

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="56"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="036"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by The Nasdaq Stock Market LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(6)
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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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 Equity 7, Section 118(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.

First Name * <input type="text" value="Sean"/>	Last Name * <input type="text" value="Bennett"/>
Title * <input type="text" value="Principal Associate General Counsel"/>	
E-mail * <input type="text" value="Sean.Bennett@nasdaq.com"/>	
Telephone * <input type="text" value="(301) 978-8499"/>	Fax <input type="text"/>

Signature

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

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

(Title *)

Date <input type="text" value="05/01/2019"/>	<input type="text" value="Global Chief Legal and Policy Officer"/>
By <input type="text" value="Edward S. Knight"/>	<input type="text" value="edward.knight@nasdaq.com"/>

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of 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 Equity 7, Section 118(a) to: (1) adopt two new credits tiers available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes³ that provide liquidity; (2) adopt a new credit tier for midpoint orders (other than Supplemental Orders) that provide liquidity; (3) amend the qualification criteria required to receive a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity; and (4) lower a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Tape C securities are those that are listed on the Exchange, Tape A securities are those that are listed on NYSE, and Tape B securities are those that are listed on exchanges other than Nasdaq or NYSE. Under Nasdaq’s rules, Section 118(a)(1) concerns fees for execution and routing of Tape C securities, Section 118(a)(2) concerns fees for execution and routing of Tape A securities, and Section 118(a)(3) concerns fees for execution and routing of Tape B securities.

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 26, 2018. 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 the Exchange’s transaction fees at Equity 7, Section 118(a) to: (1) adopt two new credit tiers available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes⁴ that provide liquidity; (2) adopt a new credit tier for midpoint orders (other than Supplemental Orders) that provide liquidity; (3) amend the qualification criteria required to receive a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity; and (4) lower a credit available to members for

⁴ Tape C securities are those that are listed on the Exchange, Tape A securities are those that are listed on NYSE, and Tape B securities are those that are listed on exchanges other than Nasdaq or NYSE. Under Nasdaq’s rules, Section 118(a)(1) concerns fees for execution and routing of Tape C securities, Section 118(a)(2) concerns fees for execution and routing of Tape A securities, and Section 118(a)(3) concerns fees for execution and routing of Tape B securities.

displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity.

First New Credit

The Exchange is proposing to adopt a new \$0.0028 per share executed credit tier under Sections 118(a)(1), (2) and (3) for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity provided to 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 0.60% 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 0.225% of Consolidated Volume during the month.

Second New Credit

The Exchange is proposing to adopt a new \$0.0029 per share executed credit tier under Sections 118(a)(1), (2) and (3) for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity provided to a member: (i) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month and (ii) member qualifies for the MARS program on The Nasdaq Options Market (“NOM”) during the month. The Market Access and Routing Subsidy or “MARS” program is an NOM incentive program designed to increase market quality by providing payments to

Participants in return for market-improving behavior.⁵ Nasdaq currently provides a \$0.0030 per share executed credit under Sections 118(a)(1), (2) and (3) to members: (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 4⁶ of the MARS program on The Nasdaq Options Market during the month.

Third New Credit

The Exchange is proposing to adopt a new \$0.0013 per share executed credit tier under Section 118(a)(1) for midpoint orders in Tape C securities that provide liquidity and adopt a new \$0.0019 per share executed credit tier under Sections 118(a)(2) and (3) for midpoint orders in Tape A and B securities, respectively, that provide liquidity. The new credits would be provided to a member that (i) executes a combined volume of 1 million or more shares in midpoint orders provided and Midpoint Extended Life Orders executed during the month through one or more of its Nasdaq Market Center MPIDs and

⁵ See Options 7, Section 6. To qualify for MARS, the Participant's routing system ("System") would be required to: (1) enable the electronic routing of orders to all of the U.S. options exchanges, including NOM; (2) provide current consolidated market data from the U.S. options exchanges; and (3) be capable of interfacing with NOM's API to access current NOM match engine functionality. Further, the Participant's System would also need to cause NOM to be the one of the top three default destination exchanges for (a) individually executed marketable orders if NOM is at the national best bid or offer ("NBBO"), regardless of size or time or (b) orders that establish a new NBBO on NOM's Order Book, but allow any user to manually override NOM as a default destination on an order-by-order basis. Any NOM Participant would be permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described above and satisfies NOM that it appears to be robust and reliable. The Participant remains solely responsible for implementing and operating its System. Id.

⁶ There are five MARS payment tiers, each with increasing Average Daily Volume requirements and payments. Id.

(ii) has a 10% or greater increase in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over the month of April 2019. A Midpoint Extended Life Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until a minimum period of one half of a second has passed after acceptance of the Order by the System.⁷

Amended Credit Tier Criteria

The Exchange is proposing to amend the qualification criteria required to receive a \$0.0027 per share executed credit under Sections 118(a)(1), (2) and (3) provided to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity.

Currently, the credit is provided to 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 0.65% 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. The Exchange is proposing to decrease the level of Consolidated Volume under (i) of the tier from more than 0.65% to more than 0.50% and increase the level of Consolidated Volume under (ii) of the tier from more than 0.10% to more than 0.175%.

Decreased Credit

The Exchange is proposing to decrease a credit under Sections 118(a)(1), (2) and (3) available to members for displayed quotes/orders (other than Supplemental Orders or

⁷ See Rule 4702(b)(14).

Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. Currently, the Exchange provides a \$0.0028 per share executed credit to a 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-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 reduce the credit available from \$0.0028 per share executed to \$0.0027 per share executed.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ 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 Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁰

Likewise, in NetCoalition v. Securities and Exchange Commission¹¹ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.¹² As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”¹³

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”¹⁴

As a general principle, the Exchange chooses to offer credits to members in return for market improving behavior. Equity 7, Section 118(a) sets forth the various credits

¹⁰ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹¹ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

¹² See NetCoalition, at 534 - 535.

¹³ Id. at 537.

¹⁴ Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

available to members, which require a member to significantly contribute to market quality by providing certain levels of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, volume on NOM, as well as other market-improving activity. The three new credit tiers are reflective of the Exchange's efforts to improve market quality in all three Tapes by providing members with differing levels of incentive in return for market-improving activity. The proposed increase to the qualification requirements of the amended credit tier is similarly reflective of the Exchange's desire to provide incentives to improve market quality, while also balancing the need to keep the incentives provided in-line with the market-improving activity required. From time to time, the Exchange must evaluate the effectiveness of its fee and credit tiers in relation to the criteria required to qualify for them, and to make adjustments to them when appropriate. In this case, the Exchange has determined that the credit tier qualification criteria may be increased without a material impact on the number of members that would qualify for the credit. Similarly, the decrease in the credit available is reflective of the Exchange's determination that the level of credit available may be decreased without a significant impact to the number of members that qualify for the credit.

First New Credit

The Exchange believes that the proposed \$0.0028 per share executed credit is reasonable because it is similar to existing credits available on the Exchange for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. As described above, the Exchange currently provides a \$0.0028

per share executed credit tier under Sections 118(a)(1), (2) and (3).¹⁵ The Exchange also has a \$0.0027 per share executed credit tier, which requires a member to have (i) 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. Thus, the amount of the proposed credit is the same as other credits currently available to members, and there are other similar credit opportunities available to members with different qualification criteria should a member choose not to qualify for the proposed credit.

The Exchange believes that the proposed \$0.0028 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The qualification criteria of the proposed credit is set at a sufficiently high level to reflect the significant credit a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, it has other opportunities to receive credits, which have different qualification criteria, as described above.

¹⁵ To qualify for the credit, a member must have shares of liquidity provided in 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. See Equity 7, Section 118(a)(1), (2) and (3).

Second New Credit

The Exchange believes that the proposed \$0.0029 per share executed credit is reasonable because it is similar to existing credits available on the Exchange for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. For example, the Exchange currently provides a \$0.0029 per share executed credit tier under Sections 118(a)(1), (2) and (3) provided to a 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. As described above, the Exchange also has a \$0.0028 per share executed credit tier under Sections 118(a)(1), (2) and (3) with different qualification criteria.¹⁶ Thus, the amount of the proposed credit is the same as other credits currently available to members, and there are other similar credit opportunities available to members with different qualification criteria should a member choose not to qualify for the proposed credit.

The Exchange believes that the proposed \$0.0029 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The qualification criteria of the proposed credit is set at a sufficiently high level to reflect the significant credit a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, or if it does not participate on NOM, it has other opportunities to receive similar credits, which require less Consolidated Volume as described above.

¹⁶Id.

Third New Credit

The Exchange believes that the proposed \$0.0013 and \$0.0019 per share executed credits are reasonable because they are similar to existing credits available on the Exchange for midpoint orders that provide liquidity. The Exchange currently provides a midpoint order credit of \$0.0017 per share executed under Section 118(a)(1) and \$0.0020 per share executed Sections 118(a)(2) and (3). To be eligible for these existing midpoint order credits, a member must provide an average daily volume of 3 million or more shares through midpoint orders during the month. The proposed new midpoint order credits are lower than the current credits described above because of the lower qualification criteria of the proposed credits.

The Exchange believes that the proposed \$0.0013 and \$0.0019 per share executed credits are an equitable allocation and are not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The proposed criteria for the new midpoint credits requires members to execute a combined minimum volume of 1 million shares comprising of midpoint orders provided and Midpoint Extended Life Orders executed, and to demonstrate an increase of 10% or more in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over the month of April 2019. Thus, members are provided incentive to increase the overall level of midpoint orders and Midpoint Extended Life Orders transacted over its trading in April 2019, in turn improving liquidity in midpoint orders and Midpoint Extended Life Orders. The Exchange chose April 2019 because it is reflective of a member's most recent trading in midpoint orders and Midpoint Extended Life Orders, thereby setting a baseline for a

member's midpoint order and Midpoint Extended Life Order trading prior to the credit's effectiveness. The Exchange believes that the qualification criteria of the proposed credit tiers is set at a sufficiently high level to reflect the significant credits a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of shares of midpoint orders and Midpoint Extended Life Orders is too high, it has other opportunities to receive credits for midpoint orders, including the \$0.0010 per share executed credit for all other midpoint orders under Section 118(a)(1) and the \$0.0014 per share executed credit for all other midpoint orders under Sections 118(a)(2) and (3).

Amended Credit Tier Criteria

The Exchange believes that the amount of the proposed amended credit tier is reasonable because the amount of the credit is remaining unchanged. The proposed changes to the qualification criteria are reasonable because the Exchange believes that an increase in the criteria should not decrease the number of members that will qualify for the credit. As described above, the Exchange must evaluate the effectiveness of its fee and credit tiers in relation to the criteria required to qualify for them, and to make adjustments to them when appropriate.

The Exchange believes that the proposed amended credit qualification criteria is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit criteria to all members and provide the credit to all members that meet the qualification criteria, unless that member qualifies for a larger credit. The proposed qualification criteria of the credit is set at a sufficiently high level to reflect the

significant credits a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, it has other opportunities to receive credits, which require less Consolidated Volume.

Decreased Credit

The Exchange believes that the proposed amended credit is reasonable because the amount of the credit given is the same as existing credits available on the Exchange for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. For example, the Exchange provides a \$0.0027 per share executed credit tier under Sections 118(a)(1), (2) and (3) available to a 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 during the month.

The Exchange believes that the proposed amended credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The proposed qualification criteria of the proposed credit is set at a sufficiently high level to reflect the significant credits a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, it has other opportunities to receive credits, which require less Consolidated Volume.

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 Exchange is adopting new credit opportunities for members. Thus, the proposed change provides another opportunity for members to receive a credit based on their market-improving behavior and is reflective of the highly competitive market in which the Exchange operates. The new credit tiers may attract greater order flow to the Exchange, which would benefit all market participants on Nasdaq. The proposed amended criteria for an existing credit and proposed reduced credit are reflective of the need to periodically calibrate the criteria required to receive credits. The Exchange has limited resources with which to apply to credits. Given the competitive environment among exchanges and other trading venues, the Exchange must ensure that it is requiring the most beneficial market activity for a credit that is permitted in the competitive landscape for order flow. In this regard, the Exchange notes that other

market venues are free to adopt the same or similar credits and incentives as a competitive response to this proposed change. Moreover, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result and, conversely, if the proposal is successful at attracting greater volume to the Exchange other market venues are free to make similar changes as a competitive response. 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,¹⁷ 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

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

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

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. _____ ; File No. SR-NASDAQ-2019-036)

May __, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 7, Section 118(a)

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 May 1, 2019, 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 fees at Equity 7, Section 118(a) to: (1) adopt two new credits tiers available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes³ that provide liquidity; (2) adopt a new credit tier for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Tape C securities are those that are listed on the Exchange, Tape A securities are those that are listed on NYSE, and Tape B securities are those that are listed on exchanges other than Nasdaq or NYSE. Under Nasdaq’s rules, Section 118(a)(1) concerns fees for execution and routing of Tape C securities, Section 118(a)(2) concerns fees for execution and routing of Tape A securities, and Section 118(a)(3) concerns fees for execution and routing of Tape B securities.

midpoint orders (other than Supplemental Orders) that provide liquidity; (3) amend the qualification criteria required to receive a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity; and (4) lower a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes 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 the Exchange's transaction fees at Equity 7, Section 118(a) to: (1) adopt two new credit tiers available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes⁴ that provide liquidity; (2) adopt a new credit tier for

⁴ Tape C securities are those that are listed on the Exchange, Tape A securities are those that are listed on NYSE, and Tape B securities are those that are listed on

midpoint orders (other than Supplemental Orders) that provide liquidity; (3) amend the qualification criteria required to receive a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity; and (4) lower a credit available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in securities of all three Tapes that provide liquidity.

First New Credit

The Exchange is proposing to adopt a new \$0.0028 per share executed credit tier under Sections 118(a)(1), (2) and (3) for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity provided to 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 0.60% 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 0.225% of Consolidated Volume during the month.

Second New Credit

The Exchange is proposing to adopt a new \$0.0029 per share executed credit tier under Sections 118(a)(1), (2) and (3) for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity provided to a member: (i) with shares of liquidity

exchanges other than Nasdaq or NYSE. Under Nasdaq's rules, Section 118(a)(1) concerns fees for execution and routing of Tape C securities, Section 118(a)(2) concerns fees for execution and routing of Tape A securities, and Section 118(a)(3) concerns fees for execution and routing of Tape B securities.

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 and (ii) member qualifies for the MARS program on The Nasdaq Options Market (“NOM”) during the month. The Market Access and Routing Subsidy or “MARS” program is an NOM incentive program designed to increase market quality by providing payments to Participants in return for market-improving behavior.⁵ Nasdaq currently provides a \$0.0030 per share executed credit under Sections 118(a)(1), (2) and (3) to members: (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 4⁶ of the MARS program on The Nasdaq Options Market during the month.

Third New Credit

The Exchange is proposing to adopt a new \$0.0013 per share executed credit tier under Section 118(a)(1) for midpoint orders in Tape C securities that provide liquidity

⁵ See Options 7, Section 6. To qualify for MARS, the Participant’s routing system (“System”) would be required to: (1) enable the electronic routing of orders to all of the U.S. options exchanges, including NOM; (2) provide current consolidated market data from the U.S. options exchanges; and (3) be capable of interfacing with NOM’s API to access current NOM match engine functionality. Further, the Participant’s System would also need to cause NOM to be the one of the top three default destination exchanges for (a) individually executed marketable orders if NOM is at the national best bid or offer (“NBBO”), regardless of size or time or (b) orders that establish a new NBBO on NOM’s Order Book, but allow any user to manually override NOM as a default destination on an order-by-order basis. Any NOM Participant would be permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described above and satisfies NOM that it appears to be robust and reliable. The Participant remains solely responsible for implementing and operating its System. Id.

⁶ There are five MARS payment tiers, each with increasing Average Daily Volume requirements and payments. Id.

and adopt a new \$0.0019 per share executed credit tier under Sections 118(a)(2) and (3) for midpoint orders in Tape A and B securities, respectively, that provide liquidity. The new credits would be provided to a member that (i) executes a combined volume of 1 million or more shares in midpoint orders provided and Midpoint Extended Life Orders executed during the month through one or more of its Nasdaq Market Center MPIDs and (ii) has a 10% or greater increase in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over the month of April 2019. A Midpoint Extended Life Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until a minimum period of one half of a second has passed after acceptance of the Order by the System.⁷

Amended Credit Tier Criteria

The Exchange is proposing to amend the qualification criteria required to receive a \$0.0027 per share executed credit under Sections 118(a)(1), (2) and (3) provided to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity.

Currently, the credit is provided to 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 0.65% 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. The Exchange is proposing to decrease the level of Consolidated Volume under (i) of the tier from more

⁷ See Rule 4702(b)(14).

than 0.65% to more than 0.50% and increase the level of Consolidated Volume under (ii) of the tier from more than 0.10% to more than 0.175%.

Decreased Credit

The Exchange is proposing to decrease a credit under Sections 118(a)(1), (2) and (3) available to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. Currently, the Exchange provides a \$0.0028 per share executed credit to a 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-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 reduce the credit available from \$0.0028 per share executed to \$0.0027 per share executed.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ 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.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁰

Likewise, in NetCoalition v. Securities and Exchange Commission¹¹ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.¹² As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”¹³

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market

¹⁰ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹¹ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

¹² See NetCoalition, at 534 - 535.

¹³ Id. at 537.

share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'"¹⁴

As a general principle, the Exchange chooses to offer credits to members in return for market improving behavior. Equity 7, Section 118(a) sets forth the various credits available to members, which require a member to significantly contribute to market quality by providing certain levels of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, volume on NOM, as well as other market-improving activity. The three new credit tiers are reflective of the Exchange's efforts to improve market quality in all three Tapes by providing members with differing levels of incentive in return for market-improving activity. The proposed increase to the qualification requirements of the amended credit tier is similarly reflective of the Exchange's desire to provide incentives to improve market quality, while also balancing the need to keep the incentives provided in-line with the market-improving activity required. From time to time, the Exchange must evaluate the effectiveness of its fee and credit tiers in relation to the criteria required to qualify for them, and to make adjustments to them when appropriate. In this case, the Exchange has determined that the credit tier qualification criteria may be increased without a material impact on the number of members that would qualify for the credit. Similarly, the decrease in the credit available is reflective of the Exchange's determination that the level of credit available may be decreased without a significant impact to the number of members that qualify for the credit.

¹⁴ Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

First New Credit

The Exchange believes that the proposed \$0.0028 per share executed credit is reasonable because it is similar to existing credits available on the Exchange for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. As described above, the Exchange currently provides a \$0.0028 per share executed credit tier under Sections 118(a)(1), (2) and (3).¹⁵ The Exchange also has a \$0.0027 per share executed credit tier, which requires a member to have (i) 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. Thus, the amount of the proposed credit is the same as other credits currently available to members, and there are other similar credit opportunities available to members with different qualification criteria should a member choose not to qualify for the proposed credit.

The Exchange believes that the proposed \$0.0028 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The qualification criteria of the proposed credit is set at a sufficiently high level to reflect the significant credit a member

¹⁵ To qualify for the credit, a member must have shares of liquidity provided in 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-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. See Equity 7, Section 118(a)(1), (2) and (3).

would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, it has other opportunities to receive credits, which have different qualification criteria, as described above.

Second New Credit

The Exchange believes that the proposed \$0.0029 per share executed credit is reasonable because it is similar to existing credits available on the Exchange for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. For example, the Exchange currently provides a \$0.0029 per share executed credit tier under Sections 118(a)(1), (2) and (3) provided to a 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. As described above, the Exchange also has a \$0.0028 per share executed credit tier under Sections 118(a)(1), (2) and (3) with different qualification criteria.¹⁶ Thus, the amount of the proposed credit is the same as other credits currently available to members, and there are other similar credit opportunities available to members with different qualification criteria should a member choose not to qualify for the proposed credit.

The Exchange believes that the proposed \$0.0029 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The qualification criteria of the proposed credit is set at a sufficiently high level to reflect the significant credit a member

¹⁶

Id.

would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, or if it does not participate on NOM, it has other opportunities to receive similar credits, which require less Consolidated Volume as described above.

Third New Credit

The Exchange believes that the proposed \$0.0013 and \$0.0019 per share executed credits are reasonable because they are similar to existing credits available on the Exchange for midpoint orders that provide liquidity. The Exchange currently provides a midpoint order credit of \$0.0017 per share executed under Section 118(a)(1) and \$0.0020 per share executed Sections 118(a)(2) and (3). To be eligible for these existing midpoint order credits, a member must provide an average daily volume of 3 million or more shares through midpoint orders during the month. The proposed new midpoint order credits are lower than the current credits described above because of the lower qualification criteria of the proposed credits.

The Exchange believes that the proposed \$0.0013 and \$0.0019 per share executed credits are an equitable allocation and are not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The proposed criteria for the new midpoint credits requires members to execute a combined minimum volume of 1 million shares comprising of midpoint orders provided and Midpoint Extended Life Orders executed, and to demonstrate an increase of 10% or more in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over the month of April

2019. Thus, members are provided incentive to increase the overall level of midpoint orders and Midpoint Extended Life Orders transacted over its trading in April 2019, in turn improving liquidity in midpoint orders and Midpoint Extended Life Orders. The Exchange chose April 2019 because it is reflective of a member's most recent trading in midpoint orders and Midpoint Extended Life Orders, thereby setting a baseline for a member's midpoint order and Midpoint Extended Life Order trading prior to the credit's effectiveness. The Exchange believes that the qualification criteria of the proposed credit tiers is set at a sufficiently high level to reflect the significant credits a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of shares of midpoint orders and Midpoint Extended Life Orders is too high, it has other opportunities to receive credits for midpoint orders, including the \$0.0010 per share executed credit for all other midpoint orders under Section 118(a)(1) and the \$0.0014 per share executed credit for all other midpoint orders under Sections 118(a)(2) and (3).

Amended Credit Tier Criteria

The Exchange believes that the amount of the proposed amended credit tier is reasonable because the amount of the credit is remaining unchanged. The proposed changes to the qualification criteria are reasonable because the Exchange believes that an increase in the criteria should not decrease the number of members that will qualify for the credit. As described above, the Exchange must evaluate the effectiveness of its fee and credit tiers in relation to the criteria required to qualify for them, and to make adjustments to them when appropriate.

The Exchange believes that the proposed amended credit qualification criteria is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit criteria to all members and provide the credit to all members that meet the qualification criteria, unless that member qualifies for a larger credit. The proposed qualification criteria of the credit is set at a sufficiently high level to reflect the significant credits a member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, it has other opportunities to receive credits, which require less Consolidated Volume.

Decreased Credit

The Exchange believes that the proposed amended credit is reasonable because the amount of the credit given is the same as existing credits available on the Exchange for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. For example, the Exchange provides a \$0.0027 per share executed credit tier under Sections 118(a)(1), (2) and (3) available to a 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 during the month.

The Exchange believes that the proposed amended credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. The proposed qualification criteria of the proposed credit is set at a sufficiently high level to reflect the significant credits a

member would receive if it qualified. Any member may elect to provide the levels of market activity required by the proposed credit's qualification criteria in order to receive the credit. If the member determines that the level of Consolidated Volume is too high, it has other opportunities to receive credits, which require less Consolidated Volume.

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 Exchange is adopting new credit opportunities for members. Thus, the proposed change provides another opportunity for members to receive a credit based on their market-improving behavior and is reflective of the highly competitive market in which the Exchange operates. The new credit tiers may attract greater order flow to the Exchange, which would benefit all market participants on Nasdaq. The proposed amended criteria for an existing credit and proposed reduced credit are reflective of the need to periodically calibrate the criteria required to receive credits. The

Exchange has limited resources with which to apply to credits. Given the competitive environment among exchanges and other trading venues, the Exchange must ensure that it is requiring the most beneficial market activity for a credit that is permitted in the competitive landscape for order flow. In this regard, the Exchange notes that other market venues are free to adopt the same or similar credits and incentives as a competitive response to this proposed change. Moreover, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result and, conversely, if the proposal is successful at attracting greater volume to the Exchange other market venues are free to make similar changes as a competitive response. 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.¹⁷

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

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2019-036 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-2019-036. 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-2019-036 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.¹⁸

Eduardo A. Aleman
Assistant Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

The Nasdaq Stock Market Rules

* * * * *

Equity 7 Pricing Schedule

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Section 118. 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, TTTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST and directed orders are not counted. As used in this section, 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: \$0.0029 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 \$0.0027 per share executed

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 in \$0.0026 per share executed 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 \$0.0030 per share executed securities through one or more of its Nasdaq Market Center MPIDs that represent 0.625% 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 0.15% or more of Consolidated Volume:

member (i) with shares of liquidity provided in \$0.00305 per share executed 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 \$0.0030 per share executed 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 all \$0.00305 per share executed securities through one or more of its Nasdaq Market Center MPIDs that represent more than 1.25% of Consolidated Volume during the month:

member with shares of liquidity provided in all \$0.0030 per share executed 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 \$0.0027[8] 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 all \$0.0029 per share executed 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 \$0.0029 per share executed 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 (i) with shares of liquidity accessed in \$0.0028 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, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.225% of Consolidated Volume during the month:

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

member with shares of liquidity provided in all \$0.0029 per share executed 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:

member with shares of liquidity provided in all \$0.0025 per share executed

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 \$0.0027 per share executed all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.50[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 0.175[0]% of Consolidated Volume during the month:

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

member with (i) shares of liquidity provided in \$0.0029 per share executed 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 Options 7, Section 2 of The Nasdaq Options Market rules, of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on The Nasdaq Options Market:

member (i) with shares of liquidity provided in \$0.0027 per share executed 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 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: \$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 4 of the MARS program on The Nasdaq Options Market during the month: \$0.0030 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 0.30% of Consolidated Volume during the month and (ii) member qualifies for the MARS program on The Nasdaq Options Market during the month: \$0.0029 per share executed

Credit to other members: \$0.0015 per share executed

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity: A member will receive a supplemental credit for midpoint orders, in addition to the credits set forth below for non-displayed orders that provide liquidity, if the member executes a requisite

average daily volume of shares through Midpoint Extended Life Orders, as follows:

A \$0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including 4 million shares through Midpoint Extended Life Orders; or
A \$0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders.

\$0.0025 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month and adds 8 million shares of non-displayed liquidity

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

\$0.0017 per share executed for midpoint orders if the member provides an average daily volume of 3 million or more shares through midpoint orders during the month

\$0.0013 per share executed for midpoint orders if the member (i) executes a combined volume of 1 million or more shares in midpoint orders provided and Midpoint Extended Life Orders executed during the month through one or more of its Nasdaq Market Center MPIDs and (ii) has a 10% or greater increase in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over

the month of April 2019
 \$0.0010 per share executed for all
 other midpoint orders
 \$0.0005 per share executed for other
 non-displayed orders if the member
 provides 0.03% or more of
 Consolidated Volume during the month
 through midpoint orders or other non-
 displayed orders
 No charge or credit for other non-
 displayed orders

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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, 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: \$0.0029 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 0.40% 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: \$0.0027 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 \$0.0026 per share executed

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 \$0.0030 per share executed through one or more of its Nasdaq Market Center MPIDs that represent 0.625% 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 0.15% 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: \$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 on The Nasdaq Options Market: \$0.0030 per share executed

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

Volume during the month:

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

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

member with shares of liquidity provided in all securities \$0.0029 per share executed 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: \$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 0.60% 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 0.225% of Consolidated Volume during the month: \$0.0028 per share executed

member with shares of liquidity provided in all securities \$0.0027 per share executed 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 all securities \$0.0029 per share executed 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:

member with shares of liquidity provided in all securities \$0.0025 per share executed 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 0.50[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 0.175[0]% of Consolidated Volume during the month: \$0.0027 per share executed

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

member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Options 7, Section 2 of The Nasdaq Options Market rules, of 0.90% or more of total industry ADV in the Customer clearing range for Equity and ETF option contracts per day in a month on The Nasdaq Options Market: \$0.0029 per share executed

member (i) with shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, \$0.0027 per share executed

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 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: \$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 4 of the MARS program on The Nasdaq Options Market during the month: \$0.0030 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 0.30% of Consolidated Volume during the month and (ii) member qualifies for the MARS program on The Nasdaq Options Market during the month: \$0.0029 per share executed

Credit to other members: \$0.0020 per share executed

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity: A member will receive a supplemental credit for midpoint orders, in addition to the credits set forth below for non-displayed orders that provide liquidity, if the member executes a requisite average daily volume of shares through Midpoint Extended Life Orders, as follows:
A \$0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including 4 million shares through Midpoint Extended Life Orders; or

A \$0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders.

\$0.0025 per share executed for midpoint orders if the member provides an average daily volume of

5 million or more shares through midpoint orders during the month and adds 8 million shares of non-displayed liquidity

\$0.0022 per share executed for midpoint orders if the member provides an average daily volume of

6 million or more shares through midpoint orders during the month

\$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 3 million or more shares through midpoint orders during the month

\$0.0019 per share executed for midpoint orders if the member (i) executes a combined volume of 1 million or more shares in midpoint orders provided and Midpoint Extended Life Orders executed during the month through one or more of its Nasdaq Market Center MPIDs and (ii) has a 10% or greater increase in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over the

month of April 2019

\$0.0018 per share executed for midpoint orders if the member provides an average daily volume of 1 million or more shares through midpoint orders during the month

\$0.0014 per share executed for all other midpoint orders

\$0.0010 per share executed for other non-displayed orders if the member provides 0.03% or more of Consolidated Volume during the month through midpoint orders or other non-displayed orders

No charge or credit for other non-displayed orders

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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 all securities through one or more of its Nasdaq Market Center MPIDs that represent at least 1.75% 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 at least 0.60% of Consolidated Volume: \$0.00005 per share executed

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 0.10% 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: \$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 0.40% 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 0.625% 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 0.15% 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: \$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 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 \$0.0030 per share executed

Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month and member provides a daily average of at least 5 Million shares of non-displayed liquidity:

member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close (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-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: \$0.0027[8] 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 0.60% 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 (i) with shares of liquidity accessed 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, and (ii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.225% 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 0.30% of Consolidated Volume during the \$0.0027 per share executed

month:

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.40% 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 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 0.50[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 0.175[0]% 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 0.45% 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 Options 7, Section 2 of The Nasdaq Options Market rules, of 0.90% or more of total industry ADV in the Customer clearing range for \$0.0029 per share executed

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 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 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 4 of the MARS program on The Nasdaq Options Market during the month: \$0.0030 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 0.30% of Consolidated Volume during the month and (ii) member qualifies for the MARS program on The Nasdaq Options Market during the month: \$0.0029 per share executed

Credit to other members: \$0.0020 per share executed

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity: A member will receive a supplemental credit for midpoint orders, in addition to the credits set forth below for non-displayed orders that provide liquidity, if the member executes a requisite average daily volume of shares through Midpoint Extended Life Orders, as follows:

A \$0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including 4 million shares through Midpoint Extended Life Orders; or A \$0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders.

\$0.0025 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month adds 8 million shares of non-displayed liquidity

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

\$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 3 million or more shares through midpoint orders during the month

\$0.0019 per share executed for midpoint orders if the member (i) executes a combined volume of 1 million or more shares in midpoint orders provided and Midpoint Extended Life Orders executed during the month through one or more of its Nasdaq Market Center MPIDs and (ii) has a 10% or greater increase in midpoint orders provided and Midpoint Extended Life Orders executed through one or more of its Nasdaq Market Center MPIDs during the month over the month of April 2019

\$0.0018 per share executed for midpoint orders if the member

provides an average daily volume of 1 million or more shares through midpoint orders during the month
\$0.0014 per share executed for all other midpoint orders
\$0.0010 per share executed for other non-displayed orders if the member provides 0.03% or more of Consolidated Volume during the month through midpoint orders or other non-displayed orders
No charge or credit for other non-displayed orders

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(b) – (m) No change.

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