Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

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

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

Filing by NASDAQ Stock Market
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * Amendment * Withdrawal

Section 19(b)(2) * Section 19(b)(3)(A) * Section 19(b)(3)(B) *

Rule

Pilot
Extension of Time Period for Commission Action *

Date Expires *

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

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

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

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

Proposal to amend Rules 7018(a) and 7014(h).

Contact Information
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Sean
Last Name * Bennett
Title * Principal Associate General Counsel
E-mail * Sean.Bennett@nasdaq.com
Telephone * (301) 978-8499 Fax

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 06/08/2016 Executive Vice President and General Counsel
By Edward S. Knight

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

edward.knight@nasdaq.com
**Form 19b-4 Information**

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.

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**Exhibit 1 - Notice of Proposed Rule Change**

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).

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

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).

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**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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.

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**Exhibit 3 - Form, Report, or Questionnaire**

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.

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**Exhibit 4 - Marked Copies**

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.

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**Exhibit 5 - Proposed Rule Text**

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.

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**Partial Amendment**

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) The Nasdaq Stock Market LLC ("Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\) and Rule 19b-4 thereunder,\(^2\) is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend Rules 7018(a) and 7014(h) to: (i) provide a new credit for providing liquidity in securities of all three Tapes; (ii) amend the requirements of an existing credit tier provided in securities of all three Tapes; (iii) delete text from the preamble of Rule 7018(a) and from Rule 7014(h)(5) concerning Consolidated Volume; and (iv) make technical corrections to the rule text.

   While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on June 1, 2016.

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

   (b) Not applicable.

   (c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

   The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the "Board") on July 1, 2015. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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Questions and comments on the proposed rule change may be directed to:

T. Sean Bennett  
Principal Associate General Counsel  
Nasdaq, Inc.  
(301) 978-8499

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

a. **Purpose**

   The purpose of the proposed rule change is to amend certain credits for the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades, and to make clarifying and technical changes to Rule 7018(a). Specifically, the Exchange proposes to amend Rules 7018(a) and 7014(h) to: (i) provide a new credit for providing liquidity in securities of all three Tapes;3 (ii) amend the requirements of an existing credit tier provided in securities of all three Tapes; (iii) delete text from the preamble of Rule 7018(a) and from Rule 7014(h)(5) concerning Consolidated Volume;4 and (iv) make technical corrections to the rule text.

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3 There are three Tapes, which are based on the listing venue of the security: Tape C securities are Nasdaq-listed; Tape A securities are New York Stock Exchange-listed; and Tape B securities are listed on exchanges other than Nasdaq and NYSE.

4 Consolidated Volume is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member’s trading activity, expressed as a percentage of, or ratio to, Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member’s trading activity. See Rule 7018(a).
First Change

The purpose of the first change is to provide an additional credit to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently, the Exchange provides several credits under Rules 7018(a)(1), (2), and (3), each of which apply to securities of a different Tape, in return for market-improving behavior. The Exchange is proposing to add a new credit tier of $0.00305 per share executed to a member that has shares of liquidity provided in all securities during the month representing at least 0.60% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, adds NOM\textsuperscript{5} Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.10% or more of total industry ADV in the Customer clearing range\textsuperscript{6} for Equity and ETF option

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\textsuperscript{5} NOM is an abbreviation of the “Nasdaq Options Market.”

\textsuperscript{6} NOM Chapter XV provides the following defined terms:

The term “Customer” or (“C”) applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of broker or dealer or for the account of a “Professional” (as that term is defined in Chapter I, Section 1(a)(48)).

The term “NOM Market Maker” or (“M”) is a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security.

The term “Non-NOM Market Maker” or (“O”) is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

The term “Firm” or (“F”) applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.
contracts per day in a month on the Nasdaq Options Market, and adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.50% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market. Thus, to qualify under the new proposed credit tiers under Rule 7018(a)(1), (2) and (3), an Exchange member must be a NOM Participant and meet the NOM rebate criteria described above, in addition to providing at least 0.60% of Consolidated Volume on the Exchange.

**Second Change**

The purpose of the second change is to amend the criteria required to qualify for an existing credit, which is available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently, the Exchange provides a credit of $0.0029 per share executed in the security of any of the Tapes to a member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2, of the Nasdaq Options Market rules, of 125,000 or more contracts per day in a month executed on the Nasdaq Options Market. The Exchange is proposing to change the Total Volume requirement of paragraph (ii) of the rule to no longer require

The term “Professional” or (“P”) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

The term “Broker-Dealer” or (“B”) applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.
125,000 or more contracts per day in a month executed on the Nasdaq Options Market, but to now require Total Volume of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market.

Third Change

The purpose of the third change is to delete rule text from the preamble of Rule 7018(a) concerning Consolidated Volume. The rule currently defines Consolidated Volume as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. The Exchange excludes from the calculations of fees and credits that have a Consolidated Volume component all trading that occurs on the date of the annual reconstitution of the Russell Investments. The annual reconstitution represents a day of abnormal trading volume, as the Russell Investment indexes adjust holdings to accurately reflect the current state of equity markets and their market segments. Consequently, the Exchange excludes trading occurring on the date of the Russell Investment reconstitution in all calculations of fees and credits because it is not reflective of a member’s normal trading. The Exchange expresses this under the rule by stating that, “[f]or purposes of calculating Consolidated Volume and the extent of a member’s trading activity, expressed as a percentage of, or ratio to, Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member’s trading activity.” The Exchange believes that the text stating

7 See https://www.ftserussell.com/research-insights/russell-reconstitution.
“expressed as a percentage of, or ratio to, Consolidated Volume” may be confusing to market participants in understanding how the Exchange excludes trading activity on the day of the Russell Investment reconstitution because some charges and credits under Rule 7018(a) are based on a measure of Consolidated Volume that is not a percentage or ratio thereof. Thus, the Exchange seeks to clarify that all volume based activity on the date of the Russell Investment reconstitution (including trading activity not based on a percentage or ratio of Consolidated Volume) is excluded from a member’s trading activity for determining credit and fee tiers. This proposed change will ensure that members understand that all volumes on the day of the Russell Investment reconstitution would be excluded for purposes of measuring fees and credits.

The Exchange is also deleting an identical definition of Consolidated Volume from Rule 7014, which provides rules applicable to the Exchange’s Market Quality Incentive Programs. The definition of Consolidated Volume under Rule 7014(h)(5) is identical to Rule 7018(a). In light of the changes to the definition under Rule 7018(a) and to avoid duplication in the rules, the Exchange is eliminating the identical definition from Rule 7014(h)(5) and is replacing it with text that cross references the definition under Rule 7018(a).

Fourth Change

The Exchange is proposing to make minor technical and corrective changes to the rule text. Specifically, the Exchange is adding punctuation to certain credit tiers, which was inadvertently omitted when the text was adopted. The Exchange is also reorganizing a credit tier so that it reads more consistently with other credit tiers under the rule. The reorganization of the credit tier does not change how the credit tier is applied. Last, the
Exchange is deleting from Rules 7018(a)(2) and (3) text under a credit tier that concerns its application during a period that has since expired.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 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 the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

**First Change**

The Exchange believes that the proposed $0.00305 per share executed credit is reasonable because it is consistent with other credits that the Exchange provides to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. As a general principle, the Exchange chooses to offer credits to members in return for market improving behavior. Under Rule 7018(a), the various credits the Exchange provides for displayed quotes/orders require members to significantly contribute to market quality by providing certain levels of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, and volume on NOM. The proposed credit will be provided to members that not only contribute to the Exchange by providing more than 0.60% of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs during the month, but also add NOM Market Maker

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9 15 U.S.C. 78f(b)(4) and (5).
liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.10% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market, and add Customer, Professional, Firm, Non-NOM Market Maker, and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.50% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market.

The Exchange notes that the proposed credit is consistent with other credits that it provides for displayed quotes/orders under the rule, which range from $0.0015 per share executed to $0.00305 per share executed and which apply progressively more stringent requirements in return for higher per share executed credits. In this case, the proposed requirements to receive the $0.00305 per share executed credit are set very high, consistent with the criteria of other $0.00305 per share executed credit tiers available under Rule 7018(a). For instance, the Exchange provides a $0.00305 per share executed credit in securities of any Tape to a member with shares of liquidity provided in all securities during the month representing at least 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and that adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market. The Exchange notes that, while the level of Consolidated Volume is lower for the existing $0.00305 per share executed credit tier, it requires a significantly larger contribution to NOM Market Maker liquidity. The proposed new credit tier, however, requires a member to also provide a
significant level of Customer, Professional, Firm, Non-NOM Market Maker, and/or Broker-Dealer liquidity that the current credit does not. Thus, the proposed new $0.00305 per share executed credit tier criteria is similar, in terms of the level of contribution that a member must make to the markets, to the criteria required to qualify for an existing $0.00305 per share executed credit that the Exchange offers. In sum, both of these credit tiers have high standards to earn the credit and, in return for meeting these high standards, both provide a high credit. For these reasons, the Exchange believes that the proposed $0.00305 per share executed credit is reasonable.

The proposed $0.00305 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. Thus, if a member meets the requirements, it will receive the credit unless it qualifies for a higher credit. Moreover, as discussed above, some credit tiers require participation on NOM while others do not. As such, members will continue to have opportunities to qualify for similar credits based on market participation not tied to NOM.

Second Change

The Exchange believes that the proposed amendment to the requirements of an existing credit tier provided in securities of all three Tapes is reasonable because it merely replaces a measure of activity on NOM with another, both of which represent a significant contribution to that market. Specifically, the Exchange is replacing the requirement that a member have 125,000 or more contracts per day in a month executed on the Nasdaq Option Market with a new requirement that a member have 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market. The Exchange notes that it
is more precisely targeting market-improving behavior on NOM by replacing the fixed requirement of providing a certain number of contracts executed per day on NOM with a requirement that fluctuates based on total industry ADV in the Customer clearing range for both Equity and ETF options contracts per day. Thus, the Exchange is proposing to require NOM activity that is more closely correlated to the member’s activity on NOM as compared to overall industry activity.

The Exchange believes that the proposed amendment to the requirements of an existing credit tier provided in securities of all three Tapes is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. Thus, if a member meets the requirements, it will receive the credit unless it qualifies for a higher credit. Moreover, as discussed above, some credit tiers require participation on NOM while others do not. As such, members will continue to have opportunities to qualify for similar credits based on market participation not tied to NOM. Also the proposed criteria will allow the threshold to fluctuate with industry volume, making it easier to achieve in low volume environments and more onerous to meet in high volume environments.

Third Change

The Exchange believes that deleting rule text from the preamble of Rule 7018(a) concerning Consolidated Volume and the related change to Rule 7014(h)(5) are reasonable because they will help clarify how volume related to credit and fee tiers will be handled by the Exchange during the annual Russell Indexes reconstitution. Currently, the rule text could be interpreted to apply to only a member organization’s trading activity under a fee or credit tier that is expressed as a ratio or percentage of Consolidated Volume. The Exchange believes that such an interpretation would undermine the
Exchange’s intent to exclude the abnormal trading activity that occurs on that day. Accordingly, the Exchange believes that it is reasonable to remove the potentially confusing rule text.

The Exchange believes that deleting rule text from the preamble of Rule 7018(a) concerning Consolidated Volume and the related change to Rule 7014(h)(5) are an equitable allocation and are not unfairly discriminatory because the proposed changes only serve to clarify the application of the rule and does not alter how Consolidated Volume or activity for tiers is calculated. Thus, the Exchange will apply the same process to all similarly situated member organizations that seek to qualify under a fee or credit tier, or rebate under the rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange 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, the Exchange 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 in this market may impose any burden on competition is extremely limited.
In this instance, the changes to the credits provided for the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades are reflective of the intense competition among trading venues in capturing order flow. Moreover, the proposed changes do not impose a burden on competition because Exchange membership is optional and is also the subject of competition from other trading venues. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that the Exchange will lose market share as a result of the changes if they are unattractive to market participants.

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)**

   Pursuant to Section 19(b)(3)(A)(ii) of the Act,10 The Exchange 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.

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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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits


5. Text of the proposed rule change.
Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules 7018(a) and 7014(h)

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 8, 2016, The NASDAQ Stock Market LLC (“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 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

The Exchange proposes to amend Rules 7018(a) and 7014(h) to: (i) provide a new credit for providing liquidity in securities of all three Tapes; (ii) amend the requirements of an existing credit tier provided in securities of all three Tapes; (iii) delete text from the preamble of Rule 7018(a) and from Rule 7014(h)(5) concerning Consolidated Volume; and (iv) make technical corrections to the rule text.

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


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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on 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

The purpose of the proposed rule change is to amend certain credits for the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades, and to make clarifying and technical changes to Rule 7018(a). Specifically, the Exchange proposes to amend Rules 7018(a) and 7014(h) to: (i) provide a new credit for providing liquidity in securities of all three Tapes;³ (ii) amend the requirements of an existing credit tier provided in securities of all three Tapes; (iii) delete text from the preamble of Rule 7018(a) and from Rule 7014(h)(5) concerning Consolidated Volume;⁴ and (iv) make technical corrections to the rule text.

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³ There are three Tapes, which are based on the listing venue of the security: Tape C securities are Nasdaq-listed; Tape A securities are New York Stock Exchange-listed; and Tape B securities are listed on exchanges other than Nasdaq and NYSE.

⁴ Consolidated Volume is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member’s trading activity, expressed as a percentage of, or ratio to, Consolidated Volume, the date of the annual reconstitution of the Russell
**First Change**

The purpose of the first change is to provide an additional credit to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently, the Exchange provides several credits under Rules 7018(a)(1), (2), and (3), each of which apply to securities of a different Tape, in return for market-improving behavior. The Exchange is proposing to add a new credit tier of $0.00305 per share executed to a member that has shares of liquidity provided in all securities during the month representing at least 0.60% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, adds NOM⁵ Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.10% or more of total industry ADV in the Customer clearing range⁶ for Equity and ETF option

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5 NOM is an abbreviation of the “Nasdaq Options Market.”

6 NOM Chapter XV provides the following defined terms:

The term “Customer” or (“C”) applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of broker or dealer or for the account of a “Professional” (as that term is defined in Chapter I, Section 1(a)(48)).

The term “NOM Market Maker” or (“M”) is a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security.

The term “Non-NOM Market Maker” or (“O”) is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.
contracts per day in a month on the Nasdaq Options Market, and adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.50% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market. Thus, to qualify under the new proposed credit tiers under Rule 7018(a)(1), (2) and (3), an Exchange member must be a NOM Participant and meet the NOM rebate criteria described above, in addition to providing at least 0.60% of Consolidated Volume on the Exchange.

Second Change

The purpose of the second change is to amend the criteria required to qualify for an existing credit, which is available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently, the Exchange provides a credit of $0.0029 per share executed in the security of any of the Tapes to a member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2, of the Nasdaq Options Market rules, of 125,000 or more contracts per day.

The term “Firm” or (“F”) applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

The term “Professional” or (“P”) means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

The term “Broker-Dealer” or (“B”) applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.
in a month executed on the Nasdaq Options Market. The Exchange is proposing to change the Total Volume requirement of paragraph (ii) of the rule to no longer require 125,000 or more contracts per day in a month executed on the Nasdaq Options Market, but to now require Total Volume of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market.

**Third Change**

The purpose of the third change is to delete rule text from the preamble of Rule 7018(a) concerning Consolidated Volume. The rule currently defines Consolidated Volume as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. The Exchange excludes from the calculations of fees and credits that have a Consolidated Volume component all trading that occurs on the date of the annual reconstitution of the Russell Investments. The annual reconstitution represents a day of abnormal trading volume, as the Russell Investment indexes adjust holdings to accurately reflect the current state of equity markets and their market segments. Consequently, the Exchange excludes trading occurring on the date of the Russell Investment reconstitution in all calculations of fees and credits because it is not reflective of a member’s normal trading. The Exchange expresses this under the rule by stating that, “[f]or purposes of calculating Consolidated Volume and the extent of a member’s trading activity, expressed as a percentage of, or ratio to, Consolidated Volume, the date of the annual reconstitution of

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7 See [https://www.ftserussell.com/research-insights/russell-reconstitution](https://www.ftserussell.com/research-insights/russell-reconstitution).
the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member’s trading activity.” The Exchange believes that the text stating “expressed as a percentage of, or ratio to, Consolidated Volume” may be confusing to market participants in understanding how the Exchange excludes trading activity on the day of the Russell Investment reconstitution because some charges and credits under Rule 7018(a) are based on a measure of Consolidated Volume that is not a percentage or ratio thereof. Thus, the Exchange seeks to clarify that all volume based activity on the date of the Russell Investment reconstitution (including trading activity not based on a percentage or ratio of Consolidated Volume) is excluded from a member’s trading activity for determining credit and fee tiers. This proposed change will ensure that members understand that all volumes on the day of the Russell Investment reconstitution would be excluded for purposes of measuring fees and credits.

The Exchange is also deleting an identical definition of Consolidated Volume from Rule 7014, which provides rules applicable to the Exchange’s Market Quality Incentive Programs. The definition of Consolidated Volume under Rule 7014(h)(5) is identical to Rule 7018(a). In light of the changes to the definition under Rule 7018(a) and to avoid duplication in the rules, the Exchange is eliminating the identical definition from Rule 7014(h)(5) and is replacing it with text that cross references the definition under Rule 7018(a).

Fourth Change

The Exchange is proposing to make minor technical and corrective changes to the rule text. Specifically, the Exchange is adding punctuation to certain credit tiers, which was inadvertently omitted when the text was adopted. The Exchange is also reorganizing a credit tier so that it reads more consistently with other credit tiers under the rule. The
reorganization of the credit tier does not change how the credit tier is applied. Last, the Exchange is deleting from Rules 7018(a)(2) and (3) text under a credit tier that concerns its application during a period that has since expired.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 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 the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

**First Change**

The Exchange believes that the proposed $0.00305 per share executed credit is reasonable because it is consistent with other credits that the Exchange provides to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. As a general principle, the Exchange chooses to offer credits to members in return for market improving behavior. Under Rule 7018(a), the various credits the Exchange provides for displayed quotes/orders require members to significantly contribute to market quality by providing certain levels of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, and volume on NOM. The proposed credit will be provided to members that not only contribute to the Exchange by providing more than 0.60% of Consolidated Volume through one or more

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9 15 U.S.C. 78f(b)(4) and (5).
of its Nasdaq Market Center MPIDs during the month, but also add NOM Market Maker
liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.10% or more of
total industry ADV in the Customer clearing range for Equity and ETF option contracts
per day in a month on the Nasdaq Options Market, and add Customer, Professional, Firm,
Non-NOM Market Maker, and/or Broker-Dealer liquidity in Penny Pilot Options and/or
Non-Penny Pilot Options of 1.50% or more of total industry ADV in the Customer
clearing range for Equity and ETF option contracts per day in a month on the Nasdaq
Options Market.

The Exchange notes that the proposed credit is consistent with other credits that it
provides for displayed quotes/orders under the rule, which range from $0.0015 per share
executed to $0.00305 per share executed and which apply progressively more stringent
requirements in return for higher per share executed credits. In this case, the proposed
requirements to receive the $0.00305 per share executed credit are set very high,
consistent with the criteria of other $0.00305 per share executed credit tiers available
under Rule 7018(a). For instance, the Exchange provides a $0.00305 per share executed
credit in securities of any Tape to a member with shares of liquidity provided in all
securities during the month representing at least 0.15% of Consolidated Volume during
the month, through one or more of its Nasdaq Market Center MPIDs, and that adds NOM
Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.90%
or more of total industry ADV in the Customer clearing range for Equity and ETF option
contracts per day in a month on the Nasdaq Options Market. The Exchange notes that,
while the level of Consolidated Volume is lower for the existing $0.00305 per share
executed credit tier, it requires a significantly larger contribution to NOM Market Maker
liquidity. The proposed new credit tier, however, requires a member to also provide a significant level of Customer, Professional, Firm, Non-NOM Market Maker, and/or Broker-Dealer liquidity that the current credit does not. Thus, the proposed new $0.00305 per share executed credit tier criteria is similar, in terms of the level of contribution that a member must make to the markets, to the criteria required to qualify for an existing $0.00305 per share executed credit that the Exchange offers. In sum, both of these credit tiers have high standards to earn the credit and, in return for meeting these high standards, both provide a high credit. For these reasons, the Exchange believes that the proposed $0.00305 per share executed credit is reasonable.

The proposed $0.00305 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. Thus, if a member meets the requirements, it will receive the credit unless it qualifies for a higher credit. Moreover, as discussed above, some credit tiers require participation on NOM while others do not. As such, members will continue to have opportunities to qualify for similar credits based on market participation not tied to NOM.

Second Change

The Exchange believes that the proposed amendment to the requirements of an existing credit tier provided in securities of all three Tapes is reasonable because it merely replaces a measure of activity on NOM with another, both of which represent a significant contribution to that market. Specifically, the Exchange is replacing the requirement that a member have 125,000 or more contracts per day in a month executed on the Nasdaq Option Market with a new requirement that a member have 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option
contracts per day in a month on the Nasdaq Options Market. The Exchange notes that it is more precisely targeting market-improving behavior on NOM by replacing the fixed requirement of providing a certain number of contracts executed per day on NOM with a requirement that fluctuates based on total industry ADV in the Customer clearing range for both Equity and ETF options contracts per day. Thus, the Exchange is proposing to require NOM activity that is more closely correlated to the member’s activity on NOM as compared to overall industry activity.

The Exchange believes that the proposed amendment to the requirements of an existing credit tier provided in securities of all three Tapes is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. Thus, if a member meets the requirements, it will receive the credit unless it qualifies for a higher credit. Moreover, as discussed above, some credit tiers require participation on NOM while others do not. As such, members will continue to have opportunities to qualify for similar credits based on market participation not tied to NOM. Also the proposed criteria will allow the threshold to fluctuate with industry volume, making it easier to achieve in low volume environments and more onerous to meet in high volume environments.

**Third Change**

The Exchange believes that deleting rule text from the preamble of Rule 7018(a) concerning Consolidated Volume and the related change to Rule 7014(h)(5) are reasonable because they will help clarify how volume related to credit and fee tiers will be handled by the Exchange during the annual Russell Indexes reconstitution. Currently, the rule text could be interpreted to apply to only a member organization’s trading activity under a fee or credit tier that is expressed as a ratio or percentage of Consolidated
Volume. The Exchange believes that such an interpretation would undermine the Exchange’s intent to exclude the abnormal trading activity that occurs on that day. Accordingly, the Exchange believes that it is reasonable to remove the potentially confusing rule text.

The Exchange believes that deleting rule text from the preamble of Rule 7018(a) concerning Consolidated Volume and the related change to Rule 7014(h)(5) are an equitable allocation and are not unfairly discriminatory because the proposed changes only serve to clarify the application of the rule and does not alter how Consolidated Volume or activity for tiers is calculated. Thus, the Exchange will apply the same process to all similarly situated member organizations that seek to qualify under a fee or credit tier, or rebate under the rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange 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, the Exchange 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 in this market may impose any burden on competition is extremely limited.
In this instance, the changes to the credits provided for the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades are reflective of the intense competition among trading venues in capturing order flow. Moreover, the proposed changes do not impose a burden on competition because Exchange membership is optional and is also the subject of competition from other trading venues. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that the Exchange will lose market share as a result of the changes if they are unattractive to market participants.

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


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.

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-2016-083 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-2016-083. 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

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-2016-083 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.\(^\text{11}\)

Robert W. Errett  
Deputy Secretary

\(^{11}\) 17 CFR 200.30-3(a)(12).
7014. Market Quality Incentive Programs

Small Cap Incentive Program

(a) – (g) No change.

Definitions and Certifications

(h) Definitions

For purposes of this Rule, the terms set forth below shall have the following meanings:

(1) Reserved

(2) Reserved

(3) Reserved

(4) Reserved

(5) The term "Consolidated Volume" shall have the same meaning as the term has under Rule 7018(a) [mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity].

(6) Reserved

(7) The term "NBBO" shall mean the national best bid or best offer.

(8) Reserved

(9) The term "regular market hours" means 9:30 a.m. through 4:00 p.m., or such shorter period as may be designated by NASDAQ on a day when the securities markets close early.
Limit Up-Limit Down Pricing Program

(i) No change.

* * * * *

7018. Nasdaq Market Center Order Execution and Routing

(a) The following charges shall apply to the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades. For purposes of determining a member's shares of liquidity routed, TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST and directed orders are not counted. As used in this rule, the term "Consolidated Volume" shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity[, expressed as a percentage of or ratio to Consolidated Volume,] the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.

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

* * * * *

Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:

[A]member adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.15% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.575% or more of Consolidated Volume during the month, including shares of liquidity provided with respect to

$0.00295 per share executed

$0.0030 per share executed
securities that are listed on exchanges other than NASDAQ or NYSE that represent 0.10% or more of Consolidated Volume:

member (i) with shares of liquidity provided in all securities during the month representing at least 0.60% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 0.10% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market, and (iii) Adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.50% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 1.25% of Consolidated Volume during the month:

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month and member provides a daily average of at least 5 Million shares of non-displayed liquidity:

member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on- Open, Limit-on-Open,
Good-til-Cancelled, and Immediate-or-
Cancel orders, through one or more of its
Nasdaq Market Center MPIDs that
represent more than 0.01% of Consolidated
Volume during the month:

member with shares of liquidity provided
in all securities through one or more of its
Nasdaq Market Center MPIDs that
represent more than 0.45% of Consolidated
Volume during the month:

$0.0029 per share executed

member with shares of liquidity provided
in all securities through one or more of its
Nasdaq Market Center MPIDs that
represent more than 0.30% of Consolidated
Volume during the month:

$0.0027 per share executed

member with shares of liquidity provided
in all securities through one or more of its
Nasdaq Market Center MPIDs that
represent more than 0.30% of Consolidated
Volume during the month, including shares
of liquidity provided with respect to
securities that are listed on exchanges other
than NASDAQ or NYSE that represent
more than 0.10% of Consolidated Volume:

$0.0029 per share executed

member with shares of liquidity provided
in all securities through one or more of its
Nasdaq Market Center MPIDs that
represent more than 0.10% of Consolidated
Volume during the month:

$0.0025 per share executed

member with shares of liquidity accessed in
all securities through one or more of its
Nasdaq Market Center MPIDs representing
more than 0.65% of Consolidated Volume
during the month; provided that the
member also provides a daily average of at
least 2 million shares of liquidity in all
securities through one or more of its
Nasdaq Market Center MPIDs during the
month:

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:

$0.0025 per share executed

member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

$0.0029 per share executed

member (i) with shares of liquidity provided in all securities during the month representing at least 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 0.90% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

$0.00305 per share executed

member (i) with shares of liquidity provided in all securities during the month:

$0.0030 per share executed
representing more than 0.20% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the additional $0.05 per contract credit under Note c(3) of NOM Chapter XV Section 2(1):

member with shares of liquidity provided in all securities during the month representing less than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs; provided that (i) the member also provides a daily average of at least 250,000 shares of liquidity provided in securities listed on an exchange other than NASDAQ, or (ii) the member routes a daily average volume of at least 10,000 shares during the month via the QDRK routing strategy:

$0.0020 per share executed

member that provides a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of non-displayed liquidity, excluding midpoint orders:

$0.0025 per share executed

Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:

$0.0015 per share executed

* * * * *

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

* * * * *

Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:

$0.0001 per share executed
displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity, a member with shares of liquidity provided in all securities during the month representing at least 0.2% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs.[ In March 2016 the credit will be provided and criteria will be measured from March 7, 2016 through March 31, 2016.]

[A]member adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.15% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market: $0.00295 per share executed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.575% or more of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent 0.10% or more of Consolidated Volume: $0.0030 per share executed

member (i) with shares of liquidity provided in all securities during the month representing at least 0.60% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 0.10% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market, and (iii) Adds Customer, $0.00305 per share executed
Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.50% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

- member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 1.25% of Consolidated Volume during the month: $0.00305 per share executed

- member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month and member provides a daily average of at least 5 Million shares of non-displayed liquidity: $0.0030 per share executed

- member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-[ ]Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-till-Cancelled, and Immediate-or-Cancel orders, through one or more of its Nasdaq Market Center MPIDs that represent more than 0.01% of Consolidated Volume during the month: $0.0028 per share executed

- member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month: $0.0029 per share executed

- member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume: $0.0027 per share executed
during the month:

- member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent more than 0.10% of Consolidated Volume:
  - $0.0029 per share executed

- member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:
  - $0.0025 per share executed

- member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:
  - $0.0029 per share executed

- member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:
  - $0.0025 per share executed

- member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs:
  - $0.0029 per share executed
Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

- member (i) with shares of liquidity provided in all securities during the month representing at least 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 0.90% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market: $0.00305 per share executed

- member (i) with shares of liquidity provided in all securities during the month representing more than 0.20% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the additional $0.05 per contract credit under Note c(3) of NOM Chapter XV Section 2(1): $0.0030 per share executed

- member that provides a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of non-displayed liquidity, excluding midpoint orders: $0.0025 per share executed

Credit to other members: $0.0020 per share executed

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

**Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:**

in addition to the credits provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity, a member with shares of liquidity provided in all securities during the month representing at least 0.2% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs;[. In March 2016 the credit will be provided and criteria will be measured from March 7, 2016 through March 31, 2016.]

<table>
<thead>
<tr>
<th>Member Description</th>
<th>Fee Per Share Executed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.15% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market.</td>
<td>$0.00295 per share executed</td>
</tr>
<tr>
<td>Member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.575% or more of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent 0.10% or more of Consolidated Volume.</td>
<td>$0.0030 per share executed</td>
</tr>
<tr>
<td>Member (i) with shares of liquidity</td>
<td>$0.00305 per share executed</td>
</tr>
</tbody>
</table>
provided in all securities during the month representing at least 0.60% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 0.10% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market, and (iii) Adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.50% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 1.25% of Consolidated Volume during the month: $0.00305 per share executed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month and member provides a daily average of at least 5 Million shares of non-displayed liquidity: $0.0030 per share executed

member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its Nasdaq Market Center MPIDs that represent more than 0.01% of Consolidated Volume during the month: $0.0028 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month: $0.0029 per share executed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month: $0.0027 per share executed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent more than 0.10% of Consolidated Volume: $0.0029 per share executed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month: $0.0025 per share executed

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month: $0.0029 per share executed

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the
member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:

member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

$0.0029 per share executed

member (i) with shares of liquidity provided in all securities during the month representing more than 0.20% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) qualifies for the additional $0.05 per contract credit under Note c(3) of NOM Chapter XV Section 2(1):

$0.0030 per share executed

member (i) with shares of liquidity provided in all securities during the month representing at least 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 0.90% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the Nasdaq Options Market:

$0.00305 per share executed
member that provides a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of non-displayed liquidity, excluding midpoint orders:

Credit to other members: $0.0025 per share executed

$0.0020 per share executed

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(b) – (m) No change.

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