Filing by NASDAQ Stock Market

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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Rule

- 19b-4(f)(1)
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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)

Description

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

Proposed Rule Change to Amend Nasdaq Rules 7014 and 7018.

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 * Jonathan

Last Name * Cayne

Title * Senior Associate General Counsel

E-mail * jonathan.cayne@nasdaq.com

Telephone * (301) 978-8493

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 *) 06/15/2015

By Edward S. Knight

Executive Vice President and General Counsel

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.

OMB APPROVAL

OMB Number: 3235-0045
Estimated average burden hours per response.........38
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”) proposed changes to Nasdaq Rule 7014, including adding a national best bid or best offer (“NBBO”) Program, amending Nasdaq Rule 7018 rebates, eliminating Nasdaq Rule 7018(a)(4) that governs fees and credits for execution of orders in select symbols, and increasing the monthly cap on fees charged for participation in the Nasdaq Opening Cross in Nasdaq Rule 7018(e).

   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 16, 2014. 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.

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Questions regarding this rule filing may be directed to Jonathan F. Cayne, Senior Associate General Counsel, Nasdaq at (301) 978-8493 (telephone).

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

a. Purpose

Nasdaq proposes to amend Nasdaq Rules 7014 and 7018 by eliminating the fees and credits for execution of orders in select symbols (“Select Symbol Program”) under Nasdaq Rule 7018(a)(4). The Exchange proposes to make corresponding changes to remove references to the Select Symbol Program in Nasdaq Rule 7014(b) and (e). Additionally, Nasdaq proposes to clarify Nasdaq Rule 7014(b) by removing an outdated reference to subsection (f) and specifying the rebates and credits are from Nasdaq Rule 7018(a), as well as to clarify that the rebate in Nasdaq Rule 7018(e) will be in addition to any rebate payable under Nasdaq Rule 7018(a).

The Exchange also proposes to amend Nasdaq Rule 7014 by adding the NBBO Program to the rule as subsection (g). Under the NBBO Program, Nasdaq will provide a rebate per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Nasdaq Rule 7018) in securities priced at $1 or more per share that provide liquidity and establish the NBBO. The rebate will be in addition to any rebate or credit payable under Nasdaq Rule 7018(a) and the Investor Support Program (“ISP”) and Qualified Market Maker (“QMM”) Program under Nasdaq Rule 7014.

To qualify for the $0.0002 per share executed rebate under the NBBO Program, a member must either: (1) execute shares of liquidity provided in all securities through one or more of its MPIDs that represents 0.475% or more of consolidated volume
(“Consolidated Volume”) during the month, or (2) add Nasdaq Options Market (“NOM”) market maker liquidity, as defined in Chapter XV, Section 2 of the NOM rules, in penny pilot options and/or non-penny pilot options above 0.90% of total industry customer equity and exchange-traded fund (“ETF”) option average daily volume (“ADV”) contracts per day in a month.

Next, Nasdaq proposes to amend midpoint pricing credit tiers in Nasdaq Rule 7018(a)(1), (2) and (3). Specifically, in Nasdaq Rule 7018(a)(1) currently there is a credit of $0.0017 per share executed for midpoint orders if the member provides an average daily volume of between 5 million and less than 6 million shares through midpoint orders during the month. The credit of $0.0017 per share executed for midpoint orders will now be available if the member provides an average daily volume of 3 million or more shares through midpoint orders during the month. The same change is being made in Nasdaq Rule 7018(b) and (c), but for the $0.0020 per share executed credit for midpoint orders tier. Additional language is being modified within each of these subsections solely for purposes of clarification.

Finally, the Exchange proposes to amend Nasdaq Rule 7018(e) by increasing the monthly maximum amount that firms are subject to for executing orders in the Nasdaq Opening Cross from $20,000 to $30,000 (provided that such firms add at least one million shares of liquidity, on average, per month). The change is intended to keep the charges incurred by members to participate in the Nasdaq Opening Cross comparable to the charges incurred by the New York Stock Exchange (“NYSE”) members to participate in its opening process.3

b. **Statutory Basis**

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^4\) in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,\(^5\) 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 designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Nasdaq believes that the proposed changes to Nasdaq Rule 7018 to eliminate the Select Symbol Program under Nasdaq Rule 7018(a)(4), as well as the removal of corresponding references in Nasdaq Rule 7014(b) and (e), are reasonable because the Exchange has fulfilled its commitment in its continuing efforts to improve market quality to consider the impact the pricing has had on market quality and off-exchange volume of existing Select Symbols and has now gathered sufficient meaningful data to determine to eliminate the program.\(^6\) Nasdaq believes that the data generated by this experimental


\(^5\) 15 U.S.C. 78f(b)(4) and (5).

approach contributed to the on-going debate on the structure of U.S. markets. The Exchange believes this proposed rule change is equitable and not unfairly discriminatory because its liquidity provider rebates continue to be set at reasonable levels and apply uniformly to all members that qualify. The Exchange also believes that these proposed rule changes are also equitable and not unfairly discriminatory because the elimination of this program applies uniformly to all members.

The Exchange believes that the clarifying change to Nasdaq Rule 7014(b) of removing an outdated reference to subsection (f) and specifying the rebates and credits are from Nasdaq Rule 7018(a), as well as stipulating that the rebate in Nasdaq Rule 7018(e) will be in addition to any rebate payable under Nasdaq Rule 7018(a), are reasonable because these modifications will enhance the clarity and reduce possible confusion among members, which serves to benefit the marketplace. The Exchange also believes that these proposed rule changes are also equitable and not unfairly discriminatory because they apply uniformly to all members who qualify for the programs.

The Exchange believes that the proposed rule change to amend Nasdaq Rule 7014 by adding the NBBO Program to the rule as subsection (g) is reasonable because it provides an opportunity for members that qualify to receive a rebate of $0.0002 per share executed for all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at $1 or more per share that provide liquidity and establish the NBBO.\(^7\) The rebate will be in addition to any rebate or credit payable under Rule

7018(a) and the ISP and QMM Program under Rule 7014. To qualify to receive this rebate, members must either (1) execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents 0.475% or more of Consolidated Volume during the month, or (2) add NOM market maker liquidity, as defined in Chapter XV, Section 2 of the NOM rules, in penny pilot options and/or non-penny pilot options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month.

Additionally, Nasdaq believes this rule change is equitable and not unfairly discriminatory because the $0.0002 per share executed rebate under the NBBO Program is open to all members on an equal basis and provides a rebate for activity that improves the exchange's market quality through increased activity and by encouraging the setting of the NBBO. The NBBO Program encourages higher levels of liquidity provision into the price discovery process and is consistent with the overall goals of enhancing market quality. Also, the Exchange believes that the two specific conditions (either of which a member can meet to qualify for this rebate) are equitable and not unfairly discriminatory because each represents an attainable level for members to achieve and to qualify for this rebate. In addition, requiring a member to execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents 0.475% or more of Consolidated Volume during the month represents a lower Consolidated Volume requirement than the QMM Program, but the NBBO Program rebates do not apply to all shares of liquidity provided, and thus the Consolidated Volume threshold is lower.
The proposed NBBO Program is intended to encourage members to add liquidity at prices that benefit all Nasdaq market participants and the Nasdaq market itself, and enhance price discovery. Nasdaq believes that the level of the rebate available through the NBBO Program ($0.0002 per share executed) is reasonable in that it does not reflect a disproportionate increase above the rebates provided to all members with respect to the provision of displayed liquidity under Rule 7018(a). The QMM and ISP Programs both provide members with the opportunity to receive additional rebates of $0.0002 per share executed. Nasdaq further notes that the NBBO Program is consistent with the Act's requirement for an equitable allocation of fees because members that provide liquidity and establish the NBBO benefit all investors by promoting price discovery and increasing the depth of liquidity available. Such members also benefit Nasdaq itself by enhancing its competitiveness as a market that attracts actionable orders. Accordingly, Nasdaq believes that it is consistent with an equitable allocation of fees to pay an enhanced rebate in recognition of these benefits to Nasdaq and its market participants. The Exchange further notes that the NBBO Program is consistent with an equitable allocation of fees because it is immediately available to all market participants that qualify. Finally, Nasdaq believes that the NBBO Program and the payment of a higher rebate with respect to qualifying orders is not unfairly discriminatory because it is intended to promote the benefits described above, and because the additional rebate amount is in line with the rebate paid with respect to other displayed liquidity-providing orders.

The Exchange believes that the proposed rule change to amend midpoint pricing credit tiers in Nasdaq Rule 7018(a)(1), (2) and (3) is reasonable because it creates a more attainable credit tier (3 million or more rather than between 5 million and 6 million) for
members that execute midpoint orders. Also, Nasdaq believes this rule change is equitable and not unfairly discriminatory because all members that qualify are eligible to receive the corresponding rebate under Tapes A, B or C. The proposed rule change is intended to encourage members to execute midpoint orders and to further enhance liquidity. The Exchange also believes that the additional language being modified within each of these subsections solely for purposes of clarification will enhance the clarity and reduce possible confusion among members, which serves to benefit the marketplace.

Nasdaq believes that the proposed change to the monthly cap on fees charged for participation in the Nasdaq Opening Cross (provided that such firms add at least one million shares of liquidity, on average, per month) from $20,000 to $30,000 in Nasdaq Rule 7018(e) is reasonable because it ensures that total monthly costs of members to participate in the Nasdaq Opening Cross are comparable to the monthly costs of members to participate in the opening process of Nasdaq’s primary competitor. As is currently the case, once a member reaches the cap, its marginal rate thereafter will be zero and its blended rate will decrease with each additional transaction. Nasdaq believes that the proposed change reflects an equitable allocation of fees because it believes that the Nasdaq Opening Cross provides an extremely robust price discovery process for its members, and that accordingly, it is equitable to increase the maximum fees payable by members that participate in the process. Additionally, Nasdaq believes that the change is not unfairly discriminatory because it applies solely to members that opt to participate in the Nasdaq Opening Cross.

Finally, 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. 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. Nasdaq believes that the proposed rule change reflects this competitive environment because it is designed to reduce fees for members that enhance the quality of Nasdaq’s market.

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

Nasdaq does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Nasdaq notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, Nasdaq must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes may impose any burden on competition is extremely limited.

Nasdaq believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited or even non-existent. In this instance, the changes to Nasdaq Rules 7014 and 7018 do not impose a burden on competition because

these Nasdaq incentive programs (other than the program for select symbols in Nasdaq Rule 7018), remain in place and now also include the NBBO Program, still offer economically advantageous credits, and are reflective of the need for exchanges to offer and to let the financial incentives to attract order flow evolve. While the Exchange does not believe that the proposed changes will result in any burden on competition, if the changes proposed herein are unattractive to market participants, it is likely that Nasdaq will lose market share as a result.

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, 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.

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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.
EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-     ; File No. SR-NASDAQ-2015-062)

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

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 June 15, 2015, 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 changes to Nasdaq Rule 7014, including adding a national
best bid or best offer (“NBBO”) Program, amending Nasdaq Rule 7018 rebates,
eliminates Nasdaq Rule 7018(a)(4) that governs fees and credits for execution of orders
in select symbols, and increasing the monthly cap on fees charged for participation in the
Nasdaq Opening Cross in Nasdaq Rule 7018(e).

The text of the proposed rule change is available at nasdaq.cchwallstreet.com at
Nasdaq principal office, 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, 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

Nasdaq proposes to amend Nasdaq Rules 7014 and 7018 by eliminating the fees and credits for execution of orders in select symbols (“Select Symbol Program”) under Nasdaq Rule 7018(a)(4). The Exchange proposes to make corresponding changes to remove references to the Select Symbol Program in Nasdaq Rule 7014(b) and (e). Additionally, Nasdaq proposes to clarify Nasdaq Rule 7014(b) by removing an outdated reference to subsection (f) and specifying the rebates and credits are from Nasdaq Rule 7018(a), as well as to clarify that the rebate in Nasdaq Rule 7018(e) will be in addition to any rebate payable under Nasdaq Rule 7018(a).

The Exchange also proposes to amend Nasdaq Rule 7014 by adding the NBBO Program to the rule as subsection (g). Under the NBBO Program, Nasdaq will provide a rebate per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Nasdaq Rule 7018) in securities priced at $1 or more per share that provide liquidity and establish the NBBO. The rebate will be in addition to any rebate or credit payable under Nasdaq Rule 7018(a) and the Investor
Support Program ("ISP") and Qualified Market Maker ("QMM") Program under Nasdaq Rule 7014.

To qualify for the $0.0002 per share executed rebate under the NBBO Program, a member must either: (1) execute shares of liquidity provided in all securities through one or more of its MPIIDs that represents 0.475% or more of consolidated volume ("Consolidated Volume") during the month, or (2) add Nasdaq Options Market ("NOM") market maker liquidity, as defined in Chapter XV, Section 2 of the NOM rules, in penny pilot options and/or non-penny pilot options above 0.90% of total industry customer equity and exchange-traded fund ("ETF") option average daily volume ("ADV") contracts per day in a month.

Next, Nasdaq proposes to amend midpoint pricing credit tiers in Nasdaq Rule 7018(a)(1), (2) and (3). Specifically, in Nasdaq Rule 7018(a)(1) currently there is a credit of $0.0017 per share executed for midpoint orders if the member provides an average daily volume of between 5 million and less than 6 million shares through midpoint orders during the month. The credit of $0.0017 per share executed for midpoint orders will now be available if the member provides an average daily volume of 3 million or more shares through midpoint orders during the month. The same change is being made in Nasdaq Rule 7018(b) and (c), but for the $0.0020 per share executed credit for midpoint orders tier. Additional language is being modified within each of these subsections solely for purposes of clarification.

Finally, the Exchange proposes to amend Nasdaq Rule 7018(e) by increasing the monthly maximum amount that firms are subject to for executing orders in the Nasdaq Opening Cross from $20,000 to $30,000 (provided that such firms add at least one
million shares of liquidity, on average, per month). The change is intended to keep the charges incurred by members to participate in the Nasdaq Opening Cross comparable to the charges incurred by the New York Stock Exchange (“NYSE”) members to participate in its opening process.\(^3\)

2. **Statutory Basis**

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^4\) in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,\(^5\) 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 designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Nasdaq believes that the proposed changes to Nasdaq Rule 7018 to eliminate the Select Symbol Program under Nasdaq Rule 7018(a)(4), as well as the removal of corresponding references in Nasdaq Rule 7014(b) and (e), are reasonable because the

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\(^3\) See SR-NYSE-2015-28 (as of yet unpublished).


\(^5\) 15 U.S.C. 78f(b)(4) and (5).
Exchange has fulfilled its commitment in its continuing efforts to improve market quality to consider the impact the pricing has had on market quality and off-exchange volume of existing Select Symbols and has now gathered sufficient meaningful data to determine to eliminate the program. Nasdaq believes that the data generated by this experimental approach contributed to the on-going debate on the structure of U.S. markets. The Exchange believes this proposed rule change is equitable and not unfairly discriminatory because its liquidity provider rebates continue to be set at reasonable levels and apply uniformly to all members that qualify. The Exchange also believes that these proposed rule changes are also equitable and not unfairly discriminatory because the elimination of this program applies uniformly to all members.

The Exchange believes that the clarifying change to Nasdaq Rule 7014(b) of removing an outdated reference to subsection (f) and specifying the rebates and credits are from Nasdaq Rule 7018(a), as well as stipulating that the rebate in Nasdaq Rule 7018(e) will be in addition to any rebate payable under Nasdaq Rule 7018(a), are reasonable because these modifications will enhance the clarity and reduce possible confusion among members, which serves to benefit the marketplace. The Exchange also believes that these proposed rule changes are also equitable and not unfairly discriminatory because they apply uniformly to all members who qualify for the programs.

The Exchange believes that the proposed rule change to amend Nasdaq Rule 7014 by adding the NBBO Program to the rule as subsection (g) is reasonable because it provides an opportunity for members that qualify to receive a rebate of $0.0002 per share

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executed for all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at $1 or more per share that provide liquidity and establish the NBBO.\textsuperscript{7} The rebate will be in addition to any rebate or credit payable under Rule 7018(a) and the ISP and QMM Program under Rule 7014. To qualify to receive this rebate, members must either (1) execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents 0.475\% or more of Consolidated Volume during the month, or (2) add NOM market maker liquidity, as defined in Chapter XV, Section 2 of the NOM rules, in penny pilot options and/or non-penny pilot options above 0.90\% of total industry customer equity and ETF option ADV contracts per day in a month.

Additionally, Nasdaq believes this rule change is equitable and not unfairly discriminatory because the $0.0002 per share executed rebate under the NBBO Program is open to all members on an equal basis and provides a rebate for activity that improves the exchange's market quality through increased activity and by encouraging the setting of the NBBO. The NBBO Program encourages higher levels of liquidity provision into the price discovery process and is consistent with the overall goals of enhancing market quality. Also, the Exchange believes that the two specific conditions (either of which a member can meet to qualify for this rebate) are equitable and not unfairly discriminatory because each represents an attainable level for members to achieve and to qualify for this rebate. In addition, requiring a member to execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents

0.475% or more of Consolidated Volume during the month represents a lower Consolidated Volume requirement than the QMM Program, but the NBBO Program rebates do not apply to all shares of liquidity provided, and thus the Consolidated Volume threshold is lower.

The proposed NBBO Program is intended to encourage members to add liquidity at prices that benefit all Nasdaq market participants and the Nasdaq market itself, and enhance price discovery. Nasdaq believes that the level of the rebate available through the NBBO Program ($0.0002 per share executed) is reasonable in that it does not reflect a disproportionate increase above the rebates provided to all members with respect to the provision of displayed liquidity under Rule 7018(a). The QMM and ISP Programs both provide members with the opportunity to receive additional rebates of $0.0002 per share executed. Nasdaq further notes that the NBBO Program is consistent with the Act's requirement for an equitable allocation of fees because members that provide liquidity and establish the NBBO benefit all investors by promoting price discovery and increasing the depth of liquidity available. Such members also benefit Nasdaq itself by enhancing its competitiveness as a market that attracts actionable orders. Accordingly, Nasdaq believes that it is consistent with an equitable allocation of fees to pay an enhanced rebate in recognition of these benefits to Nasdaq and its market participants. The Exchange further notes that the NBBO Program is consistent with an equitable allocation of fees because it is immediately available to all market participants that qualify. Finally, Nasdaq believes that the NBBO Program and the payment of a higher rebate with respect to qualifying orders is not unfairly discriminatory because it is intended to promote the
benefits described above, and because the additional rebate amount is in line with the rebate paid with respect to other displayed liquidity-providing orders.

The Exchange believes that the proposed rule change to amend midpoint pricing credit tiers in Nasdaq Rule 7018(a)(1), (2) and (3) is reasonable because it creates a more attainable credit tier (3 million or more rather than between 5 million and 6 million) for members that execute midpoint orders. Also, Nasdaq believes this rule change is equitable and not unfairly discriminatory because all members that qualify are eligible to receive the corresponding rebate under Tapes A, B or C. The proposed rule change is intended to encourage members to execute midpoint orders and to further enhance liquidity. The Exchange also believes that the additional language being modified within each of these subsections solely for purposes of clarification will enhance the clarity and reduce possible confusion among members, which serves to benefit the marketplace.

Nasdaq believes that the proposed change to the monthly cap on fees charged for participation in the Nasdaq Opening Cross (provided that such firms add at least one million shares of liquidity, on average, per month) from $20,000 to $30,000 in Nasdaq Rule 7018(e) is reasonable because it ensures that total monthly costs of members to participate in the Nasdaq Opening Cross are comparable to the monthly costs of members to participate in the opening process of Nasdaq’s primary competitor. As is currently the case, once a member reaches the cap, its marginal rate thereafter will be zero and its blended rate will decrease with each additional transaction. Nasdaq believes that the proposed change reflects an equitable allocation of fees because it believes that the Nasdaq Opening Cross provides an extremely robust price discovery process for its members, and that accordingly, it is equitable to increase the maximum fees payable by
members that participate in the process. Additionally, Nasdaq believes that the change is not unfairly discriminatory because it applies solely to members that opt to participate in the Nasdaq Opening Cross.

Finally, 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. 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. Nasdaq believes that the proposed rule change reflects this competitive environment because it is designed to reduce fees for members that enhance the quality of Nasdaq’s market.

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

Nasdaq does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Nasdaq notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, Nasdaq must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that

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the degree to which fee changes may impose any burden on competition is extremely limited.

Nasdaq believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited or even non-existent. In this instance, the changes to Nasdaq Rules 7014 and 7018 do not impose a burden on competition because these Nasdaq incentive programs (other than the program for select symbols in Nasdaq Rule 7018), remain in place and now also include the NBBO Program, still offer economically advantageous credits, and are reflective of the need for exchanges to offer and to let the financial incentives to attract order flow evolve. While the Exchange does not believe that the proposed changes will result in any burden on competition, if the changes proposed herein are unattractive to market participants, it is likely that Nasdaq will lose market share as a result.

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)(ii) of the Act\(^9\). 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.

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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-2015-062 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2015-062. 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-2015-062, 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.\(^{10}\)

Robert W. Errett
Deputy Secretary

\(^{10}\) 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) No change.

(b) Subject to the conditions set forth in section (c) of this Rule, Nasdaq shall issue to the member a monthly ISP credit, which shall be determined by multiplying $0.00005, $0.0001, or $0.0002 by the number of shares of displayed liquidity to which a particular rate applies, as described below. [The credit does not apply to Select Symbol securities listed under Rule 7018(a)(4).]

Except as provided in Rule 7014(e) and (f), an ISP credit issued under this Rule will be in addition to (and will not replace) any other credit or rebate for which a member may qualify under Rule 7018(a).

(c) No change.

Qualified Market Maker ("QMM") Program

(d) No change.

(e) Nasdaq will provide a rebate per share executed (as defined in the below table) with respect to all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at $1 or more per share that provide liquidity and that are entered through a QMM MPID and were for securities listed on NYSE ("Tape A QMM Incentive") or securities listed on exchanges other than Nasdaq and NYSE ("Tape B QMM Incentive"). Such rebate will be in addition to any rebate payable under Rule 7018(a):

<table>
<thead>
<tr>
<th>QMM Tiers</th>
<th>Tape A QMM Incentive</th>
<th>Tape B QMM Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>QMM executes shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 0.70% up</td>
<td>$0.0001</td>
</tr>
</tbody>
</table>
to, and including, 0.90% of Consolidated

<table>
<thead>
<tr>
<th>Tier 2</th>
<th>QMM executes shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 0.90% of Consolidated Volume during the month</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.0002</td>
</tr>
<tr>
<td></td>
<td>$0.0002</td>
</tr>
</tbody>
</table>

If a QMM also participates in the ISP, NASDAQ will pay the greater of any applicable credit under the ISP or the above listed additional rebate, but not both. [The rebate does not apply to Select Symbol securities listed under Rule 7018(a)(4).]

NASDAQ will charge a fee of $0.0030 per share executed for orders in NASDAQ-listed securities priced at $1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through a QMM MPID, and charge a fee of $0.00295 per share executed for orders in securities listed on exchanges other than NASDAQ priced at $1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through a QMM MPID; provided, however, that the QMM’s volume of liquidity added through one or more of its Nasdaq Market Center MPIDs during the month (as a percentage of Consolidated Volume) is not less than 0.80%. [The fees of this rule do not apply to Select Symbol securities listed under Rule 7018(a)(4).]

(f) No change.

**NBBO Program**

(g) [Reserved] Nasdaq will provide a rebate per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at $1 or more per share that provide liquidity and establish the NBBO. The rebate will be in addition to any rebate or credit payable under Rule 7018(a) and the ISP and QMM Program under Rule 7014.

To qualify for the $0.0002 per share executed NBBO Program rebate a member must either:

(1) Execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents 0.475% or more of Consolidated Volume
during the month, or

(2) Add NOM Market Maker liquidity, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month.

(h) – (i) No change.

* * * * *

7018. Nasdaq Market Center Order Execution and Routing

(a) No change.

(1) Fees for Execution and Routing of Orders in Nasdaq-Listed Securities

* * * * *

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:

$0.0025 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 either adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules or adds 8 million shares of non-displayed liquidity (excluding RPI Orders)

$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 6 million or more shares through midpoint orders during the month

$0.0017 per share executed for midpoint orders if the member provides an average daily volume [between 5 million and less than 6 million] of 3 million or more shares through midpoint orders during the month

$0.0010 per share executed for all other midpoint orders [if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month]

$0.0005 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
No charge or credit for other non-displayed orders

(2) Fees for Execution and Routing of Securities Listed on NYSE

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:

$0.0025 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 either adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules or adds 8 million shares of non-displayed liquidity (excluding RPI Orders)

$0.0022 per share executed for midpoint orders if the member provides an average daily volume of 6 million or more shares through midpoint orders during the month

$0.0020 per share executed for midpoint orders if the member provides an average daily volume [between 5 million and less than 6 million] of 3 million or more shares through midpoint orders during the month

$0.0018 per share executed for midpoint orders if the member provides an average daily volume [between] of 1 million [and less than 5 million] or more shares through midpoint orders during the month

$0.0014 per share executed for all other midpoint orders [if the member provides an average daily volume of less than 1 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

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

* * * * *

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:

- $0.0025 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 either adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules or adds 8 million shares of non-displayed liquidity (excluding RPI Orders)
- $0.0022 per share executed for midpoint orders if the member provides an average daily volume of 6 million or more shares through midpoint orders during the month
- $0.0020 per share executed for midpoint orders if the member provides an average daily volume of 3 million or more through midpoint orders during the month
- $0.0018 per share executed for midpoint orders if the member provides an average daily volume of 1 million or more shares through midpoint orders during the month
- $0.0014 per share executed for all other midpoint orders [if the member provides an average daily volume of less than 1 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

* * * * *

(4) Fees and Credits for Execution of Orders in Select Symbols
In lieu of the fees and credits provided in paragraphs (1) through (3) above, NASDAQ will assess the following fees, and provide the following credits, to members for the securities listed below:

<table>
<thead>
<tr>
<th>Fees to Remove Liquidity:</th>
<th>$0.0005 per share executed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit for Adding Displayed Liquidity:</td>
<td>$0.0004 per share executed</td>
</tr>
<tr>
<td>Credit for Adding Non-Displayed Midpoint:</td>
<td>$0.0002 per share executed</td>
</tr>
<tr>
<td>Credit for Adding Other Non-Displayed Liquidity:</td>
<td>$0.0000 per share executed</td>
</tr>
</tbody>
</table>

The Select Symbols to which the above fees and credits apply are: AAL, BAC, FEYE, GE, GPRO, GRPN, KMI, MU, RAD, RIG, S, SIRI, TWTR, and ZNGA.

Normal routing charges under paragraphs (1) through (3) above will apply to Select Symbol securities that are routed to other markets for execution.

(b) – (d) No change.

(e) Opening Cross

(1) No change.

(2) Firms that execute orders in the Nasdaq Opening Cross will be subject to fees for such executions up to a monthly maximum of $230,000, provided, however, that such firms add at least one million shares of liquidity, on average, per month.

(f) – (m) No change.

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