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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2012 - * 026
Amendment No. (req. for Amendments *)

Proposed Rule Change by NASDAQ Stock Market

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☑	☐	☐	☐	☑	☐

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☐ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☑ 19b-4(f)(6)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

A proposed rule change relating to listing of strike prices.

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 proposed rule change.

First Name * Angela Last Name * Dunn
Title * Associate General Counsel
E-mail * angela.dunn@nasdaqomx.com
Telephone * (215) 495-5692 Fax

Signature

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

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

Date 02/13/2012

By Edward S. Knight
(Name *)

Executive Vice President and General Counsel
(Title *)

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

Edward S Knight,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required) Add Remove View	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 (required) Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	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 Add Remove View	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 Add Remove View	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) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend Chapter IV, Section 6 (Series of Options Open for Trading) to permit the listing of strike prices in $0.50 intervals where the strike price is less than $75, and of strike prices in $1.00 intervals where the strike price is between $75 and $150 for option series used to calculate volatility indexes.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed Rule is attached hereto 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 NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on August 19, 2011. NASDAQ staff will advise the Board of Directors of NASDAQ of any action taken pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Angela Saccomandi Dunn, Associate General Counsel, at (215) 496-5692.

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[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 this filing is to amend Chapter IV, Section 6 to permit the listing of strike prices in \$0.50 intervals where the strike price is less than \$75, and of strike prices in \$1.00 intervals where the strike price is between \$75 and \$150 for option series used to calculate volatility indexes.

The proposal permits the listing of strike prices in \$0.50 intervals and \$1.00 intervals within specified strike price ranges for option series used to calculate volatility indexes. Volatility indexes are calculated and disseminated by the Chicago Board Options Exchange ("CBOE"), which also lists options on the resulting index.[3] At this time, the Exchange has no intention of listing volatility options or selecting options on any equity securities, Exchange-Traded Fund Shares, Trust Issued Receipts, Exchange Traded Notes, Index-Linked Securities, or indexes to be the basis of a volatility index. To the extent that CBOE or another exchange selects a multiply-listed product as the basis of a volatility index, proposed Chapter IV, Section 6 would permit the Exchange to list and compete in all series listed by the CBOE or another Exchange for purposes of calculating a volatility index.

The Exchange has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority ("OPRA") have the necessary

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[3] For example, CBOE calculates the CBOE Gold ETF Volatility Index ("GVZ"), which is based on the VIX methodology applied to options on the SPDR Gold Trust ("GLD"). The current filing would permit \$0.50 strike price intervals for GLD options where the strike price is \$ 75 or less. The Exchange is currently permitted to list strike prices in \$1 intervals for GLD options (where the strike price is \$200 or less), as well as for other exchange-traded fund ("ETF") options. See Chapter IV, Section 6.

systems capacity to handle the additional traffic associated with the listing of strike prices in $0.50 intervals where the strike price is less than $75, and strike prices in $1.00 intervals where the strike price is between $75 and $150 for option series used to calculate volatility indexes in securities selected by the CBOE or another exchange.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[4] in general, and furthers the objectives of Section 6(b)(5) of the Act[5] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, by allowing the Exchange to offer a full range of all available option series in a given class, including those selected by other exchanges to be the basis of a volatility index.

While this proposal may potentially generate additional quote traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal is restricted to a limited number of classes. Further, the Exchange does not believe that the proposal will result in a material proliferation of additional series because it is restricted to a limited number of classes.

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

The Exchange does not believe that the rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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[4] 15 U.S.C. 78f(b).

[5] 15 U.S.C. 78f(b)(5).

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

The Exchange does not consent to an extension of the time period for Commission action.

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) of the Act[6] and Rule 19b-4(f)(6)[7] thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that its rule change proposal is particularly appropriate for filing on an immediately effective basis under paragraph (f)(6) of Rule 19-b(4). In its recent interpretive guidance regarding the self-regulatory organization ("SRO") rule filing process, the Commission stated that certain SRO proposals "may be filed as an immediately effective rule so long as it is based on and similar to another SRO's rule" and raises no new policy issues.[8] The rule change proposed herein is based on rule

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6 15 U.S.C. 78s(b)(3)(A).

7 17 CFR. 240.19b-4(f)(6).

8 See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008).

changes to CBOE Rule 5.5[9] and NASDAQ OMX PHLX LLC ("Phlx") Rule 1012 at Commentary .12[10] and does not raise any new policy issues. Filings in this category are eligible to be submitted under paragraph (f)(6) of Rule 19b-4.[11]

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests the Commission to waive the noted operative delay so that the Exchange may, as soon as possible, have the ability to compete with CBOE, NYSE Amex LLC ("NYSE Amex"), Phlx and any other exchanges that have or propose similar rules. Such waiver would help (1) eliminate investor confusion, and address any technical or operative issues that member organizations may experience if the options exchanges had different strike prices for options selected as the basis of a volatility index, and (2) promote competition among the options exchanges. Immediate operability will permit the Exchange to list and trade strikes listed by other exchanges using a similar provision.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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9 See Securities Exchange Act Release No. 64189 (April 5, 2011), 76 FR 20066 (April 11, 2011) (SR-CBOE-2011-008) (order granting approval).

10 See Securities Exchange Act Release No. 64589 (June 2, 2011), 76 FR 33387 (June 8, 2011) (SR-Phlx-2011-74) (notice of filing and immediate effectiveness).

11 17 CFR 240.19b-4(f)(6).

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

The proposed rule change is based on a rule change by CBOE, NYSE Amex and Phlx.[12]

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Proposed Rule Text.

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12 See Securities Exchange Act Release No. 64189 (April 5, 2011), 76 FR 20066 (April 11, 2011) (SR-CBOE-2011-008) (order granting approval). Other Exchanges have submitted similar proposals. See also Securities Exchange Act Release Nos.64325 (April 22, 2011), 76 FR 23632 (April 27, 2011) (SR-NYSEAmex-2011-26) (notice of filing and immediate effectiveness); and 64589 (June 2, 2011), 76 FR 33387 (June 8, 2011) (SR-Phlx-2011-74) (notice of filing and immediate effectiveness).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2012-026)

February __, 2012

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The NASDAQ Stock Market LLC Relating to Listing of Strike Prices

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1], and Rule 19b-4[2] thereunder, notice is hereby given that on February 13, 2012, 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 NASDAQ. 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 NASDAQ Stock Market LLC proposes to amend Chapter IV, Section 6 (Series of Options Open for Trading) to permit the listing of strike prices in \$0.50 intervals where the strike price is less than \$75, and of strike prices in \$1.00 intervals where the strike price is between \$75 and \$150 for option series used to calculate volatility indexes.

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. 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 this filing is to amend Chapter IV, Section 6 to permit the listing of strike prices in $0.50 intervals where the strike price is less than $75, and of strike prices in $1.00 intervals where the strike price is between $75 and $150 for option series used to calculate volatility indexes.

The proposal permits the listing of strike prices in $0.50 intervals and $1.00 intervals within specified strike price ranges for option series used to calculate volatility indexes. Volatility indexes are calculated and disseminated by the Chicago Board Options Exchange ("CBOE"), which also lists options on the resulting index.[3] At this

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3 For example, CBOE calculates the CBOE Gold ETF Volatility Index ("GVZ"), which is based on the VIX methodology applied to options on the SPDR Gold Trust ("GLD"). The current filing would permit $0.50 strike price intervals for GLD options where the strike price is $ 75 or less. The Exchange is currently permitted to list strike prices in $1 intervals for GLD options (where the strike

time, the Exchange has no intention of listing volatility options or selecting options on any equity securities, Exchange-Traded Fund Shares, Trust Issued Receipts, Exchange Traded Notes, Index-Linked Securities, or indexes to be the basis of a volatility index. To the extent that CBOE or another exchange selects a multiply-listed product as the basis of a volatility index, proposed Chapter IV, Section 6 would permit the Exchange to list and compete in all series listed by the CBOE or another Exchange for purposes of calculating a volatility index.

The Exchange has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle the additional traffic associated with the listing of strike prices in $0.50 intervals where the strike price is less than $75, and strike prices in $1.00 intervals where the strike price is between $75 and $150 for option series used to calculate volatility indexes in securities selected by the CBOE or another exchange.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[4] in general, and furthers the objectives of Section 6(b)(5) of the Act[5] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, by

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price is $200 or less), as well as for other exchange-traded fund ("ETF") options. See Chapter IV, Section 6.

4 15 U.S.C. 78f(b).

5 15 U.S.C. 78f(b)(5).

allowing the Exchange to offer a full range of all available option series in a given class, including those selected by other exchanges to be the basis of a volatility index.

While this proposal may potentially generate additional quote traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal is restricted to a limited number of classes. Further, the Exchange does not believe that the proposal will result in a material proliferation of additional series because it is restricted to a limited number of classes.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act[6] and Rule 19b-4(f)(6)[7] thereunder.

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6 15 U.S.C. 78s(b)(3)(A).

7 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the

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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2012-026 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2012-026. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The

proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml).

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

All submissions should refer to File Number SR-NASDAQ-2012-026 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Kevin M. O'Neill
Deputy Secretary

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[8] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined.

NASDAQ Stock Market Rules

* * * * *

Options Rules

* * * * *

Chapter IV Securities Traded on NOM

* * * * *

Sec. 6 Series of Options Contracts Open for Trading
(a) **–** (g) No Change

Supplementary Material to Section 6

.01 (a) No Change

(b) For series of options on Exchange-Traded Fund Shares that satisfy the criteria set forth in Chapter IV, Section 3(i) of these Rules, the interval of strike prices may be $1 or greater where the strike price is $200 or less or $5 or greater where the strike price is over $200.

> <u>(i) $0.50 and $1 Intervals for Options Used to Calculate Volatility Indexes. Notwithstanding the provisions of this Rule, the Exchange may open for trading series at $0.50 or greater strike price intervals where the strike price is less than $75 and $1.00 or greater strike price intervals where the strike price is between $75 and $150 for options that are used to calculate a volatility index.</u>

(c) –(e) No Change

.02 - .07 No Change

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