Required fields are shown with yellow backgrounds and asterisks.

OMB APPROVAL
OMB Number: 3235-0045 Estimated average burden hours per response...........38

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

File No.* SR - 2012 - * 067

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) *
☑	☐	☐	☐	☑	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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)

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 proposal to update the NASDAQ Options Market quote mitigation rule.

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 * Edith Last Name * Hallahan

Title * Principal Associate General Counsel

E-mail * edith.hallahan@nasdaqomx.com

Telephone * (215) 496-5179 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 05/29/2012

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) 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 ("Commission") a proposal for the NASDAQ Options Market ("NOM") to update its quote mitigation rule. Specifically, NASDAQ proposes to amend Chapter VI, Section 17, Message Traffic Mitigation, by deleting paragraph (c) and renumbering paragraphs (d) and (e), as described further below.

The text of the proposed rule change is set forth below. Proposed new language is underlined; proposed deletions are in brackets.[3]

* * * * *

Chapter VI Trading Systems

* * * * *

Sec. 17 Message Traffic Mitigation

For the purpose of message traffic mitigation, based on NOM's traffic with respect to target traffic levels and in accordance with NOM's overall objective of reducing both peak and overall traffic:

(a) NOM will periodically delist options with an average daily volume ("ADV") of less than 100 contracts. Nasdaq will, on a monthly basis, determine the ADV for each series listed on NOM and delist the current series and not list the next series after expiration where the ADV is less than 100 contracts. For options series traded solely on NOM, Nasdaq will delay delisting until there is no open interest in that options series.

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

2 17 CFR 240.19b-4.

3 Changes are marked to the rules of The NASDAQ Stock Market LLC found at http://nasdaq.cchwallstreet.com.

(b) NOM will implement a process by which an outbound quote message that has not been sent, but is about to be sent, will not be sent if a more current quote message for the same series is available for sending. This replace on queue functionality will be applied to all options series listed on the Nasdaq Options Market in real time and will not delay the sending of any messages.

(c) [NOM will also prioritize price update messages and send out price updates before sending size update messages. This functionality will be applied to all options series listed on the NOM and in conjunction with the previously described replace on queue functionality will ensure that NOM quote update messages are the most current and relevant available.

(d)] When the size associated with a bid or offer increases by an amount less than or equal to a percentage (never to exceed 20%) of the size associated with the previously disseminated bid or offer, NOM will not disseminate the new bid or offer.

([e]d) All message traffic mitigation mechanisms which are used on NOM will be identical for the OPRA "top of the book" broadcast.

* * * * *

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of the Exchange on December 31, 2010. No other action is necessary for the filing of the rule change. Questions and comments on the proposed rule change may be directed to Edith Hallahan at 215-496-5179.

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 update NOM rules to eliminate a message traffic mitigation provision that NASDAQ no longer intends to implement.

Currently, Chapter VI, Section 17 provides that for the purpose of message traffic mitigation, based on NOM's traffic with respect to target traffic levels and in accordance with NOM's overall objective of reducing both peak and overall traffic, certain strategies may be implemented, which are listed in paragraphs (a) – (d). Of course, because NOM is a newer options market, launching in 2008 with a certain suite of products and participants, NOM did not immediately face message traffic concerns requiring mitigation under this rule. Accordingly, NOM has not employed all of these features to date. Specifically, paragraph (c) has never been employed.

At this time, NASDAQ proposes to eliminate one aspect of its traffic mitigation rule that provides that NOM will prioritize price update messages and send out price updates before sending size update messages; the rule further provides that this functionality will be applied to all options series listed on NOM and in conjunction with the previously described replace on queue functionality[4] will ensure that NOM quote update messages are the most current and relevant available.[5] NASDAQ believes that the concept in paragraph (c) of "prioritizing" messages is not necessary because the replace on queue functionality in paragraph (b) accomplishes the same goal of mitigation.

Specifically, NASDAQ proposes to remove paragraph (c), because if the replace on queue functionality in paragraph (b) is operating, paragraph (c) cannot operate to prioritize price update messages over size update messages. The latest update message would have already been sent due to the replacement on queue functionality, which

[4] The replace on queue functionality is a process by which an outbound quote message that has not been sent, but is about to be sent, will not be sent if a more current quote message for the same series is available for sending. See Chapter VI, Section 17(b).

[5] See Chapter VI, Section 17(c).

replaces the updated size message for the original message. For example, if the following three quotes in an options series are outbound as follows:

First message	$1.00 bid for 10 contracts
Second message	$1.01 bid for 5 contracts
Third message	$1.01 bid for 6 contracts

In this situation, the operation of paragraph (b) would result in only the third message being sent, as it replaced both the first and second messages. In contrast, the operation of paragraph (c) would result in the second message being sent, because it is a price update; the third message would also be sent, because the prioritizing concept in paragraph (c) only prevents size changes from being sent if they are followed by a price change. Thus, two messages rather than one are sent if paragraph (c) is operating.

Similarly, if the fourth message was $1.05 bid for 6 contracts, the operation of paragraph (b) would still result in only the last (fourth) message being sent, as it replaced the first, second and third messages. The operation of paragraph (c) would again result in more messages being sent, because the second, third and fourth messages would be sent.

Because paragraph (b) operated to only send the last message, there is no point to then applying paragraph (c). Paragraph (b) has already caused only the most recent message to be sent, leaving no messages to prioritize. In fact, NASDAQ believes that not only does paragraph (b) result in fewer messages being sent, it results in the most relevant message being sent - the most recent. Accordingly, NASDAQ believes that deleting paragraph (c) will not result in any additional message traffic and that NOM's message mitigation program is sufficient without paragraph (c). Furthermore, paragraph (b) covers what paragraph (c) would mitigate, such that paragraph (c) is duplicative and, thus, in deleting it, the ultimate effect of the message traffic mitigation rule remains the same. No more messages will be sent by deleting paragraph (c). In fact, the same number of messages will be sent even if paragraph (c) is deleted.

NASDAQ believes that the operation of the other provisions in the rule should provide sufficient methods of message traffic mitigation should the need arise going forward. Specifically, delisting pursuant to paragraph (a), the replace on queue functionality in paragraph (b), and the size update restriction in paragraph (d) are different types of mitigation focused on different types of message traffic, which form a strong traffic mitigation program. When paragraph (c) is deleted, NOM's mitigation program will be equally solid, because paragraph (b) will accomplish more traffic mitigation than what paragraph (c) can accomplish, as explained above. Moreover, no additional quotes will go out with paragraph (c) deleted; the same number of messages will be sent.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[6] in general, and furthers the objectives of Section 6(b)(5) of the Act[7] 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, and, in general, to protect investors and the public interest, because the Exchange is not required

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

to make this particular mitigation strategy available and has instead, other types of mitigation strategies available in Chapter VI, Section 17, as described above. These other mitigation strategies, together, protect investors and the public interest, and promote just and equitable principles of trade by addressing any message traffic issues that may arise while deleting a duplicative provision that has no effect on message traffic mitigation.

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

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

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[8] and Rule 19b-4(f)(6)[9] thereunder in that it 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

[8] 15 U.S.C. 78s(b)(3)(A).

[9] 17 CFR 240.19b-4(f)(6).

Exchange believes that the proposal is non-controversial, because it merely eliminates one aspect of the program, which is has no impact on NOM's message traffic mitigation program and is not a required feature of quote mitigation programs. The proposal retains several other message traffic mitigation program components.

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 proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act[10] normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)[11] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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

Most options exchanges do not have this particular mitigation strategy, but rather a program of varying provisions and approaches.[12]

9. Exhibits

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

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10 17 CFR 240.19b-4(f)(6).

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

12 See e.g., PHLX Rule 1082(a)(ii)(C).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2012-067)

May __, 2012

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Update the NASDAQ Options Market Message Traffic Mitigation Rule

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 May 29, 2012, The NASDAQ Stock Market LLC ("NASDAQ") 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 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

NASDAQ is filing with the Commission a proposal for the NASDAQ Options Market ("NOM" or "Exchange") to update its quote mitigation rule. Specifically, NASDAQ proposes to amend Chapter VI, Section 17, Message Traffic Mitigation, by deleting paragraph (c) and renumbering paragraphs (d) and (e).

The text of the proposed rule change is available from NASDAQ's website at http://nasdaq.cchwallstreet.com/Filings/ , at NASDAQ's principal office, and at the Commission's Public Reference Room.

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, NASDAQ 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. NASDAQ 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 update NOM rules to eliminate a message traffic mitigation provision that NASDAQ no longer intends to implement. Currently, Chapter VI, Section 17 provides that for the purpose of message traffic mitigation, based on NOM's traffic with respect to target traffic levels and in accordance with NOM's overall objective of reducing both peak and overall traffic, certain strategies may be implemented, which are listed in paragraphs (a) – (d). Of course, because NOM is a newer options market, launching in 2008 with a certain suite of products and participants, NOM did not immediately face message traffic concerns requiring mitigation under this rule. Accordingly, NOM has not employed all of these features to date. Specifically, paragraph (c) has never been employed.

At this time, NASDAQ proposes to eliminate one aspect of its traffic mitigation rule that provides that NOM will prioritize price update messages and send out price updates before sending size update messages; the rule further provides that this functionality will be applied to all options series listed on NOM and in conjunction with the previously described replace on queue functionality[3] will ensure that NOM quote update messages are the most current and relevant available.[4] NASDAQ believes that the concept in paragraph (c) of "prioritizing" messages is not necessary because the replace on queue functionality in paragraph (b) accomplishes the same goal of mitigation.

Specifically, NASDAQ proposes to remove paragraph (c), because if the replace on queue functionality in paragraph (b) is operating, paragraph (c) cannot operate to prioritize price update messages over size update messages. The latest update message would have already been sent due to the replacement on queue functionality, which replaces the updated size message for the original message. For example, if the following three quotes in an options series are outbound as follows:

First message	$1.00 bid for 10 contracts
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In this situation, the operation of paragraph (b) would result in only the third message being sent, as it replaced both the first and second messages. In contrast, the operation of paragraph (c) would result in the second message being sent, because it is a price update; the third message would also be sent, because the prioritizing concept in paragraph (c) only prevents size changes from being sent if they are followed by a price change. Thus, two messages rather than one are sent if paragraph (c) is operating.

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3 The replace on queue functionality is a process by which an outbound quote message that has not been sent, but is about to be sent, will not be sent if a more current quote message for the same series is available for sending. See Chapter VI, Section 17(b).

4 See Chapter VI, Section 17(c).

Similarly, if the fourth message was $1.05 bid for 6 contracts, the operation of paragraph (b) would still result in only the last (fourth) message being sent, as it replaced the first, second and third messages. The operation of paragraph (c) would again result in more messages being sent, because the second, third and fourth messages would be sent.

Because paragraph (b) operated to only send the last message, there is no point to then applying paragraph (c). Paragraph (b) has already caused only the most recent message to be sent, leaving no messages to prioritize. In fact, NASDAQ believes that not only does paragraph (b) result in fewer messages being sent, it results in the most relevant message being sent - the most recent. Accordingly, NASDAQ believes that deleting paragraph (c) will not result in any additional message traffic and that NOM's message mitigation program is sufficient without paragraph (c). Furthermore, paragraph (b) covers what paragraph (c) would mitigate, such that paragraph (c) is duplicative and, thus, in deleting it, the ultimate effect of the message traffic mitigation rule remains the same. No more messages will be sent by deleting paragraph (c). In fact, the same number of messages will be sent even if paragraph (c) is deleted.

NASDAQ believes that the operation of the other provisions in the rule should provide sufficient methods of message traffic mitigation should the need arise going forward. Specifically, delisting pursuant to paragraph (a), the replace on queue functionality in paragraph (b), and the size update restriction in paragraph (d) are different types of mitigation focused on different types of message traffic, which form a strong traffic mitigation program. When paragraph (c) is deleted, NOM's mitigation program will be equally solid, because paragraph (b) will accomplish more traffic mitigation than what paragraph (c) can accomplish, as explained above. Moreover, no additional quotes will go out with paragraph (c) deleted; the same number of messages will be sent.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[5] in general, and furthers the objectives of Section 6(b)(5) of the Act[6] 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, and, in general, to protect investors and the public interest, because the Exchange is not required to make this particular mitigation strategy available and has instead, other types of mitigation strategies available in Chapter VI, Section 17, as described above. These other mitigation strategies, together, protect investors and the public interest, and promote just and equitable principles of trade by addressing any message traffic issues that may arise while deleting a duplicative provision that has no effect on message traffic mitigation.

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

Written comments were neither solicited nor received.

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

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

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

The Exchange believes that the foregoing proposed rule change may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)[7] of the Act and Rule 19b-4(f)(6)(iii) thereunder[8] 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 from the date on which it was filed, or such shorter time as the Commission may designate.

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:

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7 15 U.S.C. 78s(b)(3)(A).

8 17 CFR 240.19b-4(f)(6)(iii). 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 proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2012-067 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-2012-067. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. 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-2012-067 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[9]

Kevin M. O'Neill
Deputy Secretary

[9] 17 CFR 200.30-3(a)(12).