchange would make it easier for market participants to ensure their systems are configured to properly account for the ORF.

The proposed change is not intended to address any other issues, and the Exchange is not aware of any problems that members would have in complying with the proposed change.

## 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>6</sup>

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<sup>4</sup> The Exchange monitors the amount of revenue collected from the ORF so that it, in combination with its other regulatory fees and fines, does not exceed regulatory costs. See, e.g., Securities Exchange Act Release Nos. 65913 (December 8, 2011), 76 FR 77883 (December 14, 2011) (SR-NASDAQ-2011-163).

<sup>5</sup> [15 U.S.C. 78f\(b\)](#).

<sup>6</sup> [15 U.S.C. 78f\(b\)\(4\)](#) and (5).

in particular, because 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.

The Exchange believes that the proposed change to limit changes to the ORF to twice a year on specific dates with advance notice is reasonable because it will give market participants certainty on the timing of changes, if any, and better enable them to properly account for ORF charges among their customers. The Exchange believes that the proposed change is equitable and not unfairly discriminatory because it will apply in the same manner to all members that are subject to the ORF and provide them with additional advance notice of changes to that fee.

B. Self-Regulatory Organization's Statement on Burden on Competition

NASDAQ does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not intended to address a competitive issue but rather to provide members with better notice of any change that the Exchange may make to the ORF. In any event, because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their trading practices, the Exchange believes that the degree to which fee or credit changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed change will impair the ability of members, or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>7</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2014-018 on the subject line.

Paper comments:

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

- 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-2014-018. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

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

All submissions should refer to File Number SR-NASDAQ-2014-018 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**Chapter XV Options Pricing**

\* \* \* \* \*

**Sec. 5 NASDAQ Options Regulatory Fee**

NOM Participants will be assessed an Options Regulatory Fee of \$0.0015 per contract.\*

\*Effective January 2, 2012, the Options Regulatory Fee will be assessed by NOM to each NOM Participant for all options transactions executed or cleared by NOM Participant that are cleared by The Options Clearing Corporation (OCC) in the customer range regardless of the exchange on which the transaction occurs. The Options Regulatory Fee is collected indirectly from NOM Participants through their clearing firms by OCC on behalf of NOM. NOM Participants who do not transact an equities business on the NASDAQ Stock Market LLC in a calendar year will receive a refund of the fees specified in Rule 7003(b) upon written notification to the Exchange along with documentation evidencing that no equities business was conducted on the NASDAQ Stock Market for that calendar year. The Exchange will accept refund requests up until sixty (60) days after the end of the calendar year. The Exchange may only increase or decrease the Options Regulatory Fee semi-annually, and any such fee change will be effective on the first business day of February or August. The Exchange will notify members via an Options Trader Alert of any change in the amount of the fee at least 30 calendar days prior to the effective date of the change.

\* \* \* \* \*