

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 066	Amendment No. (req. for Amendments *)
Filing by NASDAQ Stock Market Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
			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 type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" 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"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposal to amend the definition of Designated Retail Order in Nasdaq Rule 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 *	<input type="text" value="Jonathan"/>		Last Name *	<input type="text" value="Cayne"/>
Title *	<input type="text" value="Senior Associate General Counsel"/>			
E-mail *	<input type="text" value="jonathan.cayne@nasdaq.com"/>			
Telephone *	<input type="text" value="(301) 978-8493"/>	Fax	<input type="text" value="(301) 978-8472"/>	
Signature				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	<input type="text" value="06/24/2015"/>		<input type="text" value="Executive Vice President and General Counsel"/>	
By	<input type="text" value="Edward S. Knight"/>		<input type="text" value="edward.knight@nasdaq.com"/>	
(Name *)				
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.				

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“Nasdaq” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the definition of “Designated Retail Order” in Nasdaq Rule 7018.

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 is attached hereto as Exhibit 5.

(b) and (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 the Exchange on July 16, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend the definition of “Designated Retail Order” (“DRO”) in Nasdaq Rule 7018 in order to clarify it and make it more consistent with the definition of “Retail Order” as previously set forth in Nasdaq Rule 4780(a)(2) (eliminated by the recently approved SR-NASDAQ-2015-024), BATS Y-Exchange, Inc. (“BATS”) Rule 11.24(a)(2)³ and NYSE Arca, Inc. (“NYSE Arca”) Rule 7.44(a)(3)⁴, as well as how it is defined in within the BATS Retail Member Organization Application Form (“BATS Form”).⁵ The Exchange will also update its Designated Retail Order Attestation form⁶ (“Attestation Form”) to be consistent with the proposed rule change. Pursuant to previous approvals, any and all members are required to submit a retail order attestation form to the specific exchange before submitting a retail order to that exchange.⁷

As mentioned above, the proposed changes to the DRO definition in Nasdaq Rule 7018, as well as the corresponding changes to Nasdaq's Attestation Form, will be

³ See BATS Rule 11.24(a)(2).

⁴ See NYSE Arca Rule 7.44(a)(3).

⁵ See http://cdn.batstrading.com/resources/membership/BYX_Retail_Member_Organization_Application.pdf.

⁶ See http://www.nasdaqtrader.com/content/AdministrationSupport/AgreementsTrading/dro_eligibility_form.pdf.

⁷ See e.g., Securities Exchange Act Release No. 69719 (June 7, 2013), 78 FR 35656 (June 13, 2014) (SR-NASDAQ-2013-031); Securities Exchange Act Release No. 69643 (May 28, 2013), 78 FR 33136 (June 3, 2014) (SR-BYX-2013-008); and Securities Exchange Act Release No. 69513 (May 3, 2013), 78 FR 27261 (May 9, 2014) (SR-NYSE-2013-08).

consistent with the recently eliminated Nasdaq Rule 4780 and in line with the revisions made by BATS to the BATS Form. Specifically, BATS updated its BATS Form to include three key elements⁸: (1) to ensure that the order is a riskless principal order that meets the criteria of FINRA Rule 5320.03⁹; (2) to state that an order from a “natural person” can include orders on behalf of accounts that are held in a corporate legal form, such as an Individual Retirement Account (“IRA”), Corporation, or a Limited Liability Company (“LLC”) that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual; and (3) to include the standard that members have implemented policies and procedures that are reasonably designed to ensure that “substantially all” orders (rather than the previous standard that “every order”) that are designated by the member as retail orders comply with these requirements. Nasdaq believes that inclusion in the DRO definition of an individual making the decision even if the account is held in corporate legal form qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6) and is not a significant change from existing rules on other exchanges.

Consequently, Nasdaq will amend Nasdaq Rule 7018 to reflect the changes to the definition of DRO discussed above and amend its Attestation Form accordingly.

b. Statutory Basis

Nasdaq believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities

⁸ Supra note 5.

⁹ See FINRA Rule 5320.03 (the riskless principal exception to the “Prohibition Against Trading Ahead of Customer Orders” FINRA rule).

exchange, and, in particular, with the requirements of Section 6(b) of the Act.¹⁰ In particular, the Exchange believes the proposed change furthers the objectives of Section 6(b)(5) of the Act,¹¹ in that it 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange also believes that the proposed rule change to amend and clarify the definition of DRO in Nasdaq Rule 7018 is consistent with these principles because it would remove impediments to and perfects the mechanism of a free and open market and a national market system, as well as increases competition among execution venues and encourages additional liquidity. Specifically, the amended DRO definition is consistent with Nasdaq Rule 4780(a)(2) (eliminated by the recently approved SR-NASDAQ-2015-024), NYSE Arca Rule 7.44(a)(3) and BATS Rule 11.24(a)(2), and as defined in the BATS Form.¹² As BATS has done with its BATS Form, the Exchange's proposed rule change amending the DRO definition will be more inclusive and benefits the individual investor who places his or her money into accounts that are held in a corporate legal form (e.g., an IRA, Corporation, or an LLC that has been established for the benefit of an individual or group of related family members), provided that the order has been submitted by an individual. As a result, the price discovery is enhanced as more retail

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² Supra note 5.

investors will have the opportunity to avail themselves of DROs. Under the current rule and attestation, only a small segment of the retail market is included. The proposed rule change widens the net and affords more retail investors and their broker-dealers that route these orders greater opportunities.

Further, although the change from “every order” to “substantially all orders” slightly reduces the monitoring risk placed on broker-dealers, the Exchange believes that this slightly lower burden will encourage and provide reasonable incentives for retail-focused broker-dealers to route retail orders to the Exchange for the benefit of the price discovery process and for all market participants with enhanced retail liquidity and trading opportunities.

The Exchange believes that the amended DRO definition increases competition among execution venues and encourages additional liquidity by incentivizing more DROs to be routed to the Exchange, which will bring additional liquidity onto the Exchange. Additionally, the proposed rule change will improve the markets and create a more competitive environment, as well as bring more order flow, which, in turn, enhances the price discovery process on the Exchange. The Exchange believes that the transparency and competitiveness of the proposed rule change will result in better prices for retail investors.

The Exchange also believes that the proposed rule change is consistent with these principles in that it creates a financial incentive to bring more than just retail order flow from individual or joint ownership accounts to the public market. The proposed rule change also encourages retail order flow that is in other forms of account registration employed by retail investors (as is the case with an IRA), which broadens it beyond just

basic retail order flow. It also includes order flow from members that use other forms of account registration for tax reasons, retirement or pension savings, for families and other related retail investors.

Nasdaq also believes that the proposed rule change to the definition of DRO in Nasdaq Rule 7018 qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6) because it is not novel and serves to put the Exchange on equal footing with BATS. It simply recognizes that an order from a “natural person” may include orders based on an individual making the decision (rather than an algorithm), even if the account is held in an IRA, Corporation, or an LLC that has been established for the benefit of an individual or group of related family members. Nasdaq further believes that inclusion in the DRO definition of an individual making the decision even if the account is held in corporate legal form qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6) and is not a significant change from existing rules on other exchanges. The Exchange believes that this proposed rule change and the proposed rule change to modify the standard that members have implemented policies and procedures that are reasonably designed to ensure that “substantially all” rather than “every” order are minor enough changes to qualify the filing as non-controversial, which is consistent with previous approvals.

For the above reasons, Nasdaq believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.¹³

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

The Exchange 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

¹³ 15 U.S.C. 78f(b)(5).

of the Act. The Exchange believes that competition improves by incentivizing more DROs to be routed to the Exchange, which will bring additional liquidity onto the Exchange as well. The definition of DRO, as amended, will improve the markets and create a more competitive environment, as well as bring more order flow and, therefore, more market makers onto the Exchange to provide liquidity and compete with robust competitive markets.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)¹⁴ of the Act and Rule 19b-4(f)(6) thereunder¹⁵ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposal does not significantly affect the protection of investors or the public interest and is non-controversial in nature because the amendment to the definition of DRO in Nasdaq Rule 7018 puts the definition of DRO in line with the Nasdaq Rule

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

7018(a)(2) (eliminated by the recently approved SR-NASDAQ-2015-024), the BATS “Retail Order” definition in the BATS rule book and the BATS Form. The key differences in the amended DRO definition that the order has been submitted by an individual and that it applies to “substantially all” rather than “every” order simply put Nasdaq on equal footing with BATS and are minor enough changes to qualify the filing as non-controversial. As explained previously, the proposal does not impose any significant burden on competition.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

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

The proposed rule change is based on BATS Rule 11.24(a)(2)¹⁶ and NYSE Arca Rule 7.44(a)(3)¹⁷, as well as the BATS Form.

¹⁶ See BATS Rule 11.24(a)(2).

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. Form of Notice of the Proposed Rule Change for the Federal Register.
 5. Text of Proposed Rule Change

¹⁷ See NYSE Arca Rule 7.44(a)(3).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2015-066)

June __, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Definition of Designated Retail Order in Nasdaq Rule 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 24, 2015, The NASDAQ Stock Market LLC (“Nasdaq” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in 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 amend the definition of “Designated Retail Order” in Nasdaq Rule 7018.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, Nasdaq included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV below, and is set forth in Sections A, B, and C below.

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

1. Purpose

The Exchange proposes to amend the definition of "Designated Retail Order" ("DRO") in Nasdaq Rule 7018 in order to clarify it and make it more consistent with the definition of "Retail Order" as previously set forth in Nasdaq Rule 4780(a)(2) (eliminated by the recently approved SR-NASDAQ-2015-024), BATS Y-Exchange, Inc. ("BATS") Rule 11.24(a)(2)³ and NYSE Arca, Inc. ("NYSE Arca") Rule 7.44(a)(3)⁴, as well as how it is defined in within the BATS Retail Member Organization Application Form ("BATS Form").⁵ The Exchange will also update its Designated Retail Order Attestation form⁶ ("Attestation Form") to be consistent with the proposed rule change. Pursuant to

³ See BATS Rule 11.24(a)(2).

⁴ See NYSE Arca Rule 7.44(a)(3).

⁵ See http://cdn.batstrading.com/resources/membership/BYX_Retail_Member_Organization_Application.pdf.

⁶ See http://www.nasdaqtrader.com/content/AdministrationSupport/AgreementsTrading/dro_eligibility_form.pdf.

previous approvals, any and all members are required to submit a retail order attestation form to the specific exchange before submitting a retail order to that exchange.⁷

As mentioned above, the proposed changes to the DRO definition in Nasdaq Rule 7018, as well as the corresponding changes to Nasdaq's Attestation Form, will be consistent with the recently eliminated Nasdaq Rule 4780 and in line with the revisions made by BATS to the BATS Form. Specifically, BATS updated its BATS Form to include three key elements⁸: (1) to ensure that the order is a riskless principal order that meets the criteria of FINRA Rule 5320.03⁹; (2) to state that an order from a "natural person" can include orders on behalf of accounts that are held in a corporate legal form, such as an Individual Retirement Account ("IRA"), Corporation, or a Limited Liability Company ("LLC") that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual; and (3) to include the standard that members have implemented policies and procedures that are reasonably designed to ensure that "substantially all" orders (rather than the previous standard that "every order") that are designated by the member as retail orders comply with these requirements. Nasdaq believes that inclusion in the DRO definition of an individual making the decision even if the account is held in corporate legal form

⁷ See e.g., Securities Exchange Act Release No. 69719 (June 7, 2013), 78 FR 35656 (June 13, 2014) (SR-NASDAQ-2013-031); Securities Exchange Act Release No. 69643 (May 28, 2013), 78 FR 33136 (June 3, 2014) (SR-BYX-2013-008); and Securities Exchange Act Release No. 69513 (May 3, 2013), 78 FR 27261 (May 9, 2014) (SR-NYSE-2013-08).

⁸ Supra note 5.

⁹ See FINRA Rule 5320.03 (the riskless principal exception to the "Prohibition Against Trading Ahead of Customer Orders" FINRA rule).

qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6) and is not a significant change from existing rules on other exchanges.

Consequently, Nasdaq will amend Nasdaq Rule 7018 to reflect the changes to the definition of DRO discussed above and amend its Attestation Form accordingly.

2. Statutory Basis

Nasdaq believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.¹⁰ In particular, the Exchange believes the proposed change furthers the objectives of Section 6(b)(5) of the Act,¹¹ in that it 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange also believes that the proposed rule change to amend and clarify the definition of DRO in Nasdaq Rule 7018 is consistent with these principles because it would remove impediments to and perfects the mechanism of a free and open market and a national market system, as well as increases competition among execution venues and encourages additional liquidity. Specifically, the amended DRO definition is consistent with Nasdaq Rule 4780(a)(2) (eliminated by the recently approved SR-NASDAQ-2015-024), NYSE Arca Rule 7.44(a)(3) and BATS Rule 11.24(a)(2), and as defined in the

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

BATS Form.¹² As BATS has done with its BATS Form, the Exchange's proposed rule change amending the DRO definition will be more inclusive and benefits the individual investor who places his or her money into accounts that are held in a corporate legal form (e.g., an IRA, Corporation, or an LLC that has been established for the benefit of an individual or group of related family members), provided that the order has been submitted by an individual. As a result, the price discovery is enhanced as more retail investors will have the opportunity to avail themselves of DROs. Under the current rule and attestation, only a small segment of the retail market is included. The proposed rule change widens the net and affords more retail investors and their broker-dealers that route these orders greater opportunities.

Further, although the change from "every order" to "substantially all orders" slightly reduces the monitoring risk placed on broker-dealers, the Exchange believes that this slightly lower burden will encourage and provide reasonable incentives for retail-focused broker-dealers to route retail orders to the Exchange for the benefit of the price discovery process and for all market participants with enhanced retail liquidity and trading opportunities.

The Exchange believes that the amended DRO definition increases competition among execution venues and encourages additional liquidity by incentivizing more DROs to be routed to the Exchange, which will bring additional liquidity onto the Exchange. Additionally, the proposed rule change will improve the markets and create a more competitive environment, as well as bring more order flow, which, in turn, enhances the price discovery process on the Exchange. The Exchange believes that the transparency

¹² Supra note 5.

and competitiveness of the proposed rule change will result in better prices for retail investors.

The Exchange also believes that the proposed rule change is consistent with these principles in that it creates a financial incentive to bring more than just retail order flow from individual or joint ownership accounts to the public market. The proposed rule change also encourages retail order flow that is in other forms of account registration employed by retail investors (as is the case with an IRA), which broadens it beyond just basic retail order flow. It also includes order flow from members that use other forms of account registration for tax reasons, retirement or pension savings, for families and other related retail investors.

Nasdaq also believes that the proposed rule change to the definition of DRO in Nasdaq Rule 7018 qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6) because it is not novel and serves to put the Exchange on equal footing with BATS. It simply recognizes that an order from a “natural person” may include orders based on an individual making the decision (rather than an algorithm), even if the account is held in an IRA, Corporation, or an LLC that has been established for the benefit of an individual or group of related family members. Nasdaq further believes that inclusion in the DRO definition of an individual making the decision even if the account is held in corporate legal form qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6) and is not a significant change from existing rules on other exchanges. The Exchange believes that this proposed rule change and the proposed rule change to modify the standard that members have implemented policies and procedures that are reasonably designed to

ensure that “substantially all” rather than “every” order are minor enough changes to qualify the filing as non-controversial, which is consistent with previous approvals.

For the above reasons, Nasdaq believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.¹³

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

The Exchange 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. The Exchange believes that competition improves by incentivizing more DROs to be routed to the Exchange, which will bring additional liquidity onto the Exchange as well. The definition of DRO, as amended, will improve the markets and create a more competitive environment, as well as bring more order flow and, therefore, more market makers onto the Exchange to provide liquidity and compete with robust competitive markets.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant

¹³ 15 U.S.C. 78f(b)(5).

to Section 19(b)(3)(A)(ii) of the Act¹⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁵

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

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-2015-066 on the subject line.

¹⁴ 15 U.S.C. 78s(b)(3)(a)(ii).

¹⁵ 17 CFR 240.19b-4(f)(6).

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-NASDAQ-2015-066. 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 website <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 Nasdaq. 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-2015-066 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.¹⁶

Robert W. Errett
Deputy Secretary

¹⁶ 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.

NASDAQ Market Rules

Equity Rules

* * * * *

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 displayed Designated Retail Orders:*	\$0.0033 per share executed or \$0.0034 per share executed if member 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
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(2) Fees for Execution and Routing of Securities Listed on NYSE

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Credit for displayed Designated Retail Orders:*	\$0.0033 per share executed or \$0.0034 per share executed if member 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
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(3) Fees for Execution and Routing of Orders in Securities Listed on Exchanges other than Nasdaq and NYSE (“Tape B Securities”)

* * * * *

Credit for displayed Designated Retail Orders:* \$0.0033 per share executed or \$0.0034 per share executed if member 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

* * * * *

(4) No change.

(b) – (m) No change.

* A “Designated Retail Order” is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 and that originates from a natural person and is submitted to Nasdaq by a member that designates it pursuant to this rule, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. An order from a “natural person” can include orders on behalf of accounts that are held in a corporate legal form -- such as an Individual Retirement Account, Corporation, or a Limited Liability Company -- that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they have implemented policies and procedures that are reasonably designed to ensure that [every] substantially all orders designated by the member as [a] “Designated Retail Orders” comply[ies] with these requirements. Orders may be designated on an order-by-order basis, or by designating all orders on a particular order entry port as Designated Retail Orders.

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