OMB APPROVAL
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Page 1 of * 27

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

File No.* SR - 2014 - * 055
Amendment No. (req. for Amendments *)

Filing 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)

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 *).

Routing Fees

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Angela Last Name * Dunn

Title * Associate General Counsel

E-mail * angela.dunn@nasdaqomx.com

Telephone * (215) 496-5692 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.

Date 05/15/2014

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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

Persona Not Validated - 1383935917270,

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * 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 * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * 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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications 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 "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to modify Chapter XV, entitled "Options Pricing," at Section 2 governing pricing for NASDAQ members using the NASDAQ Options Market ("NOM"), NASDAQ's facility for executing and routing standardized equity and index options. Specifically, NOM proposes to amend its Routing Fees.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on June 2, 2014.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable portion of the rule text 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 July 17, 2013. 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.

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

2 17 CFR 240.19b-4.

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

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 the Routing Fees in Chapter XV, Section 2(3) to recoup costs incurred by the Exchange to route orders to away markets.

Today, the Exchange assesses a Non-Customer a $0.95 per contract Routing Fee to any options exchange. The Customer[3] Routing Fee for option orders routed to NASDAQ OMX PHLX LLC ("PHLX") is a $0.10 per contract Fixed Fee in addition to the actual transaction fee assessed. The Customer Routing Fee for option orders routed to NASDAQ OMX BX, Inc. ("BX Options") is $0.10 per contract. The Customer Routing Fee for option orders routed to all other options exchanges[4] (excluding PHLX and BX Options) is a fixed fee of $0.20 per contract ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee is $0.10 per contract.

3 The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)).

4 Including BATS Exchange, Inc. ("BATS"), BOX Options Exchange LLC ("BOX"), the Chicago Board Options Exchange, Incorporated ("CBOE"), C2 Options Exchange, Incorporated ("C2"), International Securities Exchange, LLC ("ISE"), the Miami International Securities Exchange, LLC ("MIAX"), NYSE Arca, Inc. ("NYSE Arca"), NYSE MKT LLC ("NYSE Amex") and ISE Gemini, LLC ("Gemini").

With respect to the fixed costs, the Exchange incurs a fee when it utilizes Nasdaq Execution Services LLC ("NES"),[5] a member of the Exchange and the Exchange's exclusive order router. Each time NES routes an order to an away market, NES is charged a clearing fee[6] and, in the case of certain exchanges, a transaction fee is also charged in certain symbols, which fees are passed through to the Exchange. The Exchange currently recoups clearing and transaction charges incurred by the Exchange as well as certain other costs incurred by the Exchange when routing to away markets, such as administrative and technical costs associated with operating NES, membership fees at away markets, Options Regulatory Fees ("ORFs"), staffing and technical costs associated with routing options. The Exchange assesses the actual away market fee at the time that the order was entered into the Exchange's System. This transaction fee is calculated on an order-by-order basis since different away markets charge different amounts.

The Exchange is proposing to increase Routing Fees to account for increased OCC fees and other increased costs associated with clearing, ORF and other operational costs. The Exchange proposes to increase Routing Fees for Non-Customer orders from $0.95 to $0.97 per contract. The Exchange also proposes to increase Customer Routing Fees as described herein. The Exchange proposes to increase Customer Routing Fees to PHLX from a Fixed Fee of $0.10 to $0.12 per contract, in addition to the actual transaction fee assessed. The Exchange proposes to increase Customer Routing Fees to

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5 The Exchange filed a proposed rule change to utilize Nasdaq Execution Services, LLC ("NES") for outbound order routing. See Securities Exchange Act Release No. 71419 (January 28, 2014), 79 FR 6247 (February 3, 2014) (SR-NASDAQ-2014-007).

6 OCC assessed a $0.01 per contract side. The fee has recently been increased from $0.01 to $0.02 per contract side. See Securities Exchange Act Release No. 71769 (March 21, 2014), 79 FR 17214 (March 21, 2014) (SR-OCC-2014-05).

BX Options from $0.10 to $0.12 per contract. The Exchange also proposes to amend Routing Fees to all other exchanges (except PHLX and BX Options) from $0.20 to $0.22 per contract, in addition to the actual transaction fee assessed, provided the away market does not pay a rebate. If the away market pays a rebate, the Routing Fee assessed would be $0.12 per contract, an increase from the current $0.10 per contract. The Exchange proposes these increases to recoup an additional portion of the costs incurred by the Exchange for routing these orders.

The Exchange is proposing to increase Non-Customer and Customer Routing Fees by $0.02 per contract to cover the increased costs of offering its members the opportunity to route to other options exchanges. With the recent increase by OCC[7] as well as increases in ORFs and NOM's operational expenses, the Exchange sees to further recoup a portion of increased costs with the increase to its Routing Fees.

Today the Exchange does not assess the actual transaction fee assessed by BX Options, rather the Exchange only assesses the Fixed Fee, because the Exchange would continue to retain the rebate to offset the cost to route orders to BX Options. This is the not the case for all orders routed to BX Options because not all Customer orders receive a rebate.[8] This will remain the same. Similarly, the Exchange is proposing to amend the Customer Routing Fee assessed when routing to all other options exchanges, if the away market pays a rebate, from a $0.10 to a $0.12 per contract Fixed Fee, in order to recoup an additional portion of the costs incurred by the Exchange for routing these orders. The

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7 Id.

8 BX Options pays a Customer Rebate to Remove Liquidity as follows: Customers are paid $0.32 per contract in All Other Penny Pilot Options (excluding BAC, IWM, QQQ, SPY and VXX) and $0.70 per contract in Non-Penny Pilot Options. See BX Options Rules at Chapter XV, Section 2(1).

Exchange does not assess the actual transaction fee assessed by the away market, rather the Exchange only assesses the Fixed Fee, because the Exchange would continue to retain the rebate to offset the cost to route orders to these away markets. This will remain the same.

b. Statutory Basis

NASDAQ believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act[9] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[10] 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 or system which it operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that amending the Non-Customer and Customer Routing Fees by $0.02 per contracts is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Non-Customer and Customer orders. Specifically, the Exchange's proposal to increase Non-Customer fees from $0.95 to $0.97 per contract is reasonable because the additional $0.02 per contract fee will recoup increased costs borne by NOM.

The Exchange believes that amending the Customer Routing Fees for orders routed to PHLX from a Fixed Fee of $0.10 to $0.12 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing

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9 15 U.S.C. 78f(b).

10 15 U.S.C. 78f(b)(4), (5).

Customer orders to PHLX. The Exchange will continue to also assess actual transaction fees assessed by PHLX for Customer orders.

The Exchange believes that amending the Customer Routing Fee for orders routed to BX Options from a Fixed Fee of $0.10 to $0.12 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Customer orders to BX Options, similar to the amount of Fixed Fee it proposes to assess for orders routed to PHLX. While the Exchange would continue to retain any rebate paid by BX Options, the Exchange does not assess the actual transaction fee that is charged by BX Options for Customer orders.

The Exchange believes that continuing to assess lower Fixed Fees to route Customer orders to PHLX and BX Options, as compared to other options exchanges, is reasonable as the Exchange is able to leverage certain infrastructure to offer those markets lower fees as explained further below.

The Exchange believes that increasing the fee for routing to all other options exchanges (other than PHLX and BX Options) from $0.20 to $0.22 per contact is reasonable because the increased fee would recoup costs associated with routing Customer orders, in addition to the actual transaction fee when no rebate is paid. Similarly, the Exchange believes that amending the Customer Routing Fee to other away markets, other than PHLX and BX Options, in the instance the away market pays a rebate from $0.10 to $0.12 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing orders to these away markets. While the Exchange would continue to retain any rebate paid by these away markets, the Exchange does not assess the actual transaction fee that is charged by the away market for Customer orders. The Fixed Fee for Customer orders is an approximation of the costs the Exchange will be charged for routing orders to away markets. As a general matter, the Exchange believes that the proposed fees for Customer orders routed to markets which pay a rebate, such as BX Options and other away markets, would allow it to recoup and cover a portion of the costs of providing optional routing services for Customer orders because it better approximates the costs incurred by the Exchange for routing such orders. While each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets, including, OCC clearing costs, administrative and technical costs associated with operating NES, membership fees at away markets, ORFs and technical costs associated with routing options, the Exchange believes that the proposed Routing Fees will enable it to recover the increased costs it incurs to route Customer orders to away markets.

The Exchange believes that amending the Non-Customer Routing Fees from \$0.95 to \$0.97 per contract is equitable and not unfairly discriminatory because the Exchange would assess the same Non-Customer Routing Fee to all Non-Customer orders routed away. The Exchange believes that amending the Customer Routing Fee for orders routed to PHLX from a Fixed Fee of \$0.10 to \$0.12 per contract, in addition to the actual transaction fee, is equitable and not unfairly discriminatory because the Exchange would assess the same Fixed Fee to all orders routed to PHLX in addition to the transaction fee assessed by that market. With respect to BX Options, the Exchange believes that amending the Customer Routing Fee for orders routed to BX Options from a Fixed Fee of \$0.10 to \$0.12 per contract is equitable and not unfairly discriminatory because the Exchange would assess the same Fixed Fee to all Customer orders routed to BX Options.

With respect routing Customer orders to all other away markets (except PHLX and BX Options) the Exchange believes that amending the Customer Routing Fee from $0.20 to $0.22 per contract, in addition to the actual transaction fee assessed) is equitable and not unfairly discriminatory because the Exchange would assess the same fee to all Customer orders routed to away markets, provided the away market does not pay a rebate. The Exchange believes that increasing the Routing Fee to away markets (other than PHLX and BX Options), when the away market pays a rebate, from $0.10 to $0.12 per contract is equitable and not unfairly discriminatory because all Customer orders routed to away markets (other than PHLX and BX Options) would be assessed the same fee, provided the away market paid a rebate.

The Exchange would uniformly assess a $0.12 per contract Fixed Fee to orders routed to NASDAQ OMX exchanges because the Exchange is passing along the saving realized by leveraging NASDAQ OMX's infrastructure and scale to market participants when those orders are routed to PHLX or BX Options and is providing those savings to all market participants. Furthermore, it is important to note that when orders are routed to an away market they are routed based on price first.[11] The Exchange believes that it is equitable and not unfairly discriminatory to assess a fixed cost of $0.12 per contract to route orders to PHLX and BX Options because the cost, in terms of actual cash outlays, to the Exchange to route to those markets is lower. For example, costs related to routing to PHLX and BX Options are lower as compared to other away markets because NES is utilized by all three exchanges to route orders.[12] NES and the three NASDAQ OMX

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11 See NASDAQ Rules at Chapter VI, Section 11(e) (Order Routing).

12 See Chapter VI, Section 11 of the BX Options and NOM Rules.

options markets have a common data center and staff that are responsible for the day-to-day operations of NES. Because the three exchanges are in a common data center, Routing Fees are reduced because costly expenses related to, for example, telecommunication lines to obtain connectivity are avoided when routing orders in this instance. The costs related to connectivity to route orders to other NASDAQ OMX exchanges are lower than the costs to route to a non-NASDAQ OMX exchange. When routing orders to non-NASDAQ OMX exchanges, the Exchange incurs costly connectivity charges related to telecommunication lines, membership and access fees, and other related costs when routing orders. Market participants may submit orders to the Exchange as ineligible for routing or "DNR" to avoid Routing Fees.[13] Also, orders are routed to an away market based on price first.[14]

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

NASDAQ 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. The Exchange does not believe that the proposal creates a burden on intra-market competition because the Exchange is applying the same Routing Fee increase of $0.02 per contract to all market participants. The Exchange will continue to assess separate Customer Routing Fees. Customers will continue to receive the lowest fees as compared to Non-Customers when routing orders, as is the case today. Other options exchanges

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13 See note 12.

14 Id.

also assess lower Routing Fees for customer orders as compared to Non-Customer orders.[15]

The Exchange's proposal would allow the Exchange to continue to recoup its costs when routing both Non-Customer and Customer orders. The Exchange continues to pass along savings realized by leveraging NASDAQ OMX's infrastructure and scale to market participants when Customer orders are routed to PHLX and BX Options and is providing those savings to all market participants. Today, other options exchanges also assess fixed routing fees to recoup costs incurred by the exchange to route orders to away markets.[16] Market participants may submit orders to the Exchange as ineligible for routing or “DNR” to avoid Routing Fees.[17] Also, orders are routed to an away market based on price first.[18]

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.

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15 BATS assesses lower customer routing fees as compared to non-customer routing fees per the away market. For example BATS assesses Phlx customer routing fees of $0.45 per contract and an ISE non-customer routing fee of $0.65 per contract. See BATS BZX Exchange Fee Schedule.

16 See CBOE's Fees Schedule and ISE's Fee Schedule.

17 See note 12.

18 Id.

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

The foregoing proposed rule change establishes or changes 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 pursuant to Section 19(b)(3)(A)(ii) of the Act.[19]

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

5. Applicable portion of the Exchange's rule text.

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[19] 15 U.S.C. 78s(b)(3)(A)(ii).

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2014-055)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Routing Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on May 15, 2014, 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 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 proposes to modify Chapter XV, entitled "Options Pricing," at Section 2 governing pricing for NASDAQ members using the NASDAQ Options Market ("NOM"), NASDAQ's facility for executing and routing standardized equity and index options. Specifically, NOM proposes to amend its Routing Fees.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on June 2, 2014.

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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 the Routing Fees in Chapter XV, Section 2(3) to recoup costs incurred by the Exchange to route orders to away markets.

Today, the Exchange assesses a Non-Customer a $0.95 per contract Routing Fee to any options exchange. The Customer[3] Routing Fee for option orders routed to NASDAQ OMX PHLX LLC ("PHLX") is a $0.10 per contract Fixed Fee in addition to the actual transaction fee assessed. The Customer Routing Fee for option orders routed to NASDAQ OMX BX, Inc. ("BX Options") is $0.10 per contract. The Customer

[3] The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)).

Routing Fee for option orders routed to all other options exchanges[4] (excluding PHLX and BX Options) is a fixed fee of $0.20 per contract ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee is $0.10 per contract.

With respect to the fixed costs, the Exchange incurs a fee when it utilizes Nasdaq Execution Services LLC ("NES"),[5] a member of the Exchange and the Exchange's exclusive order router. Each time NES routes an order to an away market, NES is charged a clearing fee[6] and, in the case of certain exchanges, a transaction fee is also charged in certain symbols, which fees are passed through to the Exchange. The Exchange currently recoups clearing and transaction charges incurred by the Exchange as well as certain other costs incurred by the Exchange when routing to away markets, such as administrative and technical costs associated with operating NES, membership fees at away markets, Options Regulatory Fees ("ORFs"), staffing and technical costs associated with routing options. The Exchange assesses the actual away market fee at the time that the order was entered into the Exchange's System. This transaction fee is calculated on an order-by-order basis since different away markets charge different amounts.

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4 Including BATS Exchange, Inc. ("BATS"), BOX Options Exchange LLC ("BOX"), the Chicago Board Options Exchange, Incorporated ("CBOE"), C2 Options Exchange, Incorporated ("C2"), International Securities Exchange, LLC ("ISE"), the Miami International Securities Exchange, LLC ("MIAX"), NYSE Arca, Inc. ("NYSE Arca"), NYSE MKT LLC ("NYSE Amex") and ISE Gemini, LLC ("Gemini").

5 The Exchange filed a proposed rule change to utilize Nasdaq Execution Services, LLC ("NES") for outbound order routing. See Securities Exchange Act Release No. 71419 (January 28, 2014), 79 FR 6247 (February 3, 2014) (SR-NASDAQ-2014-007).

6 OCC assessed a $0.01 per contract side. The fee has recently been increased from $0.01 to $0.02 per contract side. See Securities Exchange Act Release No. 71769 (March 21, 2014), 79 FR 17214 (March 21, 2014) (SR-OCC-2014-05).

The Exchange is proposing to increase Routing Fees to account for increased OCC fees and other increased costs associated with clearing, ORF and other operational costs. The Exchange proposes to increase Routing Fees for Non-Customer orders from $0.95 to $0.97 per contract. The Exchange also proposes to increase Customer Routing Fees as described herein. The Exchange proposes to increase Customer Routing Fees to PHLX from a Fixed Fee of $0.10 to $0.12 per contract, in addition to the actual transaction fee assessed. The Exchange proposes to increase Customer Routing Fees to BX Options from $0.10 to $0.12 per contract. The Exchange also proposes to amend Routing Fees to all other exchanges (except PHLX and BX Options) from $0.20 to $0.22 per contract, in addition to the actual transaction fee assessed, provided the away market does not pay a rebate. If the away market pays a rebate, the Routing Fee assessed would be $0.12 per contract, an increase from the current $0.10 per contract. The Exchange proposes these increases to recoup an additional portion of the costs incurred by the Exchange for routing these orders.

The Exchange is proposing to increase Non-Customer and Customer Routing Fees by $0.02 per contract to cover the increased costs of offering its members the opportunity to route to other options exchanges. With the recent increase by OCC[7] as well as increases in ORFs and NOM's operational expenses, the Exchange sees to further recoup a portion of increased costs with the increase to its Routing Fees.

Today the Exchange does not assess the actual transaction fee assessed by BX Options, rather the Exchange only assesses the Fixed Fee, because the Exchange would continue to retain the rebate to offset the cost to route orders to BX Options. This is the

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7 Id.

not the case for all orders routed to BX Options because not all Customer orders receive a rebate.[8] This will remain the same. Similarly, the Exchange is proposing to amend the Customer Routing Fee assessed when routing to all other options exchanges, if the away market pays a rebate, from a \$0.10 to a \$0.12 per contract Fixed Fee, in order to recoup an additional portion of the costs incurred by the Exchange for routing these orders. The Exchange does not assess the actual transaction fee assessed by the away market, rather the Exchange only assesses the Fixed Fee, because the Exchange would continue to retain the rebate to offset the cost to route orders to these away markets. This will remain the same.

2. Statutory Basis

NASDAQ believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act[9] in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act[10] 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 or system which it operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that amending the Non-Customer and Customer Routing Fees by \$0.02 per contracts is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Non-Customer and Customer orders.

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8 BX Options pays a Customer Rebate to Remove Liquidity as follows: Customers are paid \$0.32 per contract in All Other Penny Pilot Options (excluding BAC, IWM, QQQ, SPY and VXX) and \$0.70 per contract in Non-Penny Pilot Options. See BX Options Rules at Chapter XV, Section 2(1).

9 15 U.S.C. 78f(b).

10 15 U.S.C. 78f(b)(4), (5).

Specifically, the Exchange's proposal to increase Non-Customer fees from $0.95 to $0.97 per contract is reasonable because the additional $0.02 per contract fee will recoup increased costs borne by NOM.

The Exchange believes that amending the Customer Routing Fees for orders routed to PHLX from a Fixed Fee of $0.10 to $0.12 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Customer orders to PHLX. The Exchange will continue to also assess actual transaction fees assessed by PHLX for Customer orders.

The Exchange believes that amending the Customer Routing Fee for orders routed to BX Options from a Fixed Fee of $0.10 to $0.12 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Customer orders to BX Options, similar to the amount of Fixed Fee it proposes to assess for orders routed to PHLX. While the Exchange would continue to retain any rebate paid by BX Options, the Exchange does not assess the actual transaction fee that is charged by BX Options for Customer orders.

The Exchange believes that continuing to assess lower Fixed Fees to route Customer orders to PHLX and BX Options, as compared to other options exchanges, is reasonable as the Exchange is able to leverage certain infrastructure to offer those markets lower fees as explained further below.

The Exchange believes that increasing the fee for routing to all other options exchanges (other than PHLX and BX Options) from $0.20 to $0.22 per contact is reasonable because the increased fee would recoup costs associated with routing Customer orders, in addition to the actual transaction fee when no rebate is paid.

Similarly, the Exchange believes that amending the Customer Routing Fee to other away markets, other than PHLX and BX Options, in the instance the away market pays a rebate from $0.10 to $0.12 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing orders to these away markets. While the Exchange would continue to retain any rebate paid by these away markets, the Exchange does not assess the actual transaction fee that is charged by the away market for Customer orders. The Fixed Fee for Customer orders is an approximation of the costs the Exchange will be charged for routing orders to away markets. As a general matter, the Exchange believes that the proposed fees for Customer orders routed to markets which pay a rebate, such as BX Options and other away markets, would allow it to recoup and cover a portion of the costs of providing optional routing services for Customer orders because it better approximates the costs incurred by the Exchange for routing such orders. While each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets, including, OCC clearing costs, administrative and technical costs associated with operating NES, membership fees at away markets, ORFs and technical costs associated with routing options, the Exchange believes that the proposed Routing Fees will enable it to recover the increased costs it incurs to route Customer orders to away markets.

The Exchange believes that amending the Non-Customer Routing Fees from $0.95 to $0.97 per contract is equitable and not unfairly discriminatory because the Exchange would assess the same Non-Customer Routing Fee to all Non-Customer orders routed away. The Exchange believes that amending the Customer Routing Fee for orders routed to PHLX from a Fixed Fee of $0.10 to $0.12 per contract, in addition to the actual transaction fee, is equitable and not unfairly discriminatory because the Exchange would assess the same Fixed Fee to all orders routed to PHLX in addition to the transaction fee assessed by that market. With respect to BX Options, the Exchange believes that amending the Customer Routing Fee for orders routed to BX Options from a Fixed Fee of \$0.10 to \$0.12 per contract is equitable and not unfairly discriminatory because the Exchange would assess the same Fixed Fee to all Customer orders routed to BX Options. With respect routing Customer orders to all other away markets (except PHLX and BX Options) the Exchange believes that amending the Customer Routing Fee from \$0.20 to \$0.22 per contract, in addition to the actual transaction fee assessed) is equitable and not unfairly discriminatory because the Exchange would assess the same fee to all Customer orders routed to away markets, provided the away market does not pay a rebate. The Exchange believes that increasing the Routing Fee to away markets (other than PHLX and BX Options), when the away market pays a rebate, from \$0.10 to \$0.12 per contract is equitable and not unfairly discriminatory because all Customer orders routed to away markets (other than PHLX and BX Options) would be assessed the same fee, provided the away market paid a rebate.

The Exchange would uniformly assess a \$0.12 per contract Fixed Fee to orders routed to NASDAQ OMX exchanges because the Exchange is passing along the saving realized by leveraging NASDAQ OMX's infrastructure and scale to market participants when those orders are routed to PHLX or BX Options and is providing those savings to all market participants. Furthermore, it is important to note that when orders are routed to an away market they are routed based on price first.[11] The Exchange believes that it is

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[11] See NASDAQ Rules at Chapter VI, Section 11(e) (Order Routing).

equitable and not unfairly discriminatory to assess a fixed cost of $0.12 per contract to route orders to PHLX and BX Options because the cost, in terms of actual cash outlays, to the Exchange to route to those markets is lower. For example, costs related to routing to PHLX and BX Options are lower as compared to other away markets because NES is utilized by all three exchanges to route orders.[12] NES and the three NASDAQ OMX options markets have a common data center and staff that are responsible for the day-to-day operations of NES. Because the three exchanges are in a common data center, Routing Fees are reduced because costly expenses related to, for example, telecommunication lines to obtain connectivity are avoided when routing orders in this instance. The costs related to connectivity to route orders to other NASDAQ OMX exchanges are lower than the costs to route to a non-NASDAQ OMX exchange. When routing orders to non-NASDAQ OMX exchanges, the Exchange incurs costly connectivity charges related to telecommunication lines, membership and access fees, and other related costs when routing orders. Market participants may submit orders to the Exchange as ineligible for routing or "DNR" to avoid Routing Fees.[13] Also, orders are routed to an away market based on price first.[14]

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

NASDAQ 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. The Exchange does not believe that the proposal creates a burden on intra-market

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12 See Chapter VI, Section 11 of the BX Options and NOM Rules.

13 See note 12.

14 Id.

competition because the Exchange is applying the same Routing Fee increase of $0.02 per contract to all market participants. The Exchange will continue to assess separate Customer Routing Fees. Customers will continue to receive the lowest fees as compared to Non-Customers when routing orders, as is the case today. Other options exchanges also assess lower Routing Fees for customer orders as compared to Non-Customer orders.[15]

The Exchange's proposal would allow the Exchange to continue to recoup its costs when routing both Non-Customer and Customer orders. The Exchange continues to pass along savings realized by leveraging NASDAQ OMX's infrastructure and scale to market participants when Customer orders are routed to PHLX and BX Options and is providing those savings to all market participants. Today, other options exchanges also assess fixed routing fees to recoup costs incurred by the exchange to route orders to away markets.[16] Market participants may submit orders to the Exchange as ineligible for routing or "DNR" to avoid Routing Fees.[17] Also, orders are routed to an away market based on price first.[18]

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15 BATS assesses lower customer routing fees as compared to non-customer routing fees per the away market. For example BATS assesses Phlx customer routing fees of $0.45 per contract and an ISE non-customer routing fee of $0.65 per contract. See BATS BZX Exchange Fee Schedule.

16 See CBOE's Fees Schedule and ISE's Fee Schedule.

17 See note 12.

18 Id.

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.[19] 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-2014-055 on the subject line.

Paper comments:

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[19] 15 U.S.C. 78s(b)(3)(A)(ii).

- 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-2014-055. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml).

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

All submissions should refer to File Number SR-NASDAQ-2014-055 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.[20]

Kevin M. O'Neill
Deputy Secretary

[20] 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined; deleted text is in brackets.

Chapter XV Options Pricing

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Sec. 2 NASDAQ Options Market—Fees and Rebates
The following charges shall apply to the use of the order execution and routing services of the NASDAQ Options Market for all securities.

(1) – **(2)** No Change

(3) Fees for routing contracts to markets other than the NASDAQ Options Market shall be assessed as follows:

Non-Customer	• $0.9[5]7 per contract to any options exchange.
Customer	• Routing Fees to PHLX: $0.1[0]2 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed. • Routing Fees to BX Options: $0.1[0]2. • Routing Fees to all other options exchanges: $0.2[0]2 per contract fee ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee will be $0.1[0]2.

(4) – **(5)** No Change

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