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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2025 - * 102

Amendment No. (req. for Amendments *)

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<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
Section 806(e)(1) *

Section 806(e)(2) *

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

A proposal to amend Equity 7 to enhance the Designated Liquidity Provider program and adopt a new Market Quality Supporter program.

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.



Signature

Pursuant to the requirements of the Securities Exchange of 1934, The Nasdaq Stock Market LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 12/11/2025

(Title *)

By John Zecca

EVP and Chief Legal Officer

(Name *)

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

 Date: 2025.12.11 15:10:15 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-NASDAQ-2025-102 19b-4.docx

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 *

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SR-NASDAQ-2025-102 Exhibit 1.docx

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 Advanced 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 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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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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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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SR-NASDAQ-2025-102 Exhibit 5.docx

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 (i) enhance the Designated Liquidity Provider (as defined below) program in Equity 7, Section 114(f), and (ii) add a new Market Quality Supporter (as defined below) program in Equity 7, Section 114(g).

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

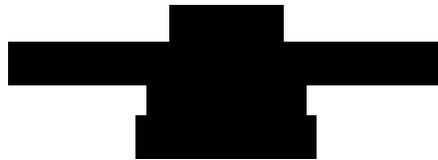
(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”). 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:



¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The purpose of the proposed rule change is to (i) enhance the Designated Liquidity Provider³ (“DLP”) program in Equity 7, Section 114(f), and (ii) add a new Market Quality Supporter⁴ (“MQS”) program in Equity 7, Section 114(g).

Together, these proposed changes are intended to create a more scalable, targeted, and effective market quality support structure for Nasdaq-listed exchange-traded products (“ETPs”).

The Exchange initially filed the proposed pricing changes on December 1, 2025 (SR-NASDAQ-2025-097). On December 11, 2025, the Exchange withdrew that filing and submitted this filing.

Background

Pursuant to Equity 7, Section 114(f), the Exchange currently maintains a DLP program that is designed to enhance liquidity and market quality in Nasdaq-listed ETPs by providing incentives to the DLP for a Qualified Security.⁵ The DLP program provides tiered rebates to qualifying DLPs based on a combination of performance criteria (i.e., market quality metrics or

³ A “Designated Liquidity Provider” or “DLP” is a registered Nasdaq market maker for a Qualified Security that has committed to maintain minimum performance standards. A DLP shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. Nasdaq may limit the number of DLPs in a security, or modify a previously established limit, upon prior written notice to members. See Equity 7, Section 114(f)(2).

⁴ As set out in proposed paragraph (g)(2) of Equity 7, Section 114, a “Market Quality Supporter” or “MQS” has committed to maintain minimum performance standards in Low Volume ETPs. An MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws.

⁵ Under this program, a security may be designated as a “Qualified Security” if it (1) is an ETP listed on Nasdaq pursuant to Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750 or 5760, and (2) has at least one DLP. See Equity 7, Section 114(f)(1).

“MQM”) and trading activity based on average daily volume (“ADV”) in the DLP’s assigned ETP. The MQMs are set out in paragraph (f)(4) of Equity 7, Section 114, and measure:⁶ (1) percentage of time at the national best bid (best offer) (“NBBO”), (2) percentage of time within 5 basis points of NBBO, (3) average notional depth within specified basis points of the NBBO, (4) average spread,⁷ and (5) auction quality.⁸ Primary DLPs may qualify for either a standard DLP rebate by meeting at least 4 of 5 standard MQMs in the assigned ETP or an enhanced DLP rebate by meeting all 5 enhanced MQMs, as specified in Equity 7, Section 114(f)(4). As set out in Section 114(f)(5), a Primary DLP that satisfies the MQMs in Section 114(f)(4) will be eligible to receive the rebates provided in paragraph (A) of Section 114(f)(5) in each of its assigned ETPs for which it qualified. For ETPs with higher ADV (i.e., Tiers 1 and 2), eligible Primary DLPs receive the standard or enhanced rebate for which they qualified for each displayed share that adds liquidity in the ETP. For lower ADV ETPs (i.e., Tiers 3-5), the Primary DLP receives fixed monthly payments for their standard or enhanced rebates, as applicable, which are in addition to any other rebate the Primary DLP is eligible for under Equity 7, Sections 114 and 118. Specifically, Nasdaq currently pays qualifying Primary DLPs in accordance with the following rebate schedule in Section 114(f)(5)(A):

⁶ These MQMs are measured on average in the DLP’s assigned ETP during regular market hours, except for auction quality requirements that are measured each auction against the metrics. See Equity 7, Section 114(f)(4).

⁷ Average spread is the time weighted average spread in basis points when the DLP has a two-sided quote.

⁸ Auction quality is measured by auction price deviation from first reference price after 30 seconds before the market open (Opening) and 120 before the market close (Closing).

TIERS	ADV	STANDARD REBATE	ENHANCED REBATE
Tier 1	ETP with monthly ADV greater than 1 million in the prior month	\$0.0034 per executed share	\$0.0036 per executed share
Tier 2	ETP with monthly ADV between 250,001 and 1 million in the prior month	\$0.0040 per executed share	\$0.0042 per executed share
Tier 3	ETP with monthly ADV between 150,001 and 250,000 in the prior month	\$200 per month	\$350 per month
Tier 4	ETP with monthly ADV between 50,001 and 150,000 in the prior month	\$225 per month	\$450 per month
Tier 5	ETP with monthly ADV less than 50,001 in the prior month	\$300 per month	\$500 per month

Further, if two DLPs are assigned to a Nasdaq-listed ETP, one may be designated as the Secondary DLP, which may receive rebates if it meets 2 of the enhanced MQMs in Section 114(f)(4) (excluding the auction quality MQM).⁹ Section 114(f)(5)(A) sets forth the rebate schedule for Secondary DLPs. For ETPs with higher ADV (i.e., Tiers 1 and 2), eligible Secondary DLPs receive an additional \$0.0003 per executed share that is in addition to any other

⁹ The Secondary DLP is determined by using the same factors for DLPs in Section 114(f)(2), including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws.

rebate the Secondary DLP is eligible for under Equity 7, Sections 114 and 118. For ETPs with lower ADV (i.e., Tiers 3-5), eligible Secondary DLPs receive an additional \$150 per month that is in addition to any other rebate the Secondary DLP is eligible for under Equity 7, Sections 114 and 118.

Lastly, the DLP program also has an additional Tape C ETP incentive for Primary DLPs based on their quoting performance across their ETP assignments. As set forth in Section 114(f)(4), the Exchange currently requires that the average time the Primary DLP is at the NBBO for each assigned ETP averages at least 20%, and the average liquidity provided by the Primary DLP for each assigned ETP averages at least 5% of the liquidity provided on Nasdaq in the respective ETP. Qualifying Primary DLPs are then provided incremental rebates for each displayed share that adds liquidity in a Tape C ETP in accordance with the following schedule in Section 114(f)(5)(B):

	Tier 1	Tier 2	Tier 3	Tier 4
Minimum Monthly Average	10	25	50	100
Number of Assigned ETPs as a Primary DLP				
Incremental Tape C ETP Rebate	\$0.0002 per executed share	\$0.0003 per executed share	\$0.0004 per executed share	\$0.0005 per executed share

Proposal 1: DLP Program

As discussed in detail below, the Exchange proposes to enhance the current DLP program in Equity 7, Section 114(f) by: (1) eliminating the distinction between Primary and Secondary DLPs, eliminating Secondary DLP rebates, and limiting the number of DLPs to one DLP per Qualified Security; (2) replacing the distinction between standard and enhanced MQMs (and

associated rebates) with a single set of MQMs (and associated rebates); (3) adding a new “Low Volume”¹⁰ group framework; (4) replacing some of the current MQMs with more detailed MQMs; (5) increasing the fixed monthly DLP rebates for Tiers 3-5; (6) updating the qualifications, eligibility thresholds, and associated rebates for the additional Tape C ETP incentive; and (7) making non-substantive changes throughout proposed Section 114(f) to remove all references to “fees” as the Exchange would only provide incentives under the DLP Program and to add references to “stipends” to refer to the monthly fixed payments the Exchange would provide to eligible DLPs.¹¹ With the proposed amendments, the Exchange is seeking to enhance market quality and encourage broader DLP participation, including in investment strategies that exhibit wider spreads and lower trading volume.

As described above, the DLP program currently provides separate rebates for eligible Primary and Secondary DLPs. Primary DLPs are also eligible for standard or enhanced rebates based on whether they meet the relevant standard or enhanced MQMs. The Exchange now proposes to remove the distinction between Primary and Secondary DLPs, and eliminate the Secondary DLP rebates (and associated qualifications) under Equity 7, Section 114(f)(4) and (5). The Exchange also proposes to eliminate the standard and enhanced rebates (and associated qualifications) under Equity 7, Section 114(f)(4) and (5). Under this proposal, and as further described below, any DLP may qualify for one set of tiered rebates if it meets specified MQMs applicable to their assigned ETP.

¹⁰ As discussed below, “Low Volume” will mean ETPs with a monthly ADV of 1 million shares or less in the prior month. This ADV volume threshold equates to the ADV volume threshold for Tiers 2-5 under the current DLP rebate program in Equity 7, Section 114(f)(5)(A). The Exchange is not proposing to amend the DLP program’s ADV volume thresholds under this proposal.

¹¹ The term “rebates” would therefore refer to the incentives that are provided per executed share.

The Exchange also proposes in Section 114(f) to limit the number of DLPs in a Qualified Security so that as proposed, there may only be one DLP per Qualified Security. This is to better align the rule text to current practice where issuers only have one DLP per Qualified Security. Accordingly, the Exchange will make corresponding changes in paragraphs (f)(1)(B) and (f)(2) to make clear that only one DLP will be assigned per Qualified Security. Specifically in the definition of Qualified Security in paragraph (f)(1)(B), the Exchange proposes to remove the reference to “at least” one DLP so that it will be clear the Qualified Security has only one DLP. Also in paragraph (f)(2), the Exchange proposes to remove the last sentence, which currently provides that Nasdaq may limit the number of DLPs in a security, or modify a previously established limit, upon prior written notice to members. This language will no longer be relevant once the Exchange limits the number of DLPs in a Qualified Security to just one.

The Exchange also proposes to make clear how the DLP program will interact with the MQS program by providing in paragraph (f) that a DLP that is designated as a MQS of a Qualified Security may also be eligible to receive the MQS stipend in proposed Section 114(g), provided that the DLP meets the Market Quality Metrics in the DLP program as specified in Section 114(f)(4)(B) as well as the Market Quality Metrics for the MQS program as specified in proposed Section 114(g).

In proposed Section 114(f)(4)(A), the Exchange proposes to add a new Low Volume group framework. As used in the DLP program, the term “High Volume” ETPs will mean ETPs with a monthly ADV of more than 1 million shares in the prior month (i.e., Tier 1). The term “Low Volume” ETPs will mean ETPs with a monthly ADV of 1 million shares or less in the prior month, which equates to the ADV volume threshold for Tiers 2-5 under the current DLP rebate program in Section 114(f)(5)(A). The Exchange will further segment Low Volume ETPs

into Investment Strategy Groups A – C, which will be different ETP investment strategies segmented by their average NBBO spread in basis points, over the prior two calendar years. The Exchange would look at the NBBO continuously throughout the regular trading hours of the day and take the average of the NBBO across all of those times. That average would be the NBBO for the day, which is then taken and averaged across two calendar years to determine the Investment Strategy group.

These Investment Strategy Groups will be checked by the Exchange each calendar year to ensure the investment strategy’s average NBBO spread remains within its respective Investment Strategy Group.

Investment Strategy Group	Average NBBO Spread in basis points
A ¹²	15 or less
B ¹³	16 – 28
C ¹⁴	29 or more

Group A includes ETP investment strategies that have relatively low trading volumes but exhibit relatively tighter NBBO spreads compared to Groups B and C, which include relatively low trading volume investment strategies with increasingly wider NBBO spreads. Each Nasdaq-listed ETP will be assigned an Investment Strategy Group, which will be publicly available and updated to reflect any changes to the assigned group.¹⁵

¹² Investment Strategy Group A will currently consist of the following investment strategies: government fixed income, North American or USD denominated developed market fixed income, developed market equities, and currencies.

¹³ Investment Strategy Group B will currently consist of the following investment strategies: micro- to small-cap developed market equities, multi asset strategies other than absolute returns, commodities tracking, international fixed income, and derivatives.

¹⁴ Investment Strategy Group C will currently consist of the following investment strategies: emerging market equities, emerging market fixed income, multi asset absolute return strategies, commodities strategies and exchange-traded notes (“ETNs”).

¹⁵ The list of investment strategies in Investment Strategy Groups A – C will be publicly available on Nasdaq’s website and updated to ensure the investment strategy’s average NBBO spread remains within its respective Investment Strategy Group.

As discussed in detail below, the Investment Strategy Groups will be used to tailor the MQMs that DLPs will need to meet in their assigned ETPs to qualify for DLP rebates. The proposed Investment Strategy Group framework is intended to more precisely calibrate the DLP incentives to the liquidity profile of the investment strategy that the DLP's assigned ETP falls under. The proposed framework is also intended to incentivize market makers to become DLPs in ETPs, particularly ETPs that have lower trading volume and are less liquid.

Proposed Section 114(f)(4)(B) will set forth the MQM thresholds that the DLP must meet based on which Investment Strategy Group or High Volume (i.e., Tier 1) ETP¹⁶ they are assigned, as follows:

¹⁶ As currently set forth in Equity 7, Section 114(f)(5)(A), Tier 1 ETPs have a monthly ADV greater than 1 million in the prior month.

Market Quality Metrics	High Volume ETPs	Investment Strategy Group A ETPs	Investment Strategy Group B ETPs	Investment Strategy Group C ETPs
Time at the NBBO with a minimum notional size of \$5,000	40%	45%	45%	45%
Average Notional Depth within 25 basis points of the NBBO	\$75,000	\$40,000	\$30,000	\$20,000
Average Spread in basis points	25	35	60	100
Auction Reference Price Difference (Opening) of first reference price within 30 seconds prior to the market open must be within basis points	150	150	150	150
Auction Reference Price Difference (Closing) of first reference price within 120 seconds prior to the market close must be within basis points	50	50	50	50
Auction Spread in basis points with \$37,500 notional depth (Opening)	75	105	180	300
Auction Spread in basis points with \$75,000 notional depth (Closing)	25	35	60	100

The proposed MQMs are similar to the current MQMs except the Exchange is proposing to refine some of the existing MQMs (e.g., adding that time at the NBBO must be with a minimum notional size of \$5,000). The Exchange also proposes to delete the existing MQM that requires

the DLP to be a certain percentage of time within 5 basis points of the NBBO, and add the new auction spread MQMs described above.

To be eligible for the proposed DLP rebates and stipends in paragraph (5)(A) of Section 114(f), DLPs will need to meet 5 of the 7 MQMs described above, including auction spread (both opening and closing),¹⁷ in the assigned ETP as measured by Nasdaq. The Exchange is requiring DLPs meet the two auction spread metrics because the opening and the closing auctions are important parts of the day as these auctions set the benchmark prices. The Exchange also wants to ensure that there is ample liquidity during this vital part of the trading day.

Proposed Section 114(f)(4)(B) will also provide that for leveraged and inverse ETPs, the average spread, auction spread, and auction reference price difference metrics will be multiplied by the absolute value of the leverage factor of the ETP. Because leveraged and inverse ETPs often exhibit higher price volatility relative to standard, non-leveraged and non-inverse ETPs, the DLP is often taking on higher risk and costs to take on these products. Adjusting these MQMs by the absolute value of the ETP's leverage factor aligns the rebate structure with the DLP's cost of taking these products on. These MQMs will be measured on average in the assigned ETP during regular market hours, except for the auction price difference and auction spread metrics that are measured at and directly before each auction, respectively, against the metrics and averaged for the monthly period.

Proposed Section 114(f)(4)(C) will provide the new qualifications for the additional Tape C ETP incentives for DLPs. Specifically, to be eligible for the rebates in proposed paragraph (5)(B) of Section 114(f), a DLP must meet the same average notional depth and average spread

¹⁷ Specifically, the MQMs are Auction Spread in basis points with \$37,500 notional depth (Opening) and Auction Spread in basis points with \$75,000 notional depth (Closing).

metrics as described above for proposed paragraph (4)(B) of Section 114(f). Specifically those metrics are as follows:

Market Quality Metrics	High Volume ETPs	Investment Strategy Group A ETPs	Investment Strategy Group B ETPs	Investment Strategy Group C ETPs
Average Notional Depth within 25 basis points of the NBBO	\$75,000	\$40,000	\$30,000	\$20,000
Average Spread in basis points	25	35	60	100

DLPs will need to meet the above additional Tape C incentive MQMs in order to be eligible for the additional Tape C incentives in paragraph (5)(B) of Section 114(f).

Proposed section 114(f)(5) will provide that a DLP that satisfies the MQMs above will be eligible to receive the rebates and stipends provided in paragraph (A) below in each of its assigned ETPs for which it qualified, and the rebates provided in paragraph (B) in any Tape C ETP that meets the criteria of paragraph (1)(A) above.¹⁸ As is the case today, rebates and stipends in paragraph (A) below will be in lieu of or in addition to, as specified, other rebates or fees provided under Equity 7, Sections 118 and 114. The rebates in paragraph (B) below will be in addition to other rebates or fees provided under Equity 7, Sections 118 and 114, including those in Section 114(f)(5)(A) (*i.e.*, the proposed DLP incentives) and Section 114(g) (*i.e.*, the proposed MQS stipend, as discussed below). The Exchange also proposes that the DLP will automatically be eligible to receive the relevant rebate or stipend in one of the following

¹⁸ Paragraph (1)(A) of Section 114(f) provides the list of Nasdaq-listed ETPs that are included in the DLP program as Qualified Securities, provided it has at least one DLP. Specifically, these are ETPs listed pursuant to Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750, or 5760.

scenarios: (1) for the month of December 2025; or (2) for the current month of a new DLP allocation of a symbol (i.e., in the context of a listing transfer from another exchange or switching DLPs on a symbol). New launches will automatically get the Tier 5 incentive for the current month. The Exchange will not have trading volume data for a newly-launched ETP for its first month, so it is proposing to automatically provide the DLP of the newly-launched ETP with the base Tier 5 rebate in the first month. For listing transfers or DLP allocations, where there is trading volume data for these ETPs, that trading volume data would be applied to determine which Tier rebate or stipend the DLP would receive for the current month of the transfer or allocation. After the first month, the DLP will need to satisfy the MQMs relevant to their assigned ETP, as set forth in proposed Section 114(f)(4). DLPs would likewise receive the applicable Tier rebate or stipend for the first month of the proposed incentive program (i.e., December 2025) based on the relevant ETP trading volume data only because the Exchange seeks to encourage greater participation in the new program and allow DLPs to have adequate time to transition to the MQMs. After December 2025, DLPs will need to satisfy the MQMs relevant to their assigned ETP, as set forth in proposed Section 114(f)(4).

Proposed paragraph (A) of Section 114(f)(5) will set forth the amended DLP rebates and stipends. As discussed above, the Exchange is eliminating the distinction between standard and enhanced rebates, and removing the Secondary DLP rebates in paragraph (A). Instead, the Exchange will pay DLP rebates and stipends according to the following schedule:

TIERS	ADV	REBATE/STIPEND
Tier 1	ETP with monthly ADV greater than 1 million in the prior month	\$0.0034 per executed share
Tier 2	ETP with monthly ADV between 250,001 and 1 million in the prior month	\$0.0040 per executed share
Tier 3	ETP with monthly ADV between 150,001 and 250,000 in the prior month	\$350 per month
Tier 4	ETP with monthly ADV between 50,001 and 150,000 in the prior month	\$450 per month
Tier 5	ETP with monthly ADV less than 50,001 in the prior month	\$500 per month

In particular, the Exchange proposes to increase the fixed monthly payments (i.e., stipends) in Tiers 3-5 from \$200 to \$350 (Tier 3), \$225 to \$450 (Tier 4), and \$300 to \$500 (Tier 5). Tier 1-2 rebates will remain at the same levels currently provided for the standard DLP rebates. The proposed changes are intended to better incentivize DLPs to quote in lower volume and less liquid ETPs, recognizing that there may be higher costs to do so. The Exchange also proposes to clarify in paragraph (5)(A) of Section 114(f) that the Tiers 1 – 2 rebates will be in lieu of any other rebate the DLP is eligible for under Equity 7, Sections 114 and 118. This is current practice today, but the Exchange is adding this language for transparency and to avoid potential confusion.¹⁹ Unlike the Tiers 3 – 5 DLP stipends, which are additive, the Tiers 1 and 2 DLP rebates are not because the Exchange is trying to greater incentivize DLPs to quote in lower volume and less liquid ETPs.

Proposed paragraph (B) of Section 114(f)(5) will set forth the amended additional Tape C incentives. As proposed, this will be provided to all eligible DLPs (and removing the references around Primary DLPs which is currently the case) that add liquidity in a Tape C ETP and will

¹⁹ The Exchange notes that paragraph (5)(A) already specifies that for Tiers 3 – 5, the DLP will be eligible to receive a fixed payment per month in addition to any other rebate the DLP is eligible for under Equity 7, Sections 114 and 118.

clarify that the DLP needs to meet the two DLP MQMs specified in proposed paragraph (4)(C) above. Specifically, the Exchange proposes to provide DLPs rebates in accordance with the following schedule:

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Minimum Monthly Average Number of Assigned ETPs as a DLP and meeting the Average Notional Depth and Average Spread metrics in paragraph (4)(B)	20	35	75	135	200
Incremental Tape C ETP Rebate	\$0.00025 per executed share	\$0.00035 per executed share	\$0.0004 per executed share	\$0.00045 per executed share	\$0.00055 per executed share

As proposed, the Exchange will increase the minimum monthly average number of assigned Tape C ETPs needed to qualify for each rebate tier, increase the rebates in Tiers 1-2 and decrease the rebate in Tier 4. The Exchange will also add a new Tier 5 rebate. The proposed changes reflect the growing number of ETPs listed on the Exchange, and are designed to expand liquidity support in Tape C ETPs and ensure that DLPs contributing to market quality in these ETPs are appropriately incentivized.

Proposal 2: MQS Program

The Exchange proposes to establish a new MQS program in new Section 114(g) of Equity 7. The new MQS program is designed to complement the DLP program in Section 114(f) by allowing up to three members (i.e., MQSs) per ETP to participate in market quality improvement by providing liquidity for lower volume ETPs. The Exchange believes that

allowing up to three MQSs will work to further support market quality in lower volume ETPs and increase resiliency in market quality performance. By incentivizing more than one MQS to meet the MQS Market Quality Metrics described below, lower volume ETPs would have more members that are incentivized to provide quote quality and layering of notional depth, which can enhance the market quality in an ETP overall.

Specifically, new Section 114(g) will provide that the following stipend discussed in this section shall apply to transactions in a Qualified Security (as defined below) by up to three MQSs associated with its MQS program MPID.²⁰ The Exchange notes that a DLP (i.e., registered market maker) can also be designated as the MQS of a Qualified Security and be eligible to receive the MQS stipend proposed herein,²¹ but an MQS is not required to be a registered market maker. These members are simply supporters who are trading in the ETP and have subsequently been designated as an MQS, but they are not subject to the same obligations as the DLP that is, in essence, the registered market maker (i.e., lead market maker), nor are they required to meet the registered market maker obligations in the ETP, as set forth in Equity 2, Section 5. The Exchange believes that allowing any member to participate in the MQS Program (instead of limiting it just to registered market makers) would fortify participation in the proposed MQS Program, and enhance market quality in lower volume ETPs.

In light of the above, the Exchange proposes in Section 114(g) that a DLP that is designated as the MQS of a Qualified Security may also be eligible to receive the MQS stipend

²⁰ The term "market participant identifier" or "MPID" means a unique four-letter mnemonic assigned to each Participant in the Nasdaq Market Center. A Participant may have one or more than one MPID. See Equity 1, Section 1(a)(11).

²¹ As discussed below, the Exchange is proposing identical qualifications as a DLP for selecting an MQS. Specifically, an MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. See proposed Equity 7, Section 114(g)(2)

herein, provided that the DLP meets the Market Quality Metrics in the DLP Program as specified in proposed Section 114(f)(4)(B) described above as well as the MQS Market Quality Metrics as specified in this proposed Section 114(g). The term ADV shall mean the total consolidated volume reported to all consolidated transaction reporting plans, for each individual security, by all exchanges and trade reporting facilities during a month divided by the number of trading days during the month. If a security is not listed for a full month, the number of trading days will only include the days which the security is listed.²²

Proposed Section 114(g)(1) will set forth the definition of Qualified Security, which will be defined for purposes of the MQS program in proposed Section 114(g)(1) as an ETP listed on Nasdaq pursuant to Nasdaq Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750, or 5760, and has at least one MQS. The proposed definition will be identical to the current definition in the DLP program in Section 114(f)(1).

Proposed Section 114(g)(2) will set forth the definition of MQS, which will be a market participant that has committed to maintain minimum performance standards in Low Volume ETPs.²³ An MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. The proposed definition will be similar to the definition of DLP in Section 114(f)(2) and the MQS will be selected using the same

²² See Equity 7, Section 114(f) for substantially similar provisions in the DLP program. The Exchange is not adopting the DLP program's language around the incentive only being applied for executions \$1 per share and above because this is only applicable to rebates provided per executed share and not a fixed monthly stipend.

²³ "Low Volume" ETPs will have the same meaning in the MQS program as proposed in the DLP program, and shall mean ETPs with a monthly ADV of 1 million shares or less in the prior month. See proposed Equity 7, Section 114(g)(4)(A).

evaluation criteria as a DLP, except an MQS will not be required to be a registered market maker in the Qualified Security for the reasons discussed above.²⁴

Proposed Section 114(g)(3) will provide that if an MQS does not meet the performance measurements under paragraph (4) in this section for a given month, fees and credits will revert to the normal schedule under Sections 118(a) and 114. An MQS must provide 5 days written notice if it wishes to withdraw its registration in a Qualified Security, unless it is also withdrawing as a market maker in the Qualified Security, as applicable.²⁵

In proposed Section 114(g)(4)(A), the Exchange proposes to add a new Investment Strategy group framework, which will be identical to the framework proposed for the DLP program in Section 114(f)(4)(A) above. The Exchange will segment the Low Volume ETPs into Investment Strategy groups A – C in the same way as proposed for the DLP program and will bucket the same investment strategies into groups A – C based on the average NBBO spread in the same way as proposed in the DLP program:²⁶

Investment Strategy Group	Average NBBO Spread in basis points
A	15 or less
B	16 – 28
C	29 or more

Same as proposed in the DLP program, these Investment Strategy groups will be checked by the Exchange each calendar year to ensure the investment strategy's average NBBO spread remains within its respective Investment Strategy group.

²⁴ A registered market maker has certain quoting obligations on Nasdaq to provide two-sided quotes in the security at all times within certain percentages from the NBBO. See Equity 2, Section 5.

²⁵ See Equity 7, Section 114(f)(3) for substantially similar provisions in the DLP program except the Exchange is adding “as applicable” herein to clarify that a MQS does not have to be a registered market maker.

²⁶ See supra notes 15-17 for the specific investment strategies within each Investment Strategy group.

Proposed Section 114(g)(4)(B) will set forth the MQM thresholds that MQSs will need to meet based on which Investment Strategy group ETP they are assigned.

Market Quality Metrics	Investment Strategy Group A ETPs	Investment Strategy Group B ETPs	Investment Strategy Group C ETPs
Average Notional Depth within 75 basis points of the NBBO	\$125,000	\$75,000	\$50,000
Average Spread in basis points	35	60	100
Auction Spread in basis points with \$37,500 notional depth (Opening)	105	180	300
Auction Spread in basis points with \$75,000 notional depth (Closing)	35	60	100

The Exchange proposes that to be eligible for the stipend in paragraph (5) below, MQSs will need to meet the above MQMs in the assigned ETP as measured by Nasdaq. For leveraged and inverse ETPs, the average spread and auction spread metrics are multiplied by the absolute value of the leverage factor of the ETP. Because leveraged and inverse ETPs often exhibit higher price volatility relative to standard, non-leveraged ETPs, the MQS is often taking on higher risk and costs to take on these products. Adjusting these MQMs by the absolute value of the ETP's leverage factor aligns the rebate structure with the MQS's cost of taking these products on. These MQMs are measured on average in the assigned ETP during regular market hours, except for the auction spread metric that is measured directly before each auction against the metrics and averaged for the period. The Exchange also proposes that an MQS that is also designated as the DLP in a Qualified Security will need to meet the MQMs as set out in Section 114(f)(4) above to receive the MQS stipend.

Proposed Section 114(g)(5) will provide that an MQS that satisfies the MQMs in paragraph (4) above will be eligible to receive the MQS stipend of \$175 per month in each of its assigned ETPs for which it qualified. The MQS stipend will be a fixed payment per month in addition to other rebates or fees for which the MQS is eligible and provided under Equity 7, Sections 118 and 114. This stipend will only apply to the MPID where a member is an MQS. Similar to the proposed DLP program, the Exchange proposes that the MQS will be automatically eligible to receive the MQS stipend in one of the following scenarios: (1) for the month of December 2025; (2) for the current month following the new MQS allocation of a symbol (i.e., in the context of a listing transfer from another exchange or switching MQSs on a symbol); or (3) for the current month of new launches. After the first month, the MQS will need to satisfy the MQMs relevant to their assigned ETP, as set forth in Section 114(g)(4)(B).

Proposal 3: Technical Amendments

The Exchange proposes technical amendments to reflect the addition of new Section 114(g). Specifically, the Exchange proposes to renumber current Sections 114(g) – (k) as Sections 114(h) – (l). The Exchange also proposes to update the cross-cite to current Section 114(g) within the definition of “Designated Retail Order” in Equity 7, Section 118(a).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁷ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,²⁸ 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

²⁷ 15 U.S.C. 78f(b).

²⁸ 15 U.S.C. 78f(b)(4) and (5).

discrimination between customers, issuers, brokers, or dealers. The Exchange notes that its ETP listing business operates in a highly-competitive market in which market participants, which include both ETP issuers and ETP market makers, can readily transfer their listings or opt not to participate, respectively, if they deem fee levels, liquidity incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule change reflects a competitive pricing structure designed to incentivize issuers to list new products and transfer existing products to the Exchange, and market participants to enroll and participate as ETP market makers on the Exchange, which will enhance market quality in listed ETPs on the Exchange.

Proposal 1: DLP Program

The Exchange believes that the proposed changes to the DLP program are reasonable, equitable, and not unfairly discriminatory for the reasons that follow. As a general matter, the Exchange must from time to time assess the effectiveness of the incentives it provides to market participants in return for the beneficial behavior required to receive the incentive. In this case, the Exchange is proposing to enhance the current DLP program in Equity 7, Section 114(f) by: (1) eliminating the distinction between Primary and Secondary DLPs, eliminating Secondary DLP rebates, and limiting the number of DLPs to one DLP per Qualified Security; (2) replacing the distinction between standard and enhanced MQMs (and associated rebates) with a single set of MQMs (and associated rebates); (3) adding a new Low Volume group framework; (4) replacing some of the current MQMs with more detailed MQMs; (5) increasing the fixed monthly DLP rebates for Tiers 3-5; (6) updating the qualifications, eligibility thresholds, and associated rebates for the additional Tape C ETP incentive; and (7) making non-substantive changes throughout proposed Section 114(f) to remove all references to “fees” as the Exchange

would only provide incentives under the DLP Program and to add references to “stipends” to refer to the monthly fixed payments the Exchange would provide to eligible DLPs. Taken together, the proposed enhancements to the DLP program are intended to help the Exchange compete as a listing venue for ETPs, including with respect to Low Volume ETPs. Further, the Exchange notes that the proposed incentives are based on achieving certain objective MQMs. The revised MQMs are designed to encourage DLPs to uphold better quality markets in Nasdaq-listed ETPs and also ensure a scalable business model to support new and incubating ETPs that often trade less on a daily basis and exhibit less liquidity. The Exchange believes that providing incentives that are based on the quality of the market in individual ETPs, including those that generally have lower volumes and wider spreads, will incentivize DLPs to provide tight and deep markets in those securities. The proposed changes to the DLP program reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange and enhance market quality in Nasdaq-listed ETPs.

The Exchange further believes that the proposed changes to add a Low Volume group framework in the manner discussed above is reasonable because the proposed framework is intended to more precisely calibrate the DLP rebate/stipend qualifications in proposed Section 114(f)(4)(B) and additional Tape C incentive qualifications in proposed Section 114(f)(4)(C) to the liquidity profile of the investment strategy that the DLP’s assigned ETP falls under. In other words, segmenting Low Volume ETPs into three groups based on 2-year average NBBO spread is intended to better align the DLP’s performance expectations to the nature of the ETP’s investment strategy and structure. The Exchange believes that the proposed framework will encourage tighter spreads and more liquidity in investment strategies that may typically be less actively traded or exhibit wider spreads. The Exchange notes that other equity exchanges

distinguish between different ETP investment strategies in their fee schedules to incentivize enhanced market quality in those ETPs, or have incentives in place to encourage greater market quality in lower volume ETPs.²⁹

The Exchange similarly believes that the proposed changes to increase the fixed monthly payments in Tiers 3-5 in the manner described above will incentivize DLPs to provide tight and deep markets in ETPs that generally have lower volume and wider spreads. The Exchange also believes that automatically providing the DLP the relevant tiered rebate or stipend for the current month of a new DLP allocation of a symbol, or of a new launch, automatically providing them the Tier 5 stipend for the current month, is reasonable because the Exchange is providing the DLP with clear visibility into their rebate/stipend earnings at the time of the ETP's launch or allocation. This approach is critical as ETPs may launch or be allocated a new DLP at various points throughout the month, potentially complicating the DLP's ability to meet the monthly performance criteria proposed above and making it unclear on what rebates/stipends the DLP may expect. Furthermore, enabling the DLP to receive the rebate/stipend during the current month ensures they have sufficient runway to quote the product and maintain liquidity in the subsequent month as the first month of a new DLP allocation or new launch is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. The Exchange also believes that automatically providing DLPs the applicable tiered rebate or stipend and waiving the MQM requirements for the first month of the new incentive program (i.e.,

²⁹ See e.g., Cboe BZX Equities Fee Schedule for market quality incentive program for "LEP Securities," which are single-stock ETFs determined by Cboe BZX for inclusion in the program; and NYSE Arca Equities Schedule of Fees and Charges for market quality incentive programs for leveraged ETPs and "Less Active" ETPs (defined as ETPs that have a CADV in the prior calendar quarter that is the greater of either less than 100,000 shares or less than 0.013% of Consolidated Tape B ADV), including Less Active leveraged ETPs.

December 2025) is reasonable because the Exchange seeks to encourage greater participation in the new program and allow DLPs to have adequate time to transition to the MQMs.

The Exchange also believes that its proposal to amend the additional Tape C incentives by increasing the monthly average number of assigned Tape C ETPs needed to qualify for each rebate tier and to add a new Tier 5 rebate are reasonable because these modifications reflect the growing number of ETPs listed on Nasdaq. The Exchange also believes that the proposed rebates are set at appropriate levels, and will continue to incentivize DLPs to add liquidity in Tape C ETPs in order to qualify for these rebates.

The Exchange also believes that the proposed enhancements to the DLP program, as described above, are equitable and not unfairly discriminatory because the Exchange will apply the amended program uniformly to all registered market makers that are DLPs. The Exchange does not believe it is unfairly discriminatory to only offer the program to market makers because of their unique role in the markets, including their obligation to provide liquidity in the securities in which they are registered. Thus, the DLP program is a further extension of the market maker's role in providing liquidity in specific securities, to the benefit of all market participants. Further, as discussed above, the Exchange is proposing to waive the MQM requirements in specified scenarios for a limited period of time such that DLPs would automatically receive the relevant DLP rebate or stipend.³⁰ The Exchange believes this proposal is equitable and not unfairly discriminatory because the waiver would apply to all DLPs. As discussed above, enabling the DLP to receive the rebate during the current month ensures they have sufficient

³⁰ As discussed in detail above, the Exchange is proposing to waive the MQM requirements and automatically provide the applicable DLP rebate/stipend based on the trading volume of the relevant ETP in one of the following scenarios: (1) for the month of December 2025; or (2) for the current month of a new DLP allocation of a symbol. Further, the Exchange is proposing to waive the MQM requirements and automatically provide the Tier 5 stipend for the current month of a new launch.

runway to quote the product and maintain liquidity in the subsequent month as the first month of a new DLP allocation or new launch is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. As it relates to the proposed waiver for December 2025, the Exchange is seeking to encourage greater participation in the new DLP program and allow DLPs to have adequate time to transition to the MQMs. Further, this will be strictly limited to the first month of trading under the new program, after which the DLP must meet the MQMs set out in proposed Section 114(f)(4)(B) in order to qualify for the DLP rebates.

Ultimately, the Exchange believes that all of the changes proposed for the enhanced DLP program, taken together, will promote price discovery and market quality in Nasdaq-listed securities and further, that the tightened spreads and increased liquidity from the proposal will benefit all market participants and investors by deepening the Exchange's liquidity pool (including in lower volume and less liquid ETPs), offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, enhancing quoting competition across exchanges, promoting market transparency, and improving investor protection. Accordingly, the Exchange believes that the proposal is reasonable, equitably allocated, and non-discriminatory because it would enhance market quality to the benefit of all market participants and investors.

Proposal 2: MQS Program

The Exchange believes that the new MQS program is reasonable because the program is designed to attract additional market makers to provide depth and tighter spreads in Nasdaq-listed ETPs that have lower volume and are less liquid. As discussed above, the Exchange is introducing a supplemental liquidity incentive framework focused on enhancing market quality in Low Volume ETPs.

The Exchange believes that allowing up to three MQSs per Qualified Security is reasonable because it will further support market quality and increase resiliency by increasing coverage in Nasdaq-listed ETPs that have lower trading volume and wider spreads. Similar to the proposed DLP program discussed above, the Exchange believes that the proposed changes to add a Low Volume group framework in the manner discussed above is reasonable because the proposed framework is intended to more precisely calibrate the MQS rebate qualifications in proposed Section 114(g)(4) to the liquidity profile of the investment strategy that the MQS's assigned ETP falls under. In other words, segmenting Low Volume ETPs into three groups based on 2-year average NBBO spread is intended to better align the MQS's performance expectations to the nature of the ETP's investment strategy and structure. The Exchange believes that the proposed framework will encourage tighter spreads and more liquidity in investment strategies that may typically be less actively traded or exhibit wider spreads across all exchanges. The Exchange notes that other equity exchanges distinguish between different ETP investment strategies in their fee schedules to incentivize enhanced market quality in those ETPs, or have incentives in place to encourage greater market quality in lower volume ETPs.³¹

The Exchange believes that the proposed MQMs for the MQS program are reasonable as they are intended to enhance market quality by encouraging MQSs to provide depth, tighter quoted spreads, and better auction spreads in the open and close. The Exchange also believes that it is reasonable to require an MQS that is also designated as the DLP of the Qualified Security to meet the MQMs from the DLP program as specified to qualify for the MQS rebate. This change is intended to ensure that market makers earning incentives under both programs are delivering comprehensive market quality. Since DLPs would already be eligible to receive

³¹ See supra note 30.

rebates under the DLP program, the Exchange believes that the additional MQS rebate should be reserved for DLPs meeting the requisite MQMs in proposed Section 114(f)(4)(B) and providing sufficient value under the DLP program.

The Exchange believes that the flat monthly payment of \$175 is set at an appropriate level to incentivize MQSs to enhance market quality in Low Volume ETPs. In addition, providing a flat stipend (as opposed to a per-executed share rebate) would provide for a more reliable business model for MQSs that choose to participate in this program, particularly in lower volume and less liquid ETPs. The Exchange also believes that automatically providing the MQS the stipend for the current month following the new MQS allocation of a symbol or following new launches is reasonable because the Exchange is providing the MQS with clear visibility into their stipend earnings at the time of the ETP's launch or new MQS allocation. This approach is critical as ETPs may launch or get allocated to a new MQS at various points throughout the month, potentially complicating the MQS's ability to meet the monthly performance criteria proposed above. Furthermore, enabling the MQS to receive the rebate during the current month ensures they have sufficient runway to quote the product and maintain liquidity in the subsequent month as the first month of a new MQS allocation or new launch is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. In addition, the Exchange believes that automatically providing the MQS stipend and waiving the MQM requirements for the first month of the new incentive program (i.e., December 2025) is reasonable because the Exchange seeks to encourage greater participation in the new program and allow MQSs to have adequate time to transition to the MQMs.

The Exchange also believes that the proposed MQS program is equitable and not unfairly discriminatory because the Exchange will apply the MQS program uniformly to all members that

choose to participate as MQSs. Further, as discussed above, the Exchange is proposing to waive the MQM requirements in specified scenarios for a limited period of time such that MQSs would automatically receive the MQS stipend.³² The Exchange believes this proposal is equitable and not unfairly discriminatory because the waiver would apply to all MQSs. As discussed above, enabling the MQS to receive the stipend during current month ensures they have sufficient runway to provide market quality in the product and maintain market quality for the subsequent month as the first month of a new MQS allocation or new launch is often one where the ETP is more thinly traded and market quality standards may be more difficult to meet. As it relates to the proposed waiver for December 2025, the Exchange is seeking to encourage greater participation in the new MQS program and allow MQSs to have adequate time to transition to the new MQMs. Further, this will be strictly limited to the first month of trading under the new program, after which the MQS must meet the MQMs as specified in proposed Section 114(g)(4)(B) in order to qualify for the MQS stipend.

Further, the Exchange believes that the proposed MQS program will promote price discovery and market quality in Nasdaq-listed securities and further, that the tightened spreads and increased liquidity from the proposal will benefit all market participants and investors by deepening the Exchange's liquidity pool (particularly in lower volume and less liquid ETPs), offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, enhancing quoting competition across exchanges, promoting market transparency, and improving investor protection. Accordingly, the Exchange believes that the

³² As discussed in detail above, the Exchange is proposing to waive the MQM requirements and automatically provide the MQS stipend in one of the following scenarios: (1) for the month of December 2025; (2) for the current month of a new MQS allocation of a symbol; or (3) for the current month of a new launch.

proposal is reasonable, equitably allocated, and non-discriminatory because it would enhance market quality to the benefit of all market participants and investors.

Proposal 3: Technical Amendments

The Exchange believes that the technical amendments to reflect the addition of new Section 114(g) are reasonable, equitable, and not unfairly discriminatory. Specifically, the Exchange proposes to renumber current Sections 114(g) – (k) as Sections 114(h) – (l). The Exchange also proposes to update the cross-cite to current Section 114(g) within the definition of “Designated Retail Order” in Equity 7, Section 118(a). The proposed changes will bring clarity and avoid potential confusion in Exchange’s Pricing Schedule to the benefit of all market participants and investors.

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

The Exchange does not believe that the proposed changes consisting of the introduction of the DLP program enhancements and adoption of the MQS program will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed changes, taken together, will enhance competition by improving the market quality in Nasdaq-listed ETPs, which will benefit all market participants through additional trading opportunities, tighter spreads, and enhanced price discovery.

In terms of intra-market competition, as it relates to the DLP and MQS programs, the Exchange notes the respective programs will be applied uniformly to all similarly situated market participants that are DLPs and MQSs, as applicable. The Exchange does not believe it is unfairly discriminatory to only offer the DLP program to registered market makers because of their unique role in the markets, including their obligation to provide liquidity in the securities in which they are registered. Thus, the DLP program is a further extension of the registered market maker’s role in providing liquidity in specific ETPs, to the benefit of all market participants.

The Exchange further believes that waiving the MQM requirements and automatically providing the applicable DLP or MQS rebate or stipend in the scenarios specified above (i.e., for December 2025, for the current month of a new DLP or MQS allocation of a symbol, or for the current month of a new launch) do not impose an undue burden on intra-market competition because the waiver would apply to all DLPs and MQSs. As discussed above, enabling the DLP or MQS to receive the rebate during the current month ensures they have sufficient runway to provide market quality in the product and maintain market quality in the subsequent month, as the first month of a new launch or new DLP/MQS allocation is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. As it relates to the proposed waiver for December 2025, the Exchange is seeking to encourage greater participation in the new DLP and MQS programs, and allow participants to have adequate time to transition to the new MQMs. Further, this will be strictly limited to the first month of trading under the DLP and MQS programs, after which the DLP and MQS must meet all of the relevant MQMs in order to qualify for the applicable rebates or stipends.

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 sum, if

the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,³³ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Not applicable.

³³ 15 U.S.C. 78s(b)(3)(A)(ii).

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. 34 ; File No. SR-NASDAQ-2025-102]****Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Enhance the Designated Liquidity Provider Program and Add a New Market Quality Supporter Program**

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 December 11, 2025, 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 (i) enhance the Designated Liquidity Provider (as defined below) program in Equity 7, Section 114(f), and (ii) add a new Market Quality Supporter (as defined below) program in Equity 7, Section 114(g).

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings>, and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to (i) enhance the Designated Liquidity Provider³ (“DLP”) program in Equity 7, Section 114(f), and (ii) add a new Market Quality Supporter⁴ (“MQS”) program in Equity 7, Section 114(g).

Together, these proposed changes are intended to create a more scalable, targeted, and effective market quality support structure for Nasdaq-listed exchange-traded products (“ETPs”).

The Exchange initially filed the proposed pricing changes on December 1, 2025 (SR-NASDAQ-2025-097). On December 11, 2025, the Exchange withdrew that filing and submitted this filing.

³ A “Designated Liquidity Provider” or “DLP” is a registered Nasdaq market maker for a Qualified Security that has committed to maintain minimum performance standards. A DLP shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. Nasdaq may limit the number of DLPs in a security, or modify a previously established limit, upon prior written notice to members. See Equity 7, Section 114(f)(2).

⁴ As set out in proposed paragraph (g)(2) of Equity 7, Section 114, a “Market Quality Supporter” or “MQS” has committed to maintain minimum performance standards in Low Volume ETPs. An MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws.

Background

Pursuant to Equity 7, Section 114(f), the Exchange currently maintains a DLP program that is designed to enhance liquidity and market quality in Nasdaq-listed ETPs by providing incentives to the DLP for a Qualified Security.⁵ The DLP program provides tiered rebates to qualifying DLPs based on a combination of performance criteria (i.e., market quality metrics or “MQM”) and trading activity based on average daily volume (“ADV”) in the DLP’s assigned ETP. The MQMs are set out in paragraph (f)(4) of Equity 7, Section 114, and measure:⁶ (1) percentage of time at the national best bid (best offer) (“NBBO”), (2) percentage of time within 5 basis points of NBBO, (3) average notional depth within specified basis points of the NBBO, (4) average spread,⁷ and (5) auction quality.⁸ Primary DLPs may qualify for either a standard DLP rebate by meeting at least 4 of 5 standard MQMs in the assigned ETP or an enhanced DLP rebate by meeting all 5 enhanced MQMs, as specified in Equity 7, Section 114(f)(4). As set out in Section 114(f)(5), a Primary DLP that satisfies the MQMs in Section 114(f)(4) will be eligible to receive the rebates provided in paragraph (A) of Section 114(f)(5) in each of its assigned ETPs for which it qualified. For ETPs with higher ADV (i.e., Tiers 1 and 2), eligible Primary DLPs receive the standard or enhanced rebate for which they qualified for each displayed share that adds liquidity in the ETP. For lower ADV ETPs (i.e., Tiers 3-5), the Primary DLP receives fixed monthly payments for their standard or enhanced rebates, as applicable, which are in addition to

⁵ Under this program, a security may be designated as a “Qualified Security” if it (1) is an ETP listed on Nasdaq pursuant to Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750 or 5760, and (2) has at least one DLP. See Equity 7, Section 114(f)(1).

⁶ These MQMs are measured on average in the DLP’s assigned ETP during regular market hours, except for auction quality requirements that are measured each auction against the metrics. See Equity 7, Section 114(f)(4).

⁷ Average spread is the time weighted average spread in basis points when the DLP has a two-sided quote.

⁸ Auction quality is measured by auction price deviation from first reference price after 30 seconds before the market open (Opening) and 120 before the market close (Closing).

any other rebate the Primary DLP is eligible for under Equity 7, Sections 114 and 118.

Specifically, Nasdaq currently pays qualifying Primary DLPs in accordance with the following rebate schedule in Section 114(f)(5)(A):

TIERS	ADV	STANDARD REBATE	ENHANCED REBATE
Tier 1	ETP with monthly ADV greater than 1 million in the prior month	\$0.0034 per executed share	\$0.0036 per executed share
Tier 2	ETP with monthly ADV between 250,001 and 1 million in the prior month	\$0.0040 per executed share	\$0.0042 per executed share
Tier 3	ETP with monthly ADV between 150,001 and 250,000 in the prior month	\$200 per month	\$350 per month
Tier 4	ETP with monthly ADV between 50,001 and 150,000 in the prior month	\$225 per month	\$450 per month
Tier 5	ETP with monthly ADV less than 50,001 in the prior month	\$300 per month	\$500 per month

Further, if two DLPs are assigned to a Nasdaq-listed ETP, one may be designated as the Secondary DLP, which may receive rebates if it meets 2 of the enhanced MQMs in Section 114(f)(4) (excluding the auction quality MQM).⁹ Section 114(f)(5)(A) sets forth the rebate

⁹ The Secondary DLP is determined by using the same factors for DLPs in Section 114(f)(2), including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital,

schedule for Secondary DLPs. For ETPs with higher ADV (i.e., Tiers 1 and 2), eligible Secondary DLPs receive an additional \$0.0003 per executed share that is in addition to any other rebate the Secondary DLP is eligible for under Equity 7, Sections 114 and 118. For ETPs with lower ADV (i.e., Tiers 3-5), eligible Secondary DLPs receive an additional \$150 per month that is in addition to any other rebate the Secondary DLP is eligible for under Equity 7, Sections 114 and 118.

Lastly, the DLP program also has an additional Tape C ETP incentive for Primary DLPs based on their quoting performance across their ETP assignments. As set forth in Section 114(f)(4), the Exchange currently requires that the average time the Primary DLP is at the NBBO for each assigned ETP averages at least 20%, and the average liquidity provided by the Primary DLP for each assigned ETP averages at least 5% of the liquidity provided on Nasdaq in the respective ETP. Qualifying Primary DLPs are then provided incremental rebates for each displayed share that adds liquidity in a Tape C ETP in accordance with the following schedule in Section 114(f)(5)(B):

	Tier 1	Tier 2	Tier 3	Tier 4
Minimum Monthly Average	10	25	50	100
Number of Assigned ETPs as a Primary DLP				
Incremental Tape C ETP Rebate	\$0.0002 per executed share	\$0.0003 per executed share	\$0.0004 per executed share	\$0.0005 per executed share

willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws.

Proposal 1: DLP Program

As discussed in detail below, the Exchange proposes to enhance the current DLP program in Equity 7, Section 114(f) by: (1) eliminating the distinction between Primary and Secondary DLPs, eliminating Secondary DLP rebates, and limiting the number of DLPs to one DLP per Qualified Security; (2) replacing the distinction between standard and enhanced MQMs (and associated rebates) with a single set of MQMs (and associated rebates); (3) adding a new “Low Volume”¹⁰ group framework; (4) replacing some of the current MQMs with more detailed MQMs; (5) increasing the fixed monthly DLP rebates for Tiers 3-5; (6) updating the qualifications, eligibility thresholds, and associated rebates for the additional Tape C ETP incentive; and (7) making non-substantive changes throughout proposed Section 114(f) to remove all references to “fees” as the Exchange would only provide incentives under the DLP Program and to add references to “stipends” to refer to the monthly fixed payments the Exchange would provide to eligible DLPs.¹¹ With the proposed amendments, the Exchange is seeking to enhance market quality and encourage broader DLP participation, including in investment strategies that exhibit wider spreads and lower trading volume.

As described above, the DLP program currently provides separate rebates for eligible Primary and Secondary DLPs. Primary DLPs are also eligible for standard or enhanced rebates based on whether they meet the relevant standard or enhanced MQMs. The Exchange now proposes to remove the distinction between Primary and Secondary DLPs, and eliminate the Secondary DLP rebates (and associated qualifications) under Equity 7, Section 114(f)(4) and (5).

¹⁰ As discussed below, “Low Volume” will mean ETPs with a monthly ADV of 1 million shares or less in the prior month. This ADV volume threshold equates to the ADV volume threshold for Tiers 2-5 under the current DLP rebate program in Equity 7, Section 114(f)(5)(A). The Exchange is not proposing to amend the DLP program’s ADV volume thresholds under this proposal.

¹¹ The term “rebates” would therefore refer to the incentives that are provided per executed share.

The Exchange also proposes to eliminate the standard and enhanced rebates (and associated qualifications) under Equity 7, Section 114(f)(4) and (5). Under this proposal, and as further described below, any DLP may qualify for one set of tiered rebates if it meets specified MQMs applicable to their assigned ETP.

The Exchange also proposes in Section 114(f) to limit the number of DLPs in a Qualified Security so that as proposed, there may only be one DLP per Qualified Security. This is to better align the rule text to current practice where issuers only have one DLP per Qualified Security. Accordingly, the Exchange will make corresponding changes in paragraphs (f)(1)(B) and (f)(2) to make clear that only one DLP will be assigned per Qualified Security. Specifically in the definition of Qualified Security in paragraph (f)(1)(B), the Exchange proposes to remove the reference to “at least” one DLP so that it will be clear the Qualified Security has only one DLP. Also in paragraph (f)(2), the Exchange proposes to remove the last sentence, which currently provides that Nasdaq may limit the number of DLPs in a security, or modify a previously established limit, upon prior written notice to members. This language will no longer be relevant once the Exchange limits the number of DLPs in a Qualified Security to just one.

The Exchange also proposes to make clear how the DLP program will interact with the MQS program by providing in paragraph (f) that a DLP that is designated as a MQS of a Qualified Security may also be eligible to receive the MQS stipend in proposed Section 114(g), provided that the DLP meets the Market Quality Metrics in the DLP program as specified in Section 114(f)(4)(B) as well as the Market Quality Metrics for the MQS program as specified in proposed Section 114(g).

In proposed Section 114(f)(4)(A), the Exchange proposes to add a new Low Volume group framework. As used in the DLP program, the term “High Volume” ETPs will mean ETPs

with a monthly ADV of more than 1 million shares in the prior month (i.e., Tier 1). The term “Low Volume” ETPs will mean ETPs with a monthly ADV of 1 million shares or less in the prior month, which equates to the ADV volume threshold for Tiers 2-5 under the current DLP rebate program in Section 114(f)(5)(A). The Exchange will further segment Low Volume ETPs into Investment Strategy Groups A – C, which will be different ETP investment strategies segmented by their average NBBO spread in basis points, over the prior two calendar years. The Exchange would look at the NBBO continuously throughout the regular trading hours of the day and take the average of the NBBO across all of those times. That average would be the NBBO for the day, which is then taken and averaged across two calendar years to determine the Investment Strategy group.

These Investment Strategy Groups will be checked by the Exchange each calendar year to ensure the investment strategy’s average NBBO spread remains within its respective Investment Strategy Group.

Investment Strategy Group	Average NBBO Spread in basis points
A ¹²	15 or less
B ¹³	16 – 28
C ¹⁴	29 or more

Group A includes ETP investment strategies that have relatively low trading volumes but exhibit relatively tighter NBBO spreads compared to Groups B and C, which include relatively

¹² Investment Strategy Group A will currently consist of the following investment strategies: government fixed income, North American or USD denominated developed market fixed income, developed market equities, and currencies.

¹³ Investment Strategy Group B will currently consist of the following investment strategies: micro- to small-cap developed market equities, multi asset strategies other than absolute returns, commodities tracking, international fixed income, and derivatives.

¹⁴ Investment Strategy Group C will currently consist of the following investment strategies: emerging market equities, emerging market fixed income, multi asset absolute return strategies, commodities strategies and exchange-traded notes (“ETNs”).

low trading volume investment strategies with increasingly wider NBBO spreads. Each Nasdaq-listed ETP will be assigned an Investment Strategy Group, which will be publicly available and updated to reflect any changes to the assigned group.¹⁵

As discussed in detail below, the Investment Strategy Groups will be used to tailor the MQMs that DLPs will need to meet in their assigned ETPs to qualify for DLP rebates. The proposed Investment Strategy Group framework is intended to more precisely calibrate the DLP incentives to the liquidity profile of the investment strategy that the DLP's assigned ETP falls under. The proposed framework is also intended to incentivize market makers to become DLPs in ETPs, particularly ETPs that have lower trading volume and are less liquid.

Proposed Section 114(f)(4)(B) will set forth the MQM thresholds that the DLP must meet based on which Investment Strategy Group or High Volume (i.e., Tier 1) ETP¹⁶ they are assigned, as follows:

¹⁵ The list of investment strategies in Investment Strategy Groups A – C will be publicly available on Nasdaq's website and updated to ensure the investment strategy's average NBBO spread remains within its respective Investment Strategy Group.

¹⁶ As currently set forth in Equity 7, Section 114(f)(5)(A), Tier 1 ETPs have a monthly ADV greater than 1 million in the prior month.

Market Quality Metrics	High Volume ETPs	Investment Strategy Group A ETPs	Investment Strategy Group B ETPs	Investment Strategy Group C ETPs
Time at the NBBO with a minimum notional size of \$5,000	40%	45%	45%	45%
Average Notional Depth within 25 basis points of the NBBO	\$75,000	\$40,000	\$30,000	\$20,000
Average Spread in basis points	25	35	60	100
Auction Reference Price Difference (Opening) of first reference price within 30 seconds prior to the market open must be within basis points	150	150	150	150
Auction Reference Price Difference (Closing) of first reference price within 120 seconds prior to the market close must be within basis points	50	50	50	50
Auction Spread in basis points with \$37,500 notional depth (Opening)	75	105	180	300
Auction Spread in basis points with \$75,000 notional depth (Closing)	25	35	60	100

The proposed MQMs are similar to the current MQMs except the Exchange is proposing to refine some of the existing MQMs (e.g., adding that time at the NBBO must be with a minimum notional size of \$5,000). The Exchange also proposes to delete the existing MQM that requires

the DLP to be a certain percentage of time within 5 basis points of the NBBO, and add the new auction spread MQMs described above.

To be eligible for the proposed DLP rebates and stipends in paragraph (5)(A) of Section 114(f), DLPs will need to meet 5 of the 7 MQMs described above, including auction spread (both opening and closing),¹⁷ in the assigned ETP as measured by Nasdaq. The Exchange is requiring DLPs meet the two auction spread metrics because the opening and the closing auctions are important parts of the day as these auctions set the benchmark prices. The Exchange also wants to ensure that there is ample liquidity during this vital part of the trading day.

Proposed Section 114(f)(4)(B) will also provide that for leveraged and inverse ETPs, the average spread, auction spread, and auction reference price difference metrics will be multiplied by the absolute value of the leverage factor of the ETP. Because leveraged and inverse ETPs often exhibit higher price volatility relative to standard, non-leveraged and non-inverse ETPs, the DLP is often taking on higher risk and costs to take on these products. Adjusting these MQMs by the absolute value of the ETP's leverage factor aligns the rebate structure with the DLP's cost of taking these products on. These MQMs will be measured on average in the assigned ETP during regular market hours, except for the auction price difference and auction spread metrics that are measured at and directly before each auction, respectively, against the metrics and averaged for the monthly period.

Proposed Section 114(f)(4)(C) will provide the new qualifications for the additional Tape C ETP incentives for DLPs. Specifically, to be eligible for the rebates in proposed paragraph (5)(B) of Section 114(f), a DLP must meet the same average notional depth and average spread

¹⁷ Specifically, the MQMs are Auction Spread in basis points with \$37,500 notional depth (Opening) and Auction Spread in basis points with \$75,000 notional depth (Closing).

metrics as described above for proposed paragraph (4)(B) of Section 114(f). Specifically those metrics are as follows:

Market Quality Metrics	High Volume ETPs	Investment Strategy Group A ETPs	Investment Strategy Group B ETPs	Investment Strategy Group C ETPs
Average Notional Depth within 25 basis points of the NBBO	\$75,000	\$40,000	\$30,000	\$20,000
Average Spread in basis points	25	35	60	100

DLPs will need to meet the above additional Tape C incentive MQMs in order to be eligible for the additional Tape C incentives in paragraph (5)(B) of Section 114(f).

Proposed section 114(f)(5) will provide that a DLP that satisfies the MQMs above will be eligible to receive the rebates and stipends provided in paragraph (A) below in each of its assigned ETPs for which it qualified, and the rebates provided in paragraph (B) in any Tape C ETP that meets the criteria of paragraph (1)(A) above.¹⁸ As is the case today, rebates and stipends in paragraph (A) below will be in lieu of or in addition to, as specified, other rebates or fees provided under Equity 7, Sections 118 and 114. The rebates in paragraph (B) below will be in addition to other rebates or fees provided under Equity 7, Sections 118 and 114, including those in Section 114(f)(5)(A) (*i.e.*, the proposed DLP incentives) and Section 114(g) (*i.e.*, the proposed MQS stipend, as discussed below). The Exchange also proposes that the DLP will automatically be eligible to receive the relevant rebate or stipend in one of the following

¹⁸ Paragraph (1)(A) of Section 114(f) provides the list of Nasdaq-listed ETPs that are included in the DLP program as Qualified Securities, provided it has at least one DLP. Specifically, these are ETPs listed pursuant to Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750, or 5760.

scenarios: (1) for the month of December 2025; or (2) for the current month of a new DLP allocation of a symbol (i.e., in the context of a listing transfer from another exchange or switching DLPs on a symbol). New launches will automatically get the Tier 5 incentive for the current month. The Exchange will not have trading volume data for a newly-launched ETP for its first month, so it is proposing to automatically provide the DLP of the newly-launched ETP with the base Tier 5 rebate in the first month. For listing transfers or DLP allocations, where there is trading volume data for these ETPs, that trading volume data would be applied to determine which Tier rebate or stipend the DLP would receive for the current month of the transfer or allocation. After the first month, the DLP will need to satisfy the MQMs relevant to their assigned ETP, as set forth in proposed Section 114(f)(4). DLPs would likewise receive the applicable Tier rebate or stipend for the first month of the proposed incentive program (i.e., December 2025) based on the relevant ETP trading volume data only because the Exchange seeks to encourage greater participation in the new program and allow DLPs to have adequate time to transition to the MQMs. After December 2025, DLPs will need to satisfy the MQMs relevant to their assigned ETP, as set forth in proposed Section 114(f)(4).

Proposed paragraph (A) of Section 114(f)(5) will set forth the amended DLP rebates and stipends. As discussed above, the Exchange is eliminating the distinction between standard and enhanced rebates, and removing the Secondary DLP rebates in paragraph (A). Instead, the Exchange will pay DLP rebates and stipends according to the following schedule:

TIERS	ADV	REBATE/STIPEND
Tier 1	ETP with monthly ADV greater than 1 million in the prior month	\$0.0034 per executed share
Tier 2	ETP with monthly ADV between 250,001 and 1 million in the prior month	\$0.0040 per executed share
Tier 3	ETP with monthly ADV between 150,001 and 250,000 in the prior month	\$350 per month
Tier 4	ETP with monthly ADV between 50,001 and 150,000 in the prior month	\$450 per month
Tier 5	ETP with monthly ADV less than 50,001 in the prior month	\$500 per month

In particular, the Exchange proposes to increase the fixed monthly payments (i.e., stipends) in Tiers 3-5 from \$200 to \$350 (Tier 3), \$225 to \$450 (Tier 4), and \$300 to \$500 (Tier 5). Tier 1-2 rebates will remain at the same levels currently provided for the standard DLP rebates. The proposed changes are intended to better incentivize DLPs to quote in lower volume and less liquid ETPs, recognizing that there may be higher costs to do so. The Exchange also proposes to clarify in paragraph (5)(A) of Section 114(f) that the Tiers 1 – 2 rebates will be in lieu of any other rebate the DLP is eligible for under Equity 7, Sections 114 and 118. This is current practice today, but the Exchange is adding this language for transparency and to avoid potential confusion.¹⁹ Unlike the Tiers 3 – 5 DLP stipends, which are additive, the Tiers 1 and 2 DLP rebates are not because the Exchange is trying to greater incentivize DLPs to quote in lower volume and less liquid ETPs.

Proposed paragraph (B) of Section 114(f)(5) will set forth the amended additional Tape C incentives. As proposed, this will be provided to all eligible DLPs (and removing the references around Primary DLPs which is currently the case) that add liquidity in a Tape C ETP and will

¹⁹ The Exchange notes that paragraph (5)(A) already specifies that for Tiers 3 – 5, the DLP will be eligible to receive a fixed payment per month in addition to any other rebate the DLP is eligible for under Equity 7, Sections 114 and 118.

clarify that the DLP needs to meet the two DLP MQMs specified in proposed paragraph (4)(C) above. Specifically, the Exchange proposes to provide DLPs rebates in accordance with the following schedule:

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Minimum Monthly Average Number of Assigned ETPs as a DLP and meeting the Average Notional Depth and Average Spread metrics in paragraph (4)(B)	20	35	75	135	200
Incremental Tape C ETP Rebate	\$0.00025 per executed share	\$0.00035 per executed share	\$0.0004 per executed share	\$0.00045 per executed share	\$0.00055 per executed share

As proposed, the Exchange will increase the minimum monthly average number of assigned Tape C ETPs needed to qualify for each rebate tier, increase the rebates in Tiers 1-2 and decrease the rebate in Tier 4. The Exchange will also add a new Tier 5 rebate. The proposed changes reflect the growing number of ETPs listed on the Exchange, and are designed to expand liquidity support in Tape C ETPs and ensure that DLPs contributing to market quality in these ETPs are appropriately incentivized.

Proposal 2: MQS Program

The Exchange proposes to establish a new MQS program in new Section 114(g) of Equity 7. The new MQS program is designed to complement the DLP program in Section 114(f) by allowing up to three members (i.e., MQSs) per ETP to participate in market quality improvement by providing liquidity for lower volume ETPs. The Exchange believes that

allowing up to three MQSs will work to further support market quality in lower volume ETPs and increase resiliency in market quality performance. By incentivizing more than one MQS to meet the MQS Market Quality Metrics described below, lower volume ETPs would have more members that are incentivized to provide quote quality and layering of notional depth, which can enhance the market quality in an ETP overall.

Specifically, new Section 114(g) will provide that the following stipend discussed in this section shall apply to transactions in a Qualified Security (as defined below) by up to three MQSs associated with its MQS program MPID.²⁰ The Exchange notes that a DLP (i.e., registered market maker) can also be designated as the MQS of a Qualified Security and be eligible to receive the MQS stipend proposed herein,²¹ but an MQS is not required to be a registered market maker. These members are simply supporters who are trading in the ETP and have subsequently been designated as an MQS, but they are not subject to the same obligations as the DLP that is, in essence, the registered market maker (i.e., lead market maker), nor are they required to meet the registered market maker obligations in the ETP, as set forth in Equity 2, Section 5. The Exchange believes that allowing any member to participate in the MQS Program (instead of limiting it just to registered market makers) would fortify participation in the proposed MQS Program, and enhance market quality in lower volume ETPs.

In light of the above, the Exchange proposes in Section 114(g) that a DLP that is designated as the MQS of a Qualified Security may also be eligible to receive the MQS stipend

²⁰ The term "market participant identifier" or "MPID" means a unique four-letter mnemonic assigned to each Participant in the Nasdaq Market Center. A Participant may have one or more than one MPID. See Equity 1, Section 1(a)(11).

²¹ As discussed below, the Exchange is proposing identical qualifications as a DLP for selecting an MQS. Specifically, an MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. See proposed Equity 7, Section 114(g)(2)

herein, provided that the DLP meets the Market Quality Metrics in the DLP Program as specified in proposed Section 114(f)(4)(B) described above as well as the MQS Market Quality Metrics as specified in this proposed Section 114(g). The term ADV shall mean the total consolidated volume reported to all consolidated transaction reporting plans, for each individual security, by all exchanges and trade reporting facilities during a month divided by the number of trading days during the month. If a security is not listed for a full month, the number of trading days will only include the days which the security is listed.²²

Proposed Section 114(g)(1) will set forth the definition of Qualified Security, which will be defined for purposes of the MQS program in proposed Section 114(g)(1) as an ETP listed on Nasdaq pursuant to Nasdaq Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750, or 5760, and has at least one MQS. The proposed definition will be identical to the current definition in the DLP program in Section 114(f)(1).

Proposed Section 114(g)(2) will set forth the definition of MQS, which will be a market participant that has committed to maintain minimum performance standards in Low Volume ETPs.²³ An MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. The proposed definition will be similar to the definition of DLP in Section 114(f)(2) and the MQS will be selected using the same

²² See Equity 7, Section 114(f) for substantially similar provisions in the DLP program. The Exchange is not adopting the DLP program's language around the incentive only being applied for executions \$1 per share and above because this is only applicable to rebates provided per executed share and not a fixed monthly stipend.

²³ "Low Volume" ETPs will have the same meaning in the MQS program as proposed in the DLP program, and shall mean ETPs with a monthly ADV of 1 million shares or less in the prior month. See proposed Equity 7, Section 114(g)(4)(A).

evaluation criteria as a DLP, except an MQS will not be required to be a registered market maker in the Qualified Security for the reasons discussed above.²⁴

Proposed Section 114(g)(3) will provide that if an MQS does not meet the performance measurements under paragraph (4) in this section for a given month, fees and credits will revert to the normal schedule under Sections 118(a) and 114. An MQS must provide 5 days written notice if it wishes to withdraw its registration in a Qualified Security, unless it is also withdrawing as a market maker in the Qualified Security, as applicable.²⁵

In proposed Section 114(g)(4)(A), the Exchange proposes to add a new Investment Strategy group framework, which will be identical to the framework proposed for the DLP program in Section 114(f)(4)(A) above. The Exchange will segment the Low Volume ETPs into Investment Strategy groups A – C in the same way as proposed for the DLP program and will bucket the same investment strategies into groups A – C based on the average NBBO spread in the same way as proposed in the DLP program:²⁶

Investment Strategy Group	Average NBBO Spread in basis points
A	15 or less
B	16 – 28
C	29 or more

Same as proposed in the DLP program, these Investment Strategy groups will be checked by the Exchange each calendar year to ensure the investment strategy's average NBBO spread remains within its respective Investment Strategy group.

²⁴ A registered market maker has certain quoting obligations on Nasdaq to provide two-sided quotes in the security at all times within certain percentages from the NBBO. See Equity 2, Section 5.

²⁵ See Equity 7, Section 114(f)(3) for substantially similar provisions in the DLP program except the Exchange is adding “as applicable” herein to clarify that a MQS does not have to be a registered market maker.

²⁶ See supra notes 15-17 for the specific investment strategies within each Investment Strategy group.

Proposed Section 114(g)(4)(B) will set forth the MQM thresholds that MQSs will need to meet based on which Investment Strategy group ETP they are assigned.

Market Quality Metrics	Investment Strategy Group A ETPs	Investment Strategy Group B ETPs	Investment Strategy Group C ETPs
Average Notional Depth within 75 basis points of the NBBO	\$125,000	\$75,000	\$50,000
Average Spread in basis points	35	60	100
Auction Spread in basis points with \$37,500 notional depth (Opening)	105	180	300
Auction Spread in basis points with \$75,000 notional depth (Closing)	35	60	100

The Exchange proposes that to be eligible for the stipend in paragraph (5) below, MQSs will need to meet the above MQMs in the assigned ETP as measured by Nasdaq. For leveraged and inverse ETPs, the average spread and auction spread metrics are multiplied by the absolute value of the leverage factor of the ETP. Because leveraged and inverse ETPs often exhibit higher price volatility relative to standard, non-leveraged ETPs, the MQS is often taking on higher risk and costs to take on these products. Adjusting these MQMs by the absolute value of the ETP's leverage factor aligns the rebate structure with the MQS's cost of taking these products on. These MQMs are measured on average in the assigned ETP during regular market hours, except for the auction spread metric that is measured directly before each auction against the metrics and averaged for the period. The Exchange also proposes that an MQS that is also designated as the DLP in a Qualified Security will need to meet the MQMs as set out in Section 114(f)(4) above to receive the MQS stipend.

Proposed Section 114(g)(5) will provide that an MQS that satisfies the MQMs in paragraph (4) above will be eligible to receive the MQS stipend of \$175 per month in each of its assigned ETPs for which it qualified. The MQS stipend will be a fixed payment per month in addition to other rebates or fees for which the MQS is eligible and provided under Equity 7, Sections 118 and 114. This stipend will only apply to the MPID where a member is an MQS. Similar to the proposed DLP program, the Exchange proposes that the MQS will be automatically eligible to receive the MQS stipend in one of the following scenarios: (1) for the month of December 2025; (2) for the current month following the new MQS allocation of a symbol (i.e., in the context of a listing transfer from another exchange or switching MQSs on a symbol); or (3) for the current month of new launches. After the first month, the MQS will need to satisfy the MQMs relevant to their assigned ETP, as set forth in Section 114(g)(4)(B).

Proposal 3: Technical Amendments

The Exchange proposes technical amendments to reflect the addition of new Section 114(g). Specifically, the Exchange proposes to renumber current Sections 114(g) – (k) as Sections 114(h) – (l). The Exchange also proposes to update the cross-cite to current Section 114(g) within the definition of “Designated Retail Order” in Equity 7, Section 118(a).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁷ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,²⁸ 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

²⁷ 15 U.S.C. 78f(b).

²⁸ 15 U.S.C. 78f(b)(4) and (5).

discrimination between customers, issuers, brokers, or dealers. The Exchange notes that its ETP listing business operates in a highly-competitive market in which market participants, which include both ETP issuers and ETP market makers, can readily transfer their listings or opt not to participate, respectively, if they deem fee levels, liquidity incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule change reflects a competitive pricing structure designed to incentivize issuers to list new products and transfer existing products to the Exchange, and market participants to enroll and participate as ETP market makers on the Exchange, which will enhance market quality in listed ETPs on the Exchange.

Proposal 1: DLP Program

The Exchange believes that the proposed changes to the DLP program are reasonable, equitable, and not unfairly discriminatory for the reasons that follow. As a general matter, the Exchange must from time to time assess the effectiveness of the incentives it provides to market participants in return for the beneficial behavior required to receive the incentive. In this case, the Exchange is proposing to enhance the current DLP program in Equity 7, Section 114(f) by: (1) eliminating the distinction between Primary and Secondary DLPs, eliminating Secondary DLP rebates, and limiting the number of DLPs to one DLP per Qualified Security; (2) replacing the distinction between standard and enhanced MQMs (and associated rebates) with a single set of MQMs (and associated rebates); (3) adding a new Low Volume group framework; (4) replacing some of the current MQMs with more detailed MQMs; (5) increasing the fixed monthly DLP rebates for Tiers 3-5; (6) updating the qualifications, eligibility thresholds, and associated rebates for the additional Tape C ETP incentive; and (7) making non-substantive changes throughout proposed Section 114(f) to remove all references to “fees” as the Exchange

would only provide incentives under the DLP Program and to add references to “stipends” to refer to the monthly fixed payments the Exchange would provide to eligible DLPs. Taken together, the proposed enhancements to the DLP program are intended to help the Exchange compete as a listing venue for ETPs, including with respect to Low Volume ETPs. Further, the Exchange notes that the proposed incentives are based on achieving certain objective MQMs. The revised MQMs are designed to encourage DLPs to uphold better quality markets in Nasdaq-listed ETPs and also ensure a scalable business model to support new and incubating ETPs that often trade less on a daily basis and exhibit less liquidity. The Exchange believes that providing incentives that are based on the quality of the market in individual ETPs, including those that generally have lower volumes and wider spreads, will incentivize DLPs to provide tight and deep markets in those securities. The proposed changes to the DLP program reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange and enhance market quality in Nasdaq-listed ETPs.

The Exchange further believes that the proposed changes to add a Low Volume group framework in the manner discussed above is reasonable because the proposed framework is intended to more precisely calibrate the DLP rebate/stipend qualifications in proposed Section 114(f)(4)(B) and additional Tape C incentive qualifications in proposed Section 114(f)(4)(C) to the liquidity profile of the investment strategy that the DLP’s assigned ETP falls under. In other words, segmenting Low Volume ETPs into three groups based on 2-year average NBBO spread is intended to better align the DLP’s performance expectations to the nature of the ETP’s investment strategy and structure. The Exchange believes that the proposed framework will encourage tighter spreads and more liquidity in investment strategies that may typically be less actively traded or exhibit wider spreads. The Exchange notes that other equity exchanges

distinguish between different ETP investment strategies in their fee schedules to incentivize enhanced market quality in those ETPs, or have incentives in place to encourage greater market quality in lower volume ETPs.²⁹

The Exchange similarly believes that the proposed changes to increase the fixed monthly payments in Tiers 3-5 in the manner described above will incentivize DLPs to provide tight and deep markets in ETPs that generally have lower volume and wider spreads. The Exchange also believes that automatically providing the DLP the relevant tiered rebate or stipend for the current month of a new DLP allocation of a symbol, or of a new launch, automatically providing them the Tier 5 stipend for the current month, is reasonable because the Exchange is providing the DLP with clear visibility into their rebate/stipend earnings at the time of the ETP's launch or allocation. This approach is critical as ETPs may launch or be allocated a new DLP at various points throughout the month, potentially complicating the DLP's ability to meet the monthly performance criteria proposed above and making it unclear on what rebates/stipends the DLP may expect. Furthermore, enabling the DLP to receive the rebate/stipend during the current month ensures they have sufficient runway to quote the product and maintain liquidity in the subsequent month as the first month of a new DLP allocation or new launch is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. The Exchange also believes that automatically providing DLPs the applicable tiered rebate or stipend and waiving the MQM requirements for the first month of the new incentive program (i.e.,

²⁹ See e.g., Cboe BZX Equities Fee Schedule for market quality incentive program for "LEP Securities," which are single-stock ETFs determined by Cboe BZX for inclusion in the program; and NYSE Arca Equities Schedule of Fees and Charges for market quality incentive programs for leveraged ETPs and "Less Active" ETPs (defined as ETPs that have a CADV in the prior calendar quarter that is the greater of either less than 100,000 shares or less than 0.013% of Consolidated Tape B ADV), including Less Active leveraged ETPs.

December 2025) is reasonable because the Exchange seeks to encourage greater participation in the new program and allow DLPs to have adequate time to transition to the MQMs.

The Exchange also believes that its proposal to amend the additional Tape C incentives by increasing the monthly average number of assigned Tape C ETPs needed to qualify for each rebate tier and to add a new Tier 5 rebate are reasonable because these modifications reflect the growing number of ETPs listed on Nasdaq. The Exchange also believes that the proposed rebates are set at appropriate levels, and will continue to incentivize DLPs to add liquidity in Tape C ETPs in order to qualify for these rebates.

The Exchange also believes that the proposed enhancements to the DLP program, as described above, are equitable and not unfairly discriminatory because the Exchange will apply the amended program uniformly to all registered market makers that are DLPs. The Exchange does not believe it is unfairly discriminatory to only offer the program to market makers because of their unique role in the markets, including their obligation to provide liquidity in the securities in which they are registered. Thus, the DLP program is a further extension of the market maker's role in providing liquidity in specific securities, to the benefit of all market participants. Further, as discussed above, the Exchange is proposing to waive the MQM requirements in specified scenarios for a limited period of time such that DLPs would automatically receive the relevant DLP rebate or stipend.³⁰ The Exchange believes this proposal is equitable and not unfairly discriminatory because the waiver would apply to all DLPs. As discussed above, enabling the DLP to receive the rebate during the current month ensures they have sufficient

³⁰ As discussed in detail above, the Exchange is proposing to waive the MQM requirements and automatically provide the applicable DLP rebate/stipend based on the trading volume of the relevant ETP in one of the following scenarios: (1) for the month of December 2025; or (2) for the current month of a new DLP allocation of a symbol. Further, the Exchange is proposing to waive the MQM requirements and automatically provide the Tier 5 stipend for the current month of a new launch.

runway to quote the product and maintain liquidity in the subsequent month as the first month of a new DLP allocation or new launch is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. As it relates to the proposed waiver for December 2025, the Exchange is seeking to encourage greater participation in the new DLP program and allow DLPs to have adequate time to transition to the MQMs. Further, this will be strictly limited to the first month of trading under the new program, after which the DLP must meet the MQMs set out in proposed Section 114(f)(4)(B) in order to qualify for the DLP rebates.

Ultimately, the Exchange believes that all of the changes proposed for the enhanced DLP program, taken together, will promote price discovery and market quality in Nasdaq-listed securities and further, that the tightened spreads and increased liquidity from the proposal will benefit all market participants and investors by deepening the Exchange's liquidity pool (including in lower volume and less liquid ETPs), offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, enhancing quoting competition across exchanges, promoting market transparency, and improving investor protection. Accordingly, the Exchange believes that the proposal is reasonable, equitably allocated, and non-discriminatory because it would enhance market quality to the benefit of all market participants and investors.

Proposal 2: MQS Program

The Exchange believes that the new MQS program is reasonable because the program is designed to attract additional market makers to provide depth and tighter spreads in Nasdaq-listed ETPs that have lower volume and are less liquid. As discussed above, the Exchange is introducing a supplemental liquidity incentive framework focused on enhancing market quality in Low Volume ETPs.

The Exchange believes that allowing up to three MQSs per Qualified Security is reasonable because it will further support market quality and increase resiliency by increasing coverage in Nasdaq-listed ETPs that have lower trading volume and wider spreads. Similar to the proposed DLP program discussed above, the Exchange believes that the proposed changes to add a Low Volume group framework in the manner discussed above is reasonable because the proposed framework is intended to more precisely calibrate the MQS rebate qualifications in proposed Section 114(g)(4) to the liquidity profile of the investment strategy that the MQS's assigned ETP falls under. In other words, segmenting Low Volume ETPs into three groups based on 2-year average NBBO spread is intended to better align the MQS's performance expectations to the nature of the ETP's investment strategy and structure. The Exchange believes that the proposed framework will encourage tighter spreads and more liquidity in investment strategies that may typically be less actively traded or exhibit wider spreads across all exchanges. The Exchange notes that other equity exchanges distinguish between different ETP investment strategies in their fee schedules to incentivize enhanced market quality in those ETPs, or have incentives in place to encourage greater market quality in lower volume ETPs.³¹

The Exchange believes that the proposed MQMs for the MQS program are reasonable as they are intended to enhance market quality by encouraging MQSs to provide depth, tighter quoted spreads, and better auction spreads in the open and close. The Exchange also believes that it is reasonable to require an MQS that is also designated as the DLP of the Qualified Security to meet the MQMs from the DLP program as specified to qualify for the MQS rebate. This change is intended to ensure that market makers earning incentives under both programs are delivering comprehensive market quality. Since DLPs would already be eligible to receive

³¹ See supra note 30.

rebates under the DLP program, the Exchange believes that the additional MQS rebate should be reserved for DLPs meeting the requisite MQMs in proposed Section 114(f)(4)(B) and providing sufficient value under the DLP program.

The Exchange believes that the flat monthly payment of \$175 is set at an appropriate level to incentivize MQSs to enhance market quality in Low Volume ETPs. In addition, providing a flat stipend (as opposed to a per-executed share rebate) would provide for a more reliable business model for MQSs that choose to participate in this program, particularly in lower volume and less liquid ETPs. The Exchange also believes that automatically providing the MQS the stipend for the current month following the new MQS allocation of a symbol or following new launches is reasonable because the Exchange is providing the MQS with clear visibility into their stipend earnings at the time of the ETP's launch or new MQS allocation. This approach is critical as ETPs may launch or get allocated to a new MQS at various points throughout the month, potentially complicating the MQS's ability to meet the monthly performance criteria proposed above. Furthermore, enabling the MQS to receive the rebate during the current month ensures they have sufficient runway to quote the product and maintain liquidity in the subsequent month as the first month of a new MQS allocation or new launch is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. In addition, the Exchange believes that automatically providing the MQS stipend and waiving the MQM requirements for the first month of the new incentive program (i.e., December 2025) is reasonable because the Exchange seeks to encourage greater participation in the new program and allow MQSs to have adequate time to transition to the MQMs.

The Exchange also believes that the proposed MQS program is equitable and not unfairly discriminatory because the Exchange will apply the MQS program uniformly to all members that

choose to participate as MQSs. Further, as discussed above, the Exchange is proposing to waive the MQM requirements in specified scenarios for a limited period of time such that MQSs would automatically receive the MQS stipend.³² The Exchange believes this proposal is equitable and not unfairly discriminatory because the waiver would apply to all MQSs. As discussed above, enabling the MQS to receive the stipend during current month ensures they have sufficient runway to provide market quality in the product and maintain market quality for the subsequent month as the first month of a new MQS allocation or new launch is often one where the ETP is more thinly traded and market quality standards may be more difficult to meet. As it relates to the proposed waiver for December 2025, the Exchange is seeking to encourage greater participation in the new MQS program and allow MQSs to have adequate time to transition to the new MQMs. Further, this will be strictly limited to the first month of trading under the new program, after which the MQS must meet the MQMs as specified in proposed Section 114(g)(4)(B) in order to qualify for the MQS stipend.

Further, the Exchange believes that the proposed MQS program will promote price discovery and market quality in Nasdaq-listed securities and further, that the tightened spreads and increased liquidity from the proposal will benefit all market participants and investors by deepening the Exchange's liquidity pool (particularly in lower volume and less liquid ETPs), offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, enhancing quoting competition across exchanges, promoting market transparency, and improving investor protection. Accordingly, the Exchange believes that the

³² As discussed in detail above, the Exchange is proposing to waive the MQM requirements and automatically provide the MQS stipend in one of the following scenarios: (1) for the month of December 2025; (2) for the current month of a new MQS allocation of a symbol; or (3) for the current month of a new launch.

proposal is reasonable, equitably allocated, and non-discriminatory because it would enhance market quality to the benefit of all market participants and investors.

Proposal 3: Technical Amendments

The Exchange believes that the technical amendments to reflect the addition of new Section 114(g) are reasonable, equitable, and not unfairly discriminatory. Specifically, the Exchange proposes to renumber current Sections 114(g) – (k) as Sections 114(h) – (l). The Exchange also proposes to update the cross-cite to current Section 114(g) within the definition of “Designated Retail Order” in Equity 7, Section 118(a). The proposed changes will bring clarity and avoid potential confusion in Exchange’s Pricing Schedule to the benefit of all market participants and investors.

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

The Exchange does not believe that the proposed changes consisting of the introduction of the DLP program enhancements and adoption of the MQS program will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed changes, taken together, will enhance competition by improving the market quality in Nasdaq-listed ETPs, which will benefit all market participants through additional trading opportunities, tighter spreads, and enhanced price discovery.

In terms of intra-market competition, as it relates to the DLP and MQS programs, the Exchange notes the respective programs will be applied uniformly to all similarly situated market participants that are DLPs and MQSs, as applicable. The Exchange does not believe it is unfairly discriminatory to only offer the DLP program to registered market makers because of their unique role in the markets, including their obligation to provide liquidity in the securities in which they are registered. Thus, the DLP program is a further extension of the registered market maker’s role in providing liquidity in specific ETPs, to the benefit of all market participants.

The Exchange further believes that waiving the MQM requirements and automatically providing the applicable DLP or MQS rebate or stipend in the scenarios specified above (i.e., for December 2025, for the current month of a new DLP or MQS allocation of a symbol, or for the current month of a new launch) do not impose an undue burden on intra-market competition because the waiver would apply to all DLPs and MQSs. As discussed above, enabling the DLP or MQS to receive the rebate during the current month ensures they have sufficient runway to provide market quality in the product and maintain market quality in the subsequent month, as the first month of a new launch or new DLP/MQS allocation is often one where the ETP is more thinly traded and liquidity standards may be more difficult to meet. As it relates to the proposed waiver for December 2025, the Exchange is seeking to encourage greater participation in the new DLP and MQS programs, and allow participants to have adequate time to transition to the new MQMs. Further, this will be strictly limited to the first month of trading under the DLP and MQS programs, after which the DLP and MQS must meet all of the relevant MQMs in order to qualify for the applicable rebates or stipends.

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 sum, if

the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.³³

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or

³³ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2025-102 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-2025-102. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-NASDAQ-2025-102 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

Sherry R. Haywood,

Assistant Secretary.

³⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

THE NASDAQ STOCK MARKET LLC RULES

* * * * *

Equity Rules

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Equity 7: Pricing Schedule

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Section 114. Market Quality Incentive Programs

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Designated Liquidity Provider (“DLP”) Program

(f) The following [fees and] rebates and stipends discussed in this section shall apply to transactions in a Qualified Security by [one of]its Designated Liquidity Provider[s] associated with its DLP Program MPID. There may only be one DLP per Qualified Security (as defined below). A DLP that is designated as a MQS of a Qualified Security may also be eligible to receive the Market Quality Supporter stipend in Section 114(g), provided that the DLP meets the Market Quality Metrics in the DLP Program as specified in Section 114(f)(4)(B) as well as the Market Quality Metrics for the Market Quality Supporter Program as specified in Section 114(g). These rebates [and fees] only apply for executions \$1 per share and above. As used in the DLP Program, the term average daily volume (“ADV”) shall mean the total consolidated volume reported to all consolidated transaction reporting plans, for each individual security, by all exchanges and trade reporting facilities during a month divided by the number of trading days during the month. If a security is not listed for a full month the number of trading days will only include the days which the security is listed.

For purposes of this paragraph:

(1) A security may be designated as a “Qualified Security” if:

(A) it is an exchange-traded product listed on Nasdaq pursuant to Nasdaq Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750 or 5760; and

(B) it has [at least] one Designated Liquidity Provider.

(2) A “Designated Liquidity Provider” or “DLP” is a registered Nasdaq market maker for a Qualified Security that has committed to maintain minimum performance standards. A DLP shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws. [Nasdaq may limit the number of DLPs in a security, or modify a previously established limit, upon prior written notice to members.]

(3) If a DLP does not meet the performance measurements under paragraph (4) of this section for a given month, fees and credits will revert to the normal schedule under Sections 118(a) and 114. If a DLP does not meet the stated performance measurements for 3 out of the past 4 months, the DLP is subject to forfeit of DLP status for that Qualified Security, at Nasdaq's discretion. A DLP must provide 5 days written notice if it wishes to withdraw its registration in a Qualified Security, unless it is also withdrawing as a market maker in the Qualified Security.

(4) Below are the monthly performance criteria related to the specific [fees and] rebates and stipends provided under paragraph (5) below[:].

(A) Investment Strategy Groups. As used in the DLP Program, the term “High Volume” ETPs shall mean ETPs with a monthly ADV of more than 1 million shares in the prior month (i.e., Tier 1). The term “Low Volume” ETPs shall mean ETPs with a monthly ADV of 1 million shares or less in the prior month (i.e., Tiers 2-5). Nasdaq further segments Low Volume ETPs into Investment Strategy Groups A - C, which are different ETP investment strategies segmented by their average national best bid (best offer) (“NBBO”) spread in basis points, over the prior two calendar years. These Investment Strategy groups will be checked by the Exchange each calendar year to ensure the investment strategy’s average NBBO spread remains within its respective Investment Strategy group.

<u>Investment Strategy Group</u>	<u>Average NBBO Spread in basis points</u>
<u>A</u>	<u>15 or less</u>
<u>B</u>	<u>16 – 28</u>
<u>C</u>	<u>29 or more</u>

(B) Market Quality Metrics. To be eligible for the rebates and stipends in paragraph (5)(A) below, DLPs will need to meet 5 of the 7 the Market Quality Metrics, including Auction Spread (both opening and closing), in the assigned ETP as measured by Nasdaq. For leveraged and inversed ETPs, the Average Spread, Auction Spread, and Auction Reference Price Difference metrics are multiplied by the absolute value of the leverage factor of the ETP. These Market Quality Metrics are measured on average in the assigned ETP during regular market hours, except for the Auction Reference Price Difference and Auction Spread metrics that are measured at

and directly before each auction, respectively, against the metrics and averaged for the period.

<u>Market Quality Metrics</u>	<u>High Volume ETPs</u>	<u>Investment Strategy Group A ETPs</u>	<u>Investment Strategy Group B ETPs</u>	<u>Investment Strategy Group C ETPs</u>
<u>Time at the NBBO with a minimum notional size of \$5,000</u>	<u>40%</u>	<u>45%</u>	<u>45%</u>	<u>45%</u>
<u>Average Notional Depth within 25 basis points of the NBBO</u>	<u>\$75,000</u>	<u>\$40,000</u>	<u>\$30,000</u>	<u>\$20,000</u>
<u>Average Spread in basis points</u>	<u>25</u>	<u>35</u>	<u>60</u>	<u>100</u>
<u>Auction Reference Price Difference (Opening) of first reference price within 30 seconds prior to the market open must be within basis points</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
<u>Auction Reference Price Difference (Closing) of first reference price within 120 seconds prior to the market close must be within basis points</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
<u>Auction Spread in basis points with \$37,500 notional depth (Opening)</u>	<u>75</u>	<u>105</u>	<u>180</u>	<u>300</u>
<u>Auction Spread in basis points with \$75,000 notional depth (Closing)</u>	<u>25</u>	<u>35</u>	<u>60</u>	<u>100</u>

(C) Additional Tape C ETP Incentives for DLPs. To be eligible for the rebates in paragraph (5)(B) below, a DLP must meet the Average Notional Depth and Average Spread metrics in paragraph (4)(B).

[Primary DLP Rebates	<p>Primary DLPs will need to meet 4 of 5 of the Standard Market Quality Metrics in the assigned ETP as measured by Nasdaq to qualify for the Standard Rebate, and all 5 Enhanced Market Quality Metrics in the assigned ETP as measured by Nasdaq to qualify for the Enhanced Rebate. These Market Quality Metrics are measured on average in the assigned ETP during regular market hours, except for the Auction Quality Requirements that are measured each auction against the metrics:</p> <ol style="list-style-type: none"> 1. Time at the national best bid (best offer) (“NBBO”) (Standard Rebate: 20%; Enhanced Rebate: 50%) 2. Time within 5 basis points of NBBO (Standard Rebate: 50%; Enhanced Rebate: 75%) 3. Notional Depth (Standard Rebate: \$100,000 (within 150 basis points of NBBO); Enhanced Rebate: \$100,000 (within 50 basis points of NBBO)) 4. Average Spread (Standard Rebate: less than 125 basis points; Enhanced Rebate: less than 25 basis points) 5. Auction Quality Requirements (Standard Rebate: Auction Price must be within 350 basis points (Opening) and 100 basis points (Closing) of first reference price within 30 seconds prior to the market open (Opening) and within 120 seconds prior to the market close (Closing); Enhanced Rebate: Auction Price must be within 150 basis points (Opening) and 50 basis points (Closing) of first reference price within 30 seconds prior to the market open (Opening) and within 120 seconds prior to the market close (Closing))
Secondary DLP Rebates	<ul style="list-style-type: none"> • If there are 2 DLP assignments for a Nasdaq-listed ETP, the Secondary DLP will be determined by using the factors in Section 114(f)(2). • The Secondary DLP qualifies for rebates in ETPs if it meets 2 of the Enhanced Market Quality Metrics, excluding the Auction Quality Requirements metric.
Additional Tape C ETP Incentives for Primary DLPs	<p>The average time the Primary DLP is at the NBBO for each assigned ETP averages at least 20%, and the average liquidity provided by the Primary DLP for each assigned ETP averages at least 5% of the liquidity provided on Nasdaq in the respective ETP.]</p>

(5) A DLP that satisfies the Market Quality Metrics above, will be eligible to receive the rebates and stipends provided in paragraph (A) below in each of its assigned ETPs for which it qualified, and the rebates provided in paragraph (B) in any Tape C ETP that meets the criteria of paragraph (1)(A) above[, provided the DLP is a Primary DLP]. The rebates and stipends in paragraph (A) below are in lieu of or in addition to, as specified, other rebates or fees provided under Equity 7, Sections 118 and 114. The rebates in paragraph (B) below will be in addition to other rebates or fees provided under Equity 7, Sections 118 and 114, including those in [paragraph]Section 114(f)(5)(A) and Section 114(g). The DLP will automatically be eligible to receive the relevant rebate or stipend in one of the following scenarios: (1) for the month of December 2025; or (2) for the current month of a new DLP allocation of a symbol. New launches will automatically get the Tier 5 incentive for the current month.

(A) DLP Rebates and Stipends

If an ETP meets one of the below requirements, an eligible DLP will receive the rebate for which it qualifies for each displayed share that adds liquidity in the ETP for Tiers 1-2. The Tiers 1-2 rebates will be in lieu of any other rebate the DLP is eligible for under Equity 7, Sections 114 and 118. For Tiers 3-5 stipends the [Primary] DLP will be eligible to receive a fixed payment per month in addition to any other rebate the [Primary] DLP is eligible for under Equity 7, Sections 114 and 118. These rebates and stipends will only apply to the MPID where a member is a [Primary] DLP:

TIERS	ADV	[STANDARD] REBATE/<u>STIPEND</u>	[ENHANCED REBATE]
Tier 1	ETP with monthly ADV greater than 1 million in the prior month	\$0.0034 per executed share	[\$0.0036 per executed share]
Tier 2	ETP with monthly ADV between 250,001 and 1 million in the prior month	\$0.0040 per executed share	[\$0.0042 per executed share]
Tier 3	ETP with monthly ADV between 150,001 and 250,000 in the prior month	[\$200] <u>350</u> per month	[\$350 per month]
Tier 4	ETP with monthly ADV between 50,001 and 150,000 in the prior month	[\$225] <u>450</u> per month	[\$450 per month]
Tier 5	ETP with monthly ADV less than 50,001 in the prior month	[\$300] <u>500</u> per month	[\$500 per month]

[If there is a Secondary DLP assigned to an ETP, then the following rebate schedule is applied:

- Tiers 1 - 2: an additional \$0.0003 per executed share that is in addition to any other rebate the Secondary DLP is eligible for under Equity 7, Sections 114 and 118.
- Tiers 3 - 5: an additional \$150 per month that is in addition to any other rebate the Secondary DLP is eligible for under Equity 7, Sections 114 and 118.]

(B) Additional Tape C ETP Incentives for [Primary] DLPs

The following rebates are provided to an eligible member for each displayed share that adds liquidity in a Tape C ETP that meets the criteria of paragraph (1)(A) above. This rebate will only apply to the MPID where a member is a [Primary] DLP:

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Minimum Monthly Average Number of Assigned ETPs as a [Primary] DLP <u>and meeting the Average Notional Depth and Average Spread metrics in paragraph (4)(B)</u>	[10] <u>20</u>	[25] <u>35</u>	[50] <u>75</u>	[100] <u>135</u>	<u>200</u>
Incremental Tape C ETP Rebate	\$0.000[2] <u>25</u> per executed share	\$0.000[3] <u>35</u> per executed share	\$0.0004 per executed share	\$0.000[5] <u>45</u> per executed share	<u>\$0.00055</u> per executed share

Market Quality Supporter (“MQS”) Program

(g) The following stipend discussed in this section shall apply to transactions in a Qualified Security by up to three MQSs associated with its MQS Program MPID. A DLP that is designated as the MQS of a Qualified Security may also be eligible to receive the MQS stipend herein, provided that the DLP meets the Market Quality Metrics in the DLP Program as specified in Section 114(f)(4)(B) as well as the MQS Market Quality Metrics as specified herein. The term average daily volume (“ADV”) shall mean the total consolidated volume reported to all consolidated transaction reporting plans, for each individual security, by all exchanges and trade reporting facilities during a month divided by the number of trading days during the month. If a

security is not listed for a full month, the number of trading days will only include the days which the security is listed.

For purposes of this paragraph:

(1) A security may be designated as a “Qualified Security” if:

(A) it is an exchange-traded product listed on Nasdaq pursuant to Nasdaq Rules 5704, 5705, 5710, 5711, 5713, 5715, 5720, 5735, 5745, 5750 or 5760; and

(B) it has at least one Market Quality Supporter.

(2) A “Market Quality Supporter” or “MQS” has committed to maintain minimum performance standards in Low Volume ETPs (as defined below). An MQS shall be selected by Nasdaq based on factors including, but not limited to, experience with making markets in exchange-traded products, adequacy of capital, willingness to promote Nasdaq as a marketplace, issuer preference, operational capacity, support personnel, and history of adherence to Nasdaq rules and securities laws.

(3) If an MQS does not meet the performance measurements under paragraph (4) in this section for a given month, fees and credits will revert to the normal schedule under Sections 118(a) and 114. An MQS must provide 5 days written notice if it wishes to withdraw its registration in a Qualified Security, unless it is also withdrawing as a market maker in the Qualified Security, as applicable.

(4) Below are the monthly performance criteria related to the specific stipend provided under paragraph (5) below.

(A) **Investment Strategy Groups.** As used in the MQS Program, the term “Low Volume” ETPs shall mean ETPs with a monthly ADV of 1 million shares or less in the prior month. Nasdaq further segments Low Volume ETPs into Investment Strategy Groups A – C, which are different ETP investment strategies segmented by their average national best bid (best offer) (“NBBO”) spread in basis points, over the prior two calendar years. These Investment Strategy groups will be checked by the Exchange each calendar year to ensure the investment strategy’s average NBBO spread remains within its respective Investment Strategy group.

<u>Investment Strategy Group</u>	<u>Average NBBO Spread in basis points</u>
<u>A</u>	<u>15 or less</u>
<u>B</u>	<u>16 – 28</u>
<u>C</u>	<u>29 or more</u>

(B) **Market Quality Metrics.** To be eligible for the stipend in paragraph (5) below, MQSs will need to meet the Market Quality Metrics below in the assigned ETP as measured by Nasdaq. For leveraged and inverse ETPs, the Average Spread and Auction Spread metrics are multiplied by the absolute value of the leverage factor of the ETP. These Market Quality Metrics are measured on average in the assigned ETP during regular market hours, except for the Auction Spread metric that is measured directly before each auction against the metrics and averaged for the period. An

MQS that is also designated as the DLP in a Qualified Security will need to meet the Market Quality Metrics as set out in Section 114(f)(4) above to receive the MQS stipend.

<u>Market Quality Metrics</u>	<u>Investment Strategy Group A ETPs</u>	<u>Investment Strategy Group B ETPs</u>	<u>Investment Strategy Group C ETPs</u>
<u>Average Notional Depth within 75 basis points of the NBBO</u>	<u>\$125,000</u>	<u>\$75,000</u>	<u>\$50,000</u>
<u>Average Spread in basis points</u>	<u>35</u>	<u>60</u>	<u>100</u>
<u>Auction Spread in basis points with \$37,500 notional depth (Opening)</u>	<u>105</u>	<u>180</u>	<u>300</u>
<u>Auction Spread in basis points with \$75,000 notional depth (Closing)</u>	<u>35</u>	<u>60</u>	<u>100</u>

(5) MQS Stipend. An MQS that satisfies the Market Quality Metrics above will be eligible to receive the MQS stipend of \$175 per month in each of its assigned ETPs for which it qualified. The MQS stipend is a fixed payment per month in addition to other rebates or fees for which the MQS is eligible and provided under Equity 7, Sections 118 and 114. This stipend will only apply to the MPID where a member is an MQS. For the current month of a new MQS allocation of a symbol, the MQS will automatically be eligible to receive the MQS stipend in the one of the following scenarios: (1) for the month of December 2025; (2) for the current month of a new MQS allocation of a symbol; or (3) for the current month of a new launch.

NBBO Program

([g]h) Nasdaq will provide a rebate per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Equity 7, Section 118) in securities priced at \$1 or more per share that provide liquidity, establish the NBBO, and displayed a quantity of at least one round lot at the time of execution. The rebate will be in addition to any rebate or credit payable under Equity 7, Section 118(a) and other programs under Equity 7, Section 114. This rebate will be provided to executions from orders originating on ports meeting the requirements below.

To qualify for the \$0.0004 per share executed NBBO Program rebate in NYSE-listed securities and in Securities Listed on Exchanges other than Nasdaq and NYSE a member must execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents 1.0% or more of Consolidated Volume during the month and the order

must have been entered on a port that has a ratio of at least 25% NBBO liquidity provided* to liquidity provided by displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) during the month.

*NBBO liquidity provided means liquidity provided from orders (other than Designated Retail Orders, as defined in Equity 7, Section 118), that establish the NBBO, and displayed a quantity of at least one round lot at the time of execution.

Definitions and Certifications

([h]i) Definitions

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

(1) Reserved

(2) Reserved

(3) Reserved

(4) Reserved

(5) The term “Consolidated Volume” shall have the same meaning as the term has under Equity 7, Section 118(a), subject to the following qualifications.

(A) For purposes of calculating a member’s qualifications for Tiers 1 and 2 of the QMM Program credits set forth in paragraph (e) of this Section, the Exchange will calculate a member’s volume and total Consolidated Volume twice. First, the Exchange will calculate a member’s volume and total Consolidated Volume inclusive of volume that consists of executions in securities priced less than \$1. Second, the Exchange will calculate a member’s volume and total Consolidated Volume exclusive of volume that consists of executions in securities priced less than \$1, while also applying distinct qualifying volume thresholds to each Tier, as set forth above in paragraph (e). The Exchange will then assess which of these two calculations would qualify the member for the most advantageous credits for the month and then it will apply those credits to the member.

(B) For purposes of calculating a member’s qualifications for fees that pertain to accessing liquidity set forth in Section 114(e) and rebates that pertain to providing liquidity set forth in Section 114([g]h), the Exchange will calculate a member’s volume and total Consolidated Volume twice. First, the Exchange will calculate a member’s volume and total Consolidated Volume inclusive of volume that consists of executions in securities priced less than \$1. Second, the Exchange will calculate a member’s volume and total Consolidated Volume exclusive of volume that consists of executions in securities priced less than \$1, while also increasing the distinct qualifying volume percentage thresholds by 10%. The Exchange will then assess which of these two

calculations would qualify the member for the most advantageous fees / rebates for the month and then it will apply those to the member.

(6) Reserved

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

(8) Reserved

(9) The term “regular market hours” means 9:30 a.m. through 4:00 p.m., or such shorter period as may be designated by Nasdaq on a day when the securities markets close early.

([i]j) Reserved

([j]k) Reserved.

([k]l) For purposes of all Consolidated Volume and ADV calculations under this Section for the month of December 2023, Nasdaq will exclude December 13, 2023, if doing so will allow a member to achieve more favorable pricing under the rule.

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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 calculating Consolidated Volume and the extent of a member's trading activity, the following shall be excluded from both total Consolidated Volume and the member's trading activity: (1) the date of the annual reconstitution of the Russell Investments Indexes; (2) the dates on which stock options, stock index options, and stock index futures expire (i.e., the third Friday of March, June, September, and December); (3) the dates of the rebalance of the MSCI Equities Indexes (i.e., on a quarterly basis); (4) the dates of the rebalance of the S&P 400, S&P 500, and S&P 600 Indexes (i.e., on a quarterly basis); and (5) the date of the annual reconstitution of the Nasdaq-100 and Nasdaq Biotechnology Indexes. For the purposes of calculating the extent of a member's trading activity during the month on Nasdaq and determining the charges and credits applicable to such member's activity, all M-ELO Orders that a member executes on Nasdaq during the month will count as liquidity-adding activity on Nasdaq. Volume from ETC Eligible LOC Orders and ETC Orders shall not be utilized to determine eligibility for any pricing tiers set forth in Section 118(a) to the extent that such eligibility is based upon MOC or LOC volume. For purposes of calculating a member's qualifications for credits that pertain to providing liquidity set forth in this Section 118(a), the Exchange will calculate a member's volume and total Consolidated Volume twice. First, the Exchange will calculate a member's volume and total Consolidated Volume inclusive of volume that consists of executions in securities priced less than \$1. Second, the Exchange will calculate a member's volume and total Consolidated Volume exclusive of volume that consists of executions in securities priced less than \$1, while also increasing the distinct qualifying volume percentage thresholds, as set forth in this Section

118(a), by 10%. The Exchange will then assess which of these two calculations would qualify the member for the most advantageous credits for the month and then it will apply those to the member.

As used in this section the following terms shall have the following meanings:

- “ADV” means Average Daily Volume;
- “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.
- A “Designated Retail Order” is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 and that originates from a natural person and is submitted to Nasdaq by a member that designates it pursuant to this section, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. An order from a “natural person” can include orders on behalf of accounts that are held in a corporate legal form - such as an Individual Retirement Account, Corporation, or a Limited Liability Company - that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they have implemented policies and procedures that are reasonably designed to ensure that substantially all orders designated by the member as “Designated Retail Orders” comply with these requirements. Orders may be designated on an order by-order basis, or by designating all orders on a particular order entry port as Designated Retail Orders. If a member’s total rebate for non-Designated Retail Orders (including any supplemental credits provided in Section 114 and Section 118, except the NBBO Program credit provided in Section 114(g)) is greater than its rebate for Designated Retail Orders (including supplemental credits provided in Section 114 and Section 118), then the member shall receive the higher rebate.

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