**Proposal to amend transaction credits at Rule 7018(a).**

**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.

<table>
<thead>
<tr>
<th>First Name</th>
<th>Bennett</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Principal Associate General Counsel</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:Sean.Bennett@nasdaq.com">Sean.Bennett@nasdaq.com</a></td>
</tr>
<tr>
<td>Telephone</td>
<td>(301) 978-8499</td>
</tr>
</tbody>
</table>

**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) 01/02/2018

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.
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 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.

If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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.

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.

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

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

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

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
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 transaction credits at Rule 7018(a) to: (i) decrease a $0.00295 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity to $0.0029; (ii) include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; (iii) increase the level of Consolidated Volume required to receive a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; and (iv) delete a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity, 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.

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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:

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 Rule 7018(a) (the “Rule”):

(i) decrease a $0.00295 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity to $0.0029; (ii) include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; (iii) increase the level of Consolidated Volume required to receive a $0.0029 per share executed credit provided under paragraph (a) (the “Rule”):

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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
paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; and (iv) delete a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. 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 (“Tape C 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 (“Tape A Securities”); 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”) (collectively, the “Tapes”). As noted above, the Exchange is proposing to make identical changes to each of the related tiers for each of the Tapes.

First Change

The purpose of the first change is to reduce the credit provided for a credit tier under Rules 7018(a)(1), (2) and (3). Specifically, under Rules 7018(a)(1), (2) and (3) the Exchange provides a $0.00295 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To be eligible to receive the credit under each of the rules, a member must add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny 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.”
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. The Exchange is proposing to reduce the credit provided by the credit tier under paragraphs (1), (2) and (3) to $0.0029 per share executed.

Second Change

The purpose of the second change is to include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a $0.0028 per share executed credit for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity under paragraphs (1), (2) and (3) of the Rule. The credit is provided to a member that has 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. The Exchange is proposing to include Limit-on-Close orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating the members shares of liquidity, and therefore eligibility for the credit under paragraphs (1), (2) and (3) of the Rule. By including these Limit-on-Close orders, the credit will be more attainable to a member because fewer shares will be excluded from the shares of liquidity calculation used in comparison to the member’s Consolidated Volume during the month. The Exchange believes that the proposed change may provide incentive to members to increase their Limit-on-Close order activity between 3:50 p.m. ET and immediately prior
to 3:55 p.m. ET for participation in the Nasdaq Closing Cross, thereby reducing
Imbalances,⁴ and increasing the quality of the cross.

Third Change

The purpose of the third change is to increase the level of Consolidated Volume
required to receive a $0.0029 per share executed credit under paragraphs (1), (2) and (3)
of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated
Retail Orders) that provide liquidity. Currently, under Rules 7018(a)(1), (2) and (3), the
Exchange provides a $0.0029 per share executed credit to a member for displayed
quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A
and B securities, respectively, that provide liquidity. To qualify for the credit, a member
must have 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. The Exchange is proposing to increase the level of total
Consolidated Volume required to qualify for the to $0.0029 per share executed credit tier
under paragraphs (1), (2) and (3) from 0.30% to 0.40% per month.

Fourth Change

The purpose of the fourth change is to delete a $0.0029 per share executed credit
provided for displayed quotes/orders (other than Supplemental Orders or Designated
Retail Orders) that provide liquidity. Currently under Rules 7018(a)(1), (2) and (3), the

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⁴ “Imbalance” means the number of shares of buy or sell MOC or LOC Orders that
cannot be matched with other MOC or LOC, or IO Order shares at a particular
price at any given time. See Rule 4754(a)(2).
Exchange provides a $0.0029 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To qualify for the credit, a member must have shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.80% 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. The Exchange has observed that the credit tier has not been successful in significantly improving market quality as very few members qualify for the credit tier. Accordingly, the Exchange is eliminating the credit tier under Rules 7018(a)(1), (2) and (3).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,\(^5\) in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,\(^6\) 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.

First Change

The Exchange believes that decreasing the $0.00295 per share executed credit under paragraphs (1), (2) and (3) of the Rule provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is


\(^6\) 15 U.S.C. 78f(b)(4) and (5).
reasonable because the amount of the credit is either comparable or identical to other credits that the Exchange offers pursuant to Rule 7018(a), and it believes that the requirements are comparable to other requirements needed to qualify for other credits. For example, under paragraphs (1), (2) and (3) of the Rule the Exchange currently provides a $0.0029 per share executed credit to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity if the member has shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.60% of Consolidated Volume during the month. Consequently, the Exchange believes that proposed credit is consistent with other credits offered by the Exchange and therefore reasonable.

The Exchange believes that the amended credit will continue to be equitably allocated and not unfairly discriminatory. The proposed reduction in the credit provided is reflective of the Exchange’s need to balance the incentives that it provides in return for the market improving behavior it seeks to incentivize. The Exchange notes that the proposed change applies to securities of all Tapes and it will apply to all members of Nasdaq. A member is free to determine whether the amended credit is adequate for it to continue NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options required by the credit tier. As discussed above, a member has other opportunities to qualify for the same or similar credits based on different criteria.

Second Change

The Exchange believes that the proposed change to include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes
of calculating shares of liquidity in a credit tier under paragraphs (1), (2) and (3) of the Rule provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the Exchange is not changing the amount of the credit, which has been addressed in previous filings, and it believes that the amount of the credit continues to be reasonable because it remains unchanged.

Including Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity is reasonable because it provides incentive to members to improve the market by increasing liquidity in the Nasdaq Closing Cross. Moreover, the Exchange does not currently exclude Imbalance Only Orders from the calculation of shares of liquidity, and the Exchange believes that LOC Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET provide a similar function as Imbalance Only Orders in that they help avoid order Imbalances and, consequently they should be included in the calculation of shares of liquidity.

The Exchange believes that proposed change to include Limit-on-Close orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity in a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit qualification criteria to all similarly situated members. The Exchange recently amended Rule 4702(b)(12) to allow entry of LOC orders between 3:50 p.m. ET and immediately prior to 3:55 p.m.

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ET.\textsuperscript{8} Prior to the change, between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET an LOC order could only be cancelled, and only if the member requests that Nasdaq correct a legitimate error in the Order (e.g., Side, Size, Symbol, or Price, or duplication of an Order). As described in greater detail in its proposal, the Exchange believes that permitting members to enter LOC orders later in the trading day encourages additional participation in the Nasdaq Closing Cross, thereby reducing Imbalances, and increasing the quality of the cross.\textsuperscript{9} The proposed change to the credit tier under paragraphs (1), (2) and (3) of the Rule is designed to provide incentive to members to enter LOCs later in the trading day by including them in the eligibility calculation to receive the credit.

**Third Change**

The Exchange believes that the proposed change to increase the level of Consolidated Volume to qualify for a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the Exchange is not changing the amount of the credit, which has been addressed in previous filings,\textsuperscript{10} and it believes that the credit continues to be reasonable because it remains unchanged. As discussed above, the Exchange provides other $0.0029 per share executed credits under paragraphs (1), (2) and (3) of the Rule.


\textsuperscript{9} Id.

The Exchange believes that proposed change to increase the level of Consolidated Volume to qualify for a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is an equitable allocation and is not unfairly discriminatory because the amended criteria will apply to all members. Specifically, increasing the qualification criteria of the credit will apply all members uniformly, with each member free to determine whether providing the increased level of Consolidated Volume to qualify for the credit is appropriate for its business. Although some members may no longer qualify for the credit tier based on the amended qualification criteria, the Exchange notes that there are other $0.0029 per share executed credits available for securities of all the Tapes for which a member may qualify if it cannot qualify under the amended credit tier qualification requirement. Moreover, the proposed increase in Consolidated Volume will bring the credit’s qualification requirements closer to the next higher credit tier of $0.0030 per share executed, which is provided to members that have 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. Accordingly, the Exchange believes that the proposed change is an equitable allocation and is not unfairly discriminatory.

**Fourth Change**

Elimination of the $0.0029 per share executed credit provided to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders)
that provide liquidity in securities of each of the Tapes is reasonable because the credit has been unsuccessful at providing an incentive to members and in turn it has not provided a significant improvement to market quality on Nasdaq. Consequently, the Exchange believes that it should eliminate the credit to focus its limited funds on other incentives to improve market quality. The Exchange notes that members will continue to have the opportunity to qualify for credits of $0.0029 per share executed in securities of each of the Tapes. Accordingly, the Exchange believes eliminating this credit is reasonable.

The Exchange believes that elimination of the $0.0029 per share executed credit provided to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity in securities of each of the Tapes is an equitable allocation and is not unfairly discriminatory because it has been ineffective at significantly improving market quality as very few members qualify for the credit. Consequently, the credit is no longer needed. As noted above, the Exchange has limited funds to apply toward incentives, and although an incentive may not significantly achieve its goal of improving market quality, it may nonetheless result in a cost to the Exchange. Eliminating the credit will allow the Exchange deploy its limited funds to incentives in securities or other areas designed to improve market quality. Members will continue to have the opportunity to receive the same or similar rebates based on similar criteria as required by the tier that is being eliminated. For example, the Exchange provides a credit of $0.0025 per share executed to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity if the member has 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. Accordingly, the Exchange believes that eliminating the credit is an equitable allocation and is not unfairly discriminatory.

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 and credits 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 and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee and credit changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed changes to the credits available to members for execution of securities in securities of all three Tapes do 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 is proposing to decrease the amount of credit provided, increase the qualification requirement to receive a credit, eliminate a credit that has been
unsuccessful at improving market quality significantly, and ease the criteria of a credit in an effort to improve market quality in the Nasdaq Closing Cross. These changes are reflective of the Exchange’s need to balance the incentives that it provides in return for the market improving behavior it seeks to incentivize. As discussed above, the Exchange has limited funds to apply toward incentives, and therefore must adjust the amount of credit provided, change credit tier qualification criteria, and in some cases discontinue credits altogether, to ensure that it has applied those limited funds most efficiently.

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange 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, 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.

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.
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 January 2, 2018, 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 a proposal to amend transaction credits at Rule 7018(a) to: (i) decrease a $0.00295 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity to $0.0029; (ii) include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or

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Designated Retail Orders) that provide liquidity; (iii) increase the level of Consolidated Volume required to receive a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; and (iv) delete a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity.

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 amend Rule 7018(a) (the “Rule”): (i) decrease a $0.00295 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity to $0.0029; (ii) include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes
of calculating shares of liquidity to qualify for a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; (iii) increase the level of Consolidated Volume\(^3\) required to receive a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; and (iv) delete a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. 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 (“Tape C 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 (“Tape A Securities”); 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”) (collectively, the “Tapes”). As noted above, the Exchange is proposing to make identical changes to each of the related tiers for each of the Tapes.

\(^3\) 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.”
First Change

The purpose of the first change is to reduce the credit provided for a credit tier under Rules 7018(a)(1), (2) and (3). Specifically, under Rules 7018(a)(1), (2) and (3) the Exchange provides a $0.00295 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To be eligible to receive the credit under each of the rules, a member must add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.15% 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. The Exchange is proposing to reduce the credit provided by the credit tier under paragraphs (1), (2) and (3) to $0.0029 per share executed.

Second Change

The purpose of the second change is to include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a $0.0028 per share executed credit for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity under paragraphs (1), (2) and (3) of the Rule. The credit is provided to a member that has 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. The Exchange is proposing to include Limit-on-Close orders entered between
3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating the members' shares of liquidity, and therefore eligibility for the credit under paragraphs (1), (2) and (3) of the Rule. By including these Limit-on-Close orders, the credit will be more attainable to a member because fewer shares will be excluded from the shares of liquidity calculation used in comparison to the member’s Consolidated Volume during the month. The Exchange believes that the proposed change may provide incentive to members to increase their Limit-on-Close order activity between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for participation in the Nasdaq Closing Cross, thereby reducing Imbalances, and increasing the quality of the cross.

**Third Change**

The purpose of the third change is to increase the level of Consolidated Volume required to receive a $0.0029 per share executed credit under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently, under Rules 7018(a)(1), (2) and (3), the Exchange provides a $0.0029 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To qualify for the credit, a member must have 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

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4 “Imbalance” means the number of shares of buy or sell MOC or LOC Orders that cannot be matched with other MOC or LOC, or IO Order shares at a particular price at any given time. See Rule 4754(a)(2).
Consolidated Volume. The Exchange is proposing to increase the level of total Consolidated Volume required to qualify for the $0.0029 per share executed credit tier under paragraphs (1), (2) and (3) from 0.30% to 0.40% per month.

Fourth Change

The purpose of the fourth change is to delete a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently under Rules 7018(a)(1), (2) and (3), the Exchange provides a $0.0029 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To qualify for the credit, a member must have shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.80% 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. The Exchange has observed that the credit tier has not been successful in significantly improving market quality as very few members qualify for the credit tier. Accordingly, the Exchange is eliminating the credit tier under Rules 7018(a)(1), (2) and (3).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,5 in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,6 in


6 15 U.S.C. 78f(b)(4) and (5).
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.

First Change

The Exchange believes that decreasing the $0.00295 per share executed credit under paragraphs (1), (2) and (3) of the Rule provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the amount of the credit is either comparable or identical to other credits that the Exchange offers pursuant to Rule 7018(a), and it believes that the requirements are comparable to other requirements needed to qualify for other credits. For example, under paragraphs (1), (2) and (3) of the Rule the Exchange currently provides a $0.0029 per share executed credit to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity if the member has shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.60% of Consolidated Volume during the month. Consequently, the Exchange believes that proposed credit is consistent with other credits offered by the Exchange and therefore reasonable.

The Exchange believes that the amended credit will continue to be equitably allocated and not unfairly discriminatory. The proposed reduction in the credit provided is reflective of the Exchange’s need to balance the incentives that it provides in return for the market improving behavior it seeks to incentivize. The Exchange notes that the proposed change applies to securities of all Tapes and it will apply to all members of Nasdaq. A member is free to determine whether the amended credit is adequate for it to
continue NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options required by the credit tier. As discussed above, a member has other opportunities to qualify for the same or similar credits based on different criteria.

Second Change

The Exchange believes that the proposed change to include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity in a credit tier under paragraphs (1), (2) and (3) of the Rule provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the Exchange is not changing the amount of the credit, which has been addressed in previous filings, and it believes that the amount of the credit continues to be reasonable because it remains unchanged. Including Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity is reasonable because it provides incentive to members to improve the market by increasing liquidity in the Nasdaq Closing Cross. Moreover, the Exchange does not currently exclude Imbalance Only Orders from the calculation of shares of liquidity, and the Exchange believes that LOC Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET provide a similar function as Imbalance Only Orders in that they help avoid order Imbalances and, consequently they should be included in the calculation of shares of liquidity.

The Exchange believes that proposed change to include Limit-on-Close orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity in a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit qualification criteria to all similarly situated members. The Exchange recently amended Rule 4702(b)(12) to allow entry of LOC orders between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET.8 Prior to the change, between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET an LOC order could only be cancelled, and only if the member requests that Nasdaq correct a legitimate error in the Order (e.g., Side, Size, Symbol, or Price, or duplication of an Order). As described in greater detail in its proposal, the Exchange believes that permitting members to enter LOC orders later in the trading day encourages additional participation in the Nasdaq Closing Cross, thereby reducing Imbalances, and increasing the quality of the cross.9 The proposed change to the credit tier under paragraphs (1), (2) and (3) of the Rule is designed to provide incentive to members to enter LOCs later in the trading day by including them in the eligibility calculation to receive the credit.

Third Change

The Exchange believes that the proposed change to increase the level of Consolidated Volume to qualify for a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders)

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9 Id.
that provide liquidity is reasonable because the Exchange is not changing the amount of
the credit, which has been addressed in previous filings, and it believes that the credit
continues to be reasonable because it remains unchanged. As discussed above, the
Exchange provides other $0.0029 per share executed credits under paragraphs (1), (2) and
(3) of the Rule.

The Exchange believes that proposed change to increase the level of Consolidated
Volume to qualify for a $0.0029 per share executed credit provided for displayed
quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide
liquidity is an equitable allocation and is not unfairly discriminatory because the amended
criteria will apply to all members. Specifically, increasing the qualification criteria of the
credit will apply all members uniformly, with each member free to determine whether
providing the increased level of Consolidated Volume to qualify for the credit is
appropriate for its business. Although some members may no longer qualify for the
credit tier based on the amended qualification criteria, the Exchange notes that there are
other $0.0029 per share executed credits available for securities of all the Tapes for
which a member may qualify if it cannot qualify under the amended credit tier
qualification requirement. Moreover, the proposed increase in Consolidated Volume will
bring the credit’s qualification requirements closer to the next higher credit tier of
$0.0030 per share executed, which is provided to members that have 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. Accordingly, the Exchange believes that the proposed change is an equitable allocation and is not unfairly discriminatory.

**Fourth Change**

Elimination of the $0.0029 per share executed credit provided to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity in securities of each of the Tapes is reasonable because the credit has been unsuccessful at providing an incentive to members and in turn it has not provided a significant improvement to market quality on Nasdaq. Consequently, the Exchange believes that it should eliminate the credit to focus its limited funds on other incentives to improve market quality. The Exchange notes that members will continue to have the opportunity to qualify for credits of $0.0029 per share executed in securities of each of the Tapes. Accordingly, the Exchange believes eliminating this credit is reasonable.

The Exchange believes that elimination of the $0.0029 per share executed credit provided to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity in securities of each of the Tapes is an equitable allocation and is not unfairly discriminatory because it has been ineffective at significantly improving market quality as very few members qualify for the credit. Consequently, the credit is no longer needed. As noted above, the Exchange has limited funds to apply toward incentives, and although an incentive may not significantly achieve its goal of improving market quality, it may nonetheless result in a cost to the Exchange. Eliminating the credit will allow the Exchange deploy its limited funds to incentives in
securities or other areas designed to improve market quality. Members will continue to have the opportunity to receive the same or similar rebates based on similar criteria as required by the tier that is being eliminated. For example, the Exchange provides a credit of $0.0025 per share executed to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity if the member has 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. Accordingly, the Exchange believes that eliminating the credit is an equitable allocation and is not unfairly discriminatory.

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 and credits 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 and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee and credit changes in this market may impose any burden on competition is extremely limited.
In this instance, the proposed changes to the credits available to members for execution of securities in securities of all three Tapes do 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 is proposing to decrease the amount of credit provided, increase the qualification requirement to receive a credit, eliminate a credit that has been unsuccessful at improving market quality significantly, and ease the criteria of a credit in an effort to improve market quality in the Nasdaq Closing Cross. These changes are reflective of the Exchange’s need to balance the incentives that it provides in return for the market improving behavior it seeks to incentivize. As discussed above, the Exchange has limited funds to apply toward incentives, and therefore must adjust the amount of credit provided, change credit tier qualification criteria, and in some cases discontinue credits altogether, to ensure that it has applied those limited funds most efficiently.

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange 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.11

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-2018-001 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-2018-001. 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-2018-001 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.12

Eduardo A. Aleman
Assistant Secretary

The Nasdaq Stock Market Rules

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, $0.0029\[5\] 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 $0.0027 per share executed
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 non-displayed liquidity through one or more of its Nasdaq Market Center MPIDs during the month:

member (i) with shares of liquidity provided $0.0026 per share executed 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:

member (i) with shares of liquidity provided $0.0030 per share executed 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

$0.00305 per share executed
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 $0.0030 per share executed 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:

member with shares of liquidity provided in $0.00305 per share executed 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 $0.0030 per share executed 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 $0.0028 per share executed the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close (other than an Limit-on-Close Order entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET), 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 Nasdaq Market Center MPIDs that represent more than 0.60% 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

member with shares of liquidity provided in 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:

$0.0027 per share executed

member with shares of liquidity provided in Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:

$0.0025 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 0.65% 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 0.10% of Consolidated Volume 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 0.80% 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, 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

$0.00305 per share executed
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 $0.0027 per share executed in all securities during the month representing more than 0.10% 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 Non-Penny Pilot Options of 0.40% 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 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:

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:

member (i) with shares of liquidity provided $0.0030 per share executed 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 and (ii) member qualifies for Tier 4 of the MARS program on The Nasdaq Options Market during the month:
Credit to other members: $0.0015 per share executed

* * * * *

(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, $0.0029[5] 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:

  - $0.0027 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 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:

  - $0.0026 per share executed

- 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 $0.0030 per share executed 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:

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 (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 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:
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:

member with shares of liquidity provided in $0.00305 per share executed 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 $0.0030 per share executed 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 $0.0028 per share executed the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close (other than a Limit-on-Close Order entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET), 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 $0.0029 per share executed all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.60% 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:

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

member with shares of liquidity provided in $0.0029 per share executed all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.340% 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:

member with shares of liquidity provided in $0.0025 per share executed all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% 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 0.65% 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 0.10% of Consolidated Volume 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 0.80% 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 representing more than 0.10% 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 Non-Penny Pilot Options of 0.40% 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 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:

member (i) 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 and (ii) member qualifies for Tier 4 of the MARS program on The Nasdaq Options Market during the month:

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 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 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:

$0.0027 per share executed
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 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

$0.00305 per share executed
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 (other than an Limit-on-Close Order entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET), 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

$0.0028 per share executed
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 0.60% 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

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 0.40% 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
member (i) with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.65% 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 0.10% of Consolidated Volume during the month:

$0.0027 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 0.80% 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, and (ii) Total Volume, as defined in Chapter XV, Section 2 of The Nasdaq Options Market rules, of 0.90% or more of total

$0.0029 per share executed
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 more than 0.10% 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 Non-Penny Pilot Options of 0.40% 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:

$0.0027 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:

$0.0025 per share executed

member (i) 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 and (ii) member qualifies for Tier

$0.0030 per share executed
4 of the MARS program on The Nasdaq Options Market during the month:

Credit to other members: $0.0020 per share executed

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(b) – (m) No change.

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