### Filing by The Nasdaq Stock Market LLC

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

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<th>Initial</th>
<th>Amendment</th>
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<th>Section 19(b)(2)</th>
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#### Description

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

Proposal to amend the Exchange transaction fees at Rule 7018 to (i) change the volume threshold needed to qualify for one of the credits for displayed quotes and orders that provide liquidity on the Exchange and (ii) add a new credit for both providing liquidity to, and removing liquidity from, the Exchange.

#### 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**: Andrew
- **Last Name**: Madar
- **Title**: Senior Associate General Counsel
- **E-mail**: Andrew.Madar@nasdaq.com
- **Telephone**: (301) 978-8420

#### Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Date) 11/01/2017

By Edward S. Knight

Executive Vice President and General Counsel

(Note: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.)
<table>
<thead>
<tr>
<th>Form 19b-4 Information *</th>
<th>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.</th>
</tr>
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<tbody>
<tr>
<td>Exhibit 1 - Notice of Proposed Rule Change *</td>
<td>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).</td>
</tr>
<tr>
<td>Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</td>
<td>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).</td>
</tr>
<tr>
<td>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</td>
<td>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.</td>
</tr>
<tr>
<td>Exhibit 3 - Form, Report, or Questionnaire</td>
<td>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.</td>
</tr>
<tr>
<td>Exhibit 4 - Marked Copies</td>
<td>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.</td>
</tr>
<tr>
<td>Exhibit 5 - Proposed Rule Text</td>
<td>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.</td>
</tr>
<tr>
<td>Partial Amendment</td>
<td>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.</td>
</tr>
</tbody>
</table>
1. **Text of the Proposed Rule Change**

   (a) The Nasdaq Stock Market LLC (“Nasdaq” or “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 the Exchange’s transaction fees at Rule 7018 to: (i) change the volume threshold needed to qualify for one of the credits for displayed quotes and orders that provide liquidity on the Exchange; and (ii) add a new credit for both providing liquidity to, and removing liquidity from, the Exchange, as described further below.

   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 September 19, 2017. 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.

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

   Andrew Madar  
   Senior Associate General Counsel  
   Nasdaq, Inc.  
   301-978-8420

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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 (i) change the volume threshold needed to qualify for one of the credits for displayed quotes and orders that provide liquidity on the Exchange; and (ii) add a new credit for displayed quotes and orders that provide liquidity to, and remove liquidity from, the Exchange.

   Rule 7018 sets forth the fees and credits for use of the order execution and routing services of Nasdaq for securities priced at $1 or more. Rule 7018(a)(1) sets forth the fees and credits for the execution and routing of orders in Nasdaq-listed securities; Rule 7018(a)(2) sets forth the fees and credits for the execution and routing of securities listed on the New York Stock Exchange LLC (“NYSE”), and Rule 7018(a)(3) sets forth the fees and credits for the execution and routing of securities listed on exchanges other than Nasdaq and NYSE (“Tape B Securities”).

   Currently, Nasdaq pays a credit of $0.0029 per share executed for securities listed on Nasdaq, NYSE and Tape B Securities when the member adds liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than 0.45% of Consolidated Volume during the month. Nasdaq now proposes to change this requirement so that the member must add liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than 0.60% of Consolidated Volume during the month.

   Rule 7018(a) defines Consolidated Volume to 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 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.”
Volume during the month for securities listed on Nasdaq, NYSE and Tape B Securities. Nasdaq is therefore amending the relevant language in Rule 7018(a)(1), (a)(2) and (a)(3) to reflect this change. The amount of the credit remains unchanged.

Nasdaq is making this change because it believes the new volume requirement is more closely aligned to the amount of the credit. This increase is also reflective of the Exchange’s desire to provide incentives to attract order flow to the Exchange in return for significant market-improving behavior. By modestly increasing the volume of liquidity that a member must add during the month in order to qualify for the corresponding credit, this change will help ensure that members are providing significant market-improving behavior in return for credits.

Nasdaq is also proposing to add a new credit for securities that are listed on Nasdaq, NYSE and Tape B Securities. Specifically, the member will qualify for a rebate of $0.0029 per share executed if the member (i) removes liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than 0.70% of Consolidated Volume during the month, and (ii) adds liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than 0.50% of Total Consolidated Volume during the month. Nasdaq is therefore amending the relevant language in Rule 7018(a)(1), (a)(2) and (a)(3) to reflect this change. Nasdaq is adding this rebate to incentivize members to both add and remove liquidity on the Exchange in Nasdaq and NYSE-listed securities and Tape B securities, and to provide members with another way in which they may qualify for a rebate.
b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,\(^4\) in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,\(^5\) in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that changing the requirement that members add liquidity that represents more than 0.45% of Consolidated Volume to require members to add liquidity that represents more than 0.60% of Consolidated Volume during the month in order to qualify for the $0.0029 credit is reasonable. The Exchange notes that it is not changing the amount of the credit, which has been addressed in previous filings,\(^6\) and believes that the credit continues to be reasonable because it remains unchanged. Nasdaq believes that the change to the volume threshold is reasonable because the increased volume threshold is more closely aligned to the corresponding credit than the current volume threshold. This increase is also reflective of the Exchange’s desire to provide incentives to attract order flow to the Exchange in return for significant market-improving behavior. By modestly increasing the volume of liquidity that a member must add during the month in order to qualify for the corresponding credit, this change will help ensure that members are providing significant market-improving behavior in return for credits.

\(^5\) 15 U.S.C. 78f(b)(4) and (5).
The Exchange believes that the increase in the volume threshold needed to qualify for the $0.0029 credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members that meet its requirements. The credit and its corresponding volume requirement will apply equally to transactions in Nasdaq and NYSE-listed and Tape B Securities. The Exchange believes that the new volume requirement will not significantly impact the number of members that will likely qualify for the corresponding credit, since the new volume threshold is a modest increase over the current volume threshold. Participation in the Exchange’s various credit tiers is completely voluntary, and members may always elect to either qualify for the corresponding credit by adding sufficient liquidity to the Exchange to meet the new volume requirement, or by electing to qualify for a different credit. Finally, by modestly increasing the volume of liquidity that a member must add during the month in order to qualify for the corresponding credit, this change will help ensure that members are providing significant market-improving behavior in return for credits.

Nasdaq believes that the new credit tier for adding and removing liquidity is reasonable. Nasdaq notes that the amount of the credit is either comparable or identical to other credits that it offers pursuant to Rule 7018, and believes that the requirements are comparable to other requirements needed to qualify for other credits. Nasdaq also believes that the amount of the credit is closely aligned to its corresponding requirements.

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7 For example, Nasdaq currently pays a credit of $0.0027 per share executed for a member (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.40% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.15% of Consolidated Volume during the month, and (iii) provides a daily average of at least 800,000 shares of nondisplayed liquidity through one or more of its Nasdaq Market Center MPIDs during the month.
With this credit and its corresponding requirements, Nasdaq is attempting to incentivize members to both add liquidity to, and remove liquidity from, the Exchange in meaningful amounts, which contributes to the Exchange’s overall market quality and benefits all Exchange participants.

Nasdaq also believes that the new credit tier for adding and removing liquidity is an equitable allocation and is not unfairly discriminatory. As with the change discussed above, the Exchange will apply the same credit and its corresponding volume requirements to all similarly situated members that meet its requirements. The new credit will apply equally to transactions in Nasdaq and NYSE-listed and Tape B Securities.

Participation in the Exchange’s various credit tiers is completely voluntary, and members may always elect to either qualify for this new credit by adding sufficient liquidity to, and removing sufficient liquidity from, the Exchange to meet the new volume requirements, or by electing to qualify for a different credit. With this credit and its corresponding requirements, Nasdaq is attempting to incentivize members to both add liquidity to, and remove liquidity from, the Exchange in meaningful amounts, which contributes to the Exchange’s overall market quality and benefits all Exchange participants.

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 proposed change to the volume threshold for the $0.0029 credit does not impose a burden on competition because the Exchange’s execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The Exchange will apply the same volume thresholds to all members for transactions in Nasdaq and NYSE-listed and Tape B Securities. Participation in the Exchange’s various credit tiers is completely voluntary, and Nasdaq does not believe that the new volume threshold will significantly impact the number of members that will likely qualify for the corresponding credit. Members may always elect to either qualify for the new volume threshold by adding sufficient liquidity to the Exchange to meet the new volume requirement, or by electing to qualify for a different credit. As such, the Exchange believes that the proposed volume threshold will not negatively impact who will qualify for the corresponding credit, but will rather have a positive impact on overall market quality as members increase their participation in the market to qualify for that credit. If, however, the Exchange is incorrect and the changes proposed herein are unattractive to members, it is likely that Nasdaq will lose market share as a result.

Similarly, the proposed new credit tier for adding and removing liquidity does not impose a burden on competition because the Exchange’s execution services are
completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The Exchange will apply the same volume thresholds to all members for transactions in Nasdaq and NYSE-listed and Tape B Securities. Participation in the Exchange’s various credit tiers is completely voluntary, and members may always elect to either qualify for the new credit by adding sufficient liquidity to, and removing sufficient liquidity from, the Exchange to meet the new volume requirements, or by electing to qualify for a different credit. As such, the Exchange believes that the proposed credit will have a positive impact on overall market quality by incentivizing members to add and remove liquidity from the Exchange in meaningful amounts. If, however, the Exchange is incorrect and the changes proposed herein are unattractive to members, it is likely that Nasdaq will lose market share as a result.

Accordingly, Nasdaq does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

6. **Extension of Time Period for Commission Action**

Not applicable.

7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Pursuant to Section 19(b)(3)(A)(ii) of the Act,8 the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-

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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.

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 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 November 1, 2017, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by 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 the Exchange’s transaction fees at Rule 7018 to: (i) change the volume threshold needed to qualify for one of the credits for displayed quotes and orders that provide liquidity on the Exchange; and (ii) add a new credit for both providing liquidity to, and removing liquidity from, the Exchange.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change 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 (i) change the volume threshold needed to qualify for one of the credits for displayed quotes and orders that provide liquidity on the Exchange; and (ii) add a new credit for displayed quotes and orders that provide liquidity to, and remove liquidity from, the Exchange.

Rule 7018 sets forth the fees and credits for use of the order execution and routing services of Nasdaq for securities priced at $1 or more. Rule 7018(a)(1) sets forth the fees and credits for the execution and routing of orders in Nasdaq-listed securities; Rule 7018(a)(2) sets forth the fees and credits for the execution and routing of securities listed on the New York Stock Exchange LLC (“NYSE”), and Rule 7018(a)(3) sets forth the fees and credits for the execution and routing of securities listed on exchanges other than Nasdaq and NYSE (“Tape B Securities”).

Currently, Nasdaq pays a credit of $0.0029 per share executed for securities listed on Nasdaq, NYSE and Tape B Securities when the member adds liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than
0.45% of Consolidated Volume during the month. Nasdaq now proposes to change this requirement so that the member must add liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than 0.60% of Consolidated Volume during the month for securities listed on Nasdaq, NYSE and Tape B Securities. Nasdaq is therefore amending the relevant language in Rule 7018(a)(1), (a)(2) and (a)(3) to reflect this change. The amount of the credit remains unchanged.

Nasdaq is making this change because it believes the new volume requirement is more closely aligned to the amount of the credit. This increase is also reflective of the Exchange’s desire to provide incentives to attract order flow to the Exchange in return for significant market-improving behavior. By modestly increasing the volume of liquidity that a member must add during the month in order to qualify for the corresponding credit, this change will help ensure that members are providing significant market-improving behavior in return for credits.

Nasdaq is also proposing to add a new credit for securities that are listed on Nasdaq, NYSE and Tape B Securities. Specifically, the member will qualify for a rebate of $0.0029 per share executed if the member (i) removes liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than 0.70% of Consolidated Volume during the month, and (ii) adds liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represents more than

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3 Rule 7018(a) defines Consolidated Volume to 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 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.”
0.50% of Total Consolidated Volume during the month. Nasdaq is therefore amending the relevant language in Rule 7018(a)(1), (a)(2) and (a)(3) to reflect this change. Nasdaq is adding this rebate to incentivize members to both add and remove liquidity on the Exchange in Nasdaq and NYSE-listed securities and Tape B securities, and to provide members with another way in which they may qualify for a rebate.

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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that changing the requirement that members add liquidity that represents more than 0.45% of Consolidated Volume to require members to add liquidity that represents more than 0.60% of Consolidated Volume during the month in order to qualify for the $0.0029 credit is reasonable. The Exchange notes that it is not changing the amount of the credit, which has been addressed in previous filings, and believes that the credit continues to be reasonable because it remains unchanged. Nasdaq believes that the change to the volume threshold is reasonable because the increased volume threshold is more closely aligned to the corresponding credit than the current volume threshold. This increase is also reflective of the Exchange’s desire to provide

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5 15 U.S.C. 78f(b)(4) and (5).
incentives to attract order flow to the Exchange in return for significant market-improving behavior. By modestly increasing the volume of liquidity that a member must add during the month in order to qualify for the corresponding credit, this change will help ensure that members are providing significant market-improving behavior in return for credits.

The Exchange believes that the increase in the volume threshold needed to qualify for the $0.0029 credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members that meet its requirements. The credit and its corresponding volume requirement will apply equally to transactions in Nasdaq and NYSE-listed and Tape B Securities. The Exchange believes that the new volume requirement will not significantly impact the number of members that will likely qualify for the corresponding credit, since the new volume threshold is a modest increase over the current volume threshold. Participation in the Exchange’s various credit tiers is completely voluntary, and members may always elect to either qualify for the corresponding credit by adding sufficient liquidity to the Exchange to meet the new volume requirement, or by electing to qualify for a different credit. Finally, by modestly increasing the volume of liquidity that a member must add during the month in order to qualify for the corresponding credit, this change will help ensure that members are providing significant market-improving behavior in return for credits.

Nasdaq believes that the new credit tier for adding and removing liquidity is reasonable. Nasdaq notes that the amount of the credit is either comparable or identical to other credits that it offers pursuant to Rule 7018, and believes that the requirements are
comparable to other requirements needed to qualify for other credits. Nasdaq also believes that the amount of the credit is closely aligned to its corresponding requirements. With this credit and its corresponding requirements, Nasdaq is attempting to incentivize members to both add liquidity to, and remove liquidity from, the Exchange in meaningful amounts, which contributes to the Exchange’s overall market quality and benefits all Exchange participants.

Nasdaq also believes that the new credit tier for adding and removing liquidity is an equitable allocation and is not unfairly discriminatory. As with the change discussed above, the Exchange will apply the same credit and its corresponding volume requirements to all similarly situated members that meet its requirements. The new credit will apply equally to transactions in Nasdaq and NYSE-listed and Tape B Securities. Participation in the Exchange’s various credit tiers is completely voluntary, and members may always elect to either qualify for this new credit by adding sufficient liquidity to, and removing sufficient liquidity from, the Exchange to meet the new volume requirements, or by electing to qualify for a different credit. With this credit and its corresponding requirements, Nasdaq is attempting to incentivize members to both add liquidity to, and remove liquidity from, the Exchange in meaningful amounts, which contributes to the Exchange’s overall market quality and benefits all Exchange participants.

For example, Nasdaq currently pays a credit of $0.0027 per share executed for a member (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.40% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.15% of Consolidated Volume during the month, and (iii) provides a daily average of at least 800,000 shares of nondisplayed liquidity through one or more of its Nasdaq Market Center MPIDs during the month.
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 proposed change to the volume threshold for the $0.0029 credit does not impose a burden on competition because the Exchange’s execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The Exchange will apply the same volume thresholds to all members for transactions in Nasdaq and NYSE-listed and Tape B Securities. Participation in the Exchange’s various credit tiers is completely voluntary, and Nasdaq does not believe that the new volume threshold will significantly impact the number of members that will likely qualify for the corresponding credit. Members may always elect to either qualify for the new volume threshold by adding sufficient liquidity to the Exchange to meet the new volume requirement, or by electing to qualify for a different credit. As such, the Exchange believes that the proposed volume threshold will
not negatively impact who will qualify for the corresponding credit, but will rather have a
positive impact on overall market quality as members increase their participation in the
market to qualify for that credit. If, however, the Exchange is incorrect and the changes
proposed herein are unattractive to members, it is likely that Nasdaq will lose market
share as a result.

Similarly, the proposed new credit tier for adding and removing liquidity does not
impose a burden on competition because the Exchange’s execution services are
completely voluntary and subject to extensive competition both from other exchanges
and from off-exchange venues. The Exchange will apply the same volume thresholds to
all members for transactions in Nasdaq and NYSE-listed and Tape B Securities.
Participation in the Exchange’s various credit tiers is completely voluntary, and members
may always elect to either qualify for the new credit by adding sufficient liquidity to, and
removing sufficient liquidity from, the Exchange to meet the new volume requirements,
or by electing to qualify for a different credit. As such, the Exchange believes that the
proposed credit will have a positive impact on overall market quality by incentivizing
members to add and remove liquidity from the Exchange in meaningful amounts. If,
however, the Exchange is incorrect and the changes proposed herein are unattractive to
members, it is likely that Nasdaq will lose market share as a result.

Accordingly, Nasdaq does not believe that the proposed changes will impair the
ability of members or competing order execution venues to maintain their competitive
standing in the financial markets.

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

No written comments were either solicited or received.
III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.8

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-2017-120 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2017-120. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (http://www.sec.gov/rules/sro.shtml).

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

All submissions should refer to File Number SR-NASDAQ-2017-120 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.⁹

Eduardo A. Aleman
Assistant Secretary

**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 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:

- 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 (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.40% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that

  $0.0027 per share executed
represent more than 0.15% of Consolidated Volume during the month, and (iii) provides a daily average of at least 800,000 shares of non-displayed liquidity through one or more of its Nasdaq Market Center MPIDs during the month:

member (i) with shares of liquidity provided in securities that are listed on exchanges other than Nasdaq or NYSE through one or more of its Nasdaq Market Center MPIDs that represents at least 800,000 shares a day on average during the month and (ii) doubles the daily average share volume provided in securities that are listed on exchanges other than Nasdaq or NYSE through one or more of its Nasdaq Market Center MPIDs during the month versus the member's daily average share volume provided in securities that are listed on exchanges other than Nasdaq or NYSE in January 2017:

$0.0026 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:

$0.00305 per share executed
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 (i) with shares of liquidity provided in all securities during the month representing at least 0.12% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) 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 during the month on The Nasdaq Options Market:

  - $0.0030 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 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

  - $0.0028 per share executed
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 (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.70% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.50% of Consolidated Volume during the month:

$0.0029 per share executed

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

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

member adds Customer, Professional, Firm, $0.00295 per share executed 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 (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.40% of Consolidated Volume during the month, $0.0027 per share executed
and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.15% of Consolidated Volume during the month, and (iii) provides a daily average of at least 800,000 shares of non-displayed liquidity through one or more of its Nasdaq Market Center MPIDs during the month:

member (i) with shares of liquidity provided in securities that are listed on exchanges other than Nasdaq or NYSE through one or more of its Nasdaq Market Center MPIDs that represents at least 800,000 shares a day on average during the month and (ii) doubles the daily average share volume provided in securities that are listed on exchanges other than Nasdaq or NYSE through one or more of its Nasdaq Market Center MPIDs during the month versus the member's daily average share volume provided in securities that are listed on exchanges other than Nasdaq or NYSE in January 2017:

$0.0026 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

$0.00305 per share executed
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 (i) with shares of liquidity provided in all securities during the month representing at least 0.12% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) 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 during the month on The Nasdaq Options Market:

$0.0030 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 1.25% of Consolidated Volume during the month:

$0.0030 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:

$0.0028 per share executed

member with shares of liquidity provided in all securities, 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:

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:

member (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.70% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.50% of Consolidated Volume during the month:

$0.0029 per share executed

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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")

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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 securities that are listed on exchanges other than Nasdaq or NYSE during the month representing at least 0.06% but less than 0.12% of Consolidated Volume during the month through one or more of its Nasdaq Market Center MPIDs:

in addition to the credits provided for displayed quotes/orders (other than $0.0001 per share executed

$0.0002 per share executed
Supplemental Orders or Designated Retail Orders) that provide liquidity, a member with shares of liquidity provided in securities that are listed on exchanges other than Nasdaq or NYSE during the month representing at least 0.12% of Consolidated Volume during the month through one or more of its Nasdaq Market Center MPIDs:

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 (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.40% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.15% of Consolidated Volume during the month, and (iii) provides a daily average of at least 800,000 shares of nondisplayed liquidity through one or more of its Nasdaq Market Center MPIDs during the month:

member (i) with shares of liquidity provided in securities that are listed on exchanges other than Nasdaq or NYSE through one or more of its Nasdaq Market Center MPIDs that represents at least 800,000 shares a day on average during the month and (ii) doubles the daily average share volume provided in securities that are listed on exchanges other than Nasdaq or NYSE through one or more of its Nasdaq Market Center MPIDs during the month versus the member's daily average share volume provided in securities that are listed on exchanges other than Nasdaq or NYSE in
January 2017:

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, 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:

$0.00305 per share executed

member (i) with shares of liquidity provided in all securities during the month representing at least 0.12% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) 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 during the month

$0.0030 per share executed
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 0.70% of Consolidated Volume during the month:

$0.0029 per share executed

member (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.70% of Consolidated Volume during the month, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.50% of Consolidated Volume during the month:

$0.0029 per share executed

(b) – (m) No Change.

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