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

File No.* SR - 2014 - * 078
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 *).

Proposed changes to the Qualified Market Maker Incentive Program under Rule 7014 and the schedule of fees and rebates for execution and routing of orders under Rule 7018.

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 *	Sean
Last Name *	Bennett
Title *	Associate General Counsel
E-mail *	sean.bennett@nasdaqomx.com
Telephone *	(301) 978-8499
Fax	(301) 978-8472

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	07/31/2014	(Title *)
By	Edward S. Knight	Executive Vice President and General Counsel
	(Name *)	

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.

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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 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") proposed changes to the Qualified Market Maker ("QMM") Incentive Program under Rule 7014, and the schedule of fees and rebates for execution and routing of orders under Rule 7018.

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 change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on July 16, 2014. 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. While the changes proposed herein are effective upon filing, the Exchange has designated that the changes be operative on August 1, 2014.

Questions regarding this rule filing may be directed to T. Sean Bennett, Associate General Counsel, The NASDAQ OMX Group, Inc., (301) 978-8499.

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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

NASDAQ is proposing to amend a fee under Rule 7014(e) assessed members participating in the QMM Incentive Program, and is proposing several changes to the schedule of fees and credits applicable to execution and routing of orders under Rule 7018, all of which are described in detail below.

QMM Incentive Program

A QMM is a member that makes a significant contribution to market quality by providing liquidity at the national best bid and offer ("NBBO") in a large number of stocks for a significant portion of the day. In addition, the member must avoid imposing the burdens on NASDAQ and its market participants that may be associated with excessive rates of entry of orders away from the inside and/or order cancellation. The designation reflects the QMM's commitment to provide meaningful and consistent support to market quality and price discovery by extensive quoting at the NBBO in a large number of securities. In return for its contributions, certain financial benefits are provided to a QMM with respect to a particular MPID (a "QMM MPID"), as described under Rule 7014(e). These benefits include a lower rate charged for executions of orders in securities priced at $1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through a QMM MPID.[3] Under Rule 7014(e)(3), the current

[3] Rule 7014(e)(3) further requires, however, that after the first month in which an MPID becomes a QMM MPID, the QMM's volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) is not less than 0.05% lower than the volume of liquidity added, provided, and/or routed through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume).

charge assessed on a member for removing liquidity in securities priced at $1 or more per share on NASDAQ is $0.0030 per share executed in a NASDAQ-listed security. QMM MPIDs, however, receive a lower charge of $0.0029 per share executed for removing liquidity in securities priced at $1 or more per share listed on exchanges other than NASDAQ. NASDAQ is proposing to increase this charge from $0.0029 to $0.00295. NASDAQ notes that both the current and proposed fees are lower than the rate assessed under the rule for NASDAQ-listed securities. This is reflective of the Exchange's continued desire to provide incentives to attract order flow to the Exchange in securities listed on exchanges other than NASDAQ. The modest increase in the fee is indicative of the success of the lower fee in attracting such order flow.

Amended Fees for Execution and Routing of Securities Listed on Any Domestic Market (Tapes A, B, and C)

NASDAQ is proposing changes to the credits provided to members executing or routing securities listed on any domestic exchange. NASDAQ notes that the eligibility requirements and credits provided by each of the proposed changes hereunder are identical among all three categories of securities (i.e., Tapes A, B, and C). As such, NASDAQ is discussing the proposed changes to the credits provided for activity in each category of security in this section.[4]

NASDAQ is proposing to provide two new credits for providing displayed quotes and orders (other than Supplemental Orders) that provide liquidity. The two new credits are based, at least in part, on a member's activity during the Opening and Closing

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4 Notwithstanding that the rule text discussed hereunder is identical for each category of security, the eligibility requirements apply to the individual type of security transacted. Accordingly, a member's activity in each category of security is not aggregated to meet eligibility requirements.

Crosses. First, NASDAQ is proposing a new credit of $0.00293 per share executed to members with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs ("MPIDs") that represent more than 0.10% of Consolidated Volume during the month, with shares executed in the Opening and Closing Cross that represent more than 0.20% of Consolidated Volume and orders entered through a single MPID that represent more than 0.50% of Consolidated Volume during the month. Second, NASDAQ is proposing to provide a new credit of $0.0028 per share executed to members with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its MPIDs that represent more than 0.01% of Consolidated Volume during the month. NASDAQ notes that the proposed credits incentivize members to provide liquidity in the opening and closing processes in return for receiving benefits and incentives for adding displayed liquidity. Taken together, these two new tiers are designed as incentives to members to provide liquidity at the open, during the trading day, and the close, which improve price discovery for the benefit of all investors. The lower credit allotted to members providing more than 0.01% of Consolidated Volume during the month is reflective of the lower level of improvement to market provided by the qualifying member.

NASDAQ provides credits to members that provide certain levels of midpoint orders per month. The credits range from $0.0005 to $0.0017 per share executed, increasing as the levels of midpoint orders increase and meet the next tier's requirements. NASDAQ is proposing to provide a new credit of $0.0020 per share executed to members that provide non-displayed midpoint orders that provide an average daily volume of 6 million or more shares through midpoint orders during the month. As a consequence, NASDAQ is also proposing to modify the eligibility requirements for the existing $0.0017 credit provided to members that provide non-displayed midpoint order liquidity. Currently, NASDAQ requires a member to provide an average daily volume of 5 million or more shares through midpoint orders during the month. In light of the proposed new $0.0020 credit, NASDAQ is proposing to place a ceiling on the existing $0.0017 credit eligibility requirement of up to an average daily volume of 6 million shares through midpoint orders during the month. Accordingly, a member may qualify for the $0.0017 credit by providing average daily volume of between 5 million and less than 6 million shares through midpoint orders during the month.

Amended Fees for Execution and Routing of Securities Listed on NASDAQ (Tape C)

NASDAQ is proposing to assess a new charge under Rule 7018(a)(1) on members for executing against resting midpoint liquidity. The current default rate for removing liquidity from NASDAQ in NASDAQ-listed securities is $0.0030. NASDAQ is proposing to assess a lower charge of $0.0027 for removing midpoint liquidity. NASDAQ notes that the proposed new fee is identical to fees currently assessed by NASDAQ for such activity in securities listed on NYSE or exchanges other than NASDAQ and NYSE.

Amended Fees for Execution and Routing of Securities Listed on NYSE (Tape A)

NASDAQ is proposing to modify certain fees assessed under Rule 7018(a)(2), which apply to quotes and orders in securities listed on NYSE. NASDAQ assesses a fee of $0.0029 per share executed on members that enter Market-on-Close (“MOC”) and/or Limit-on-Close (“LOC”) orders executed in the NASDAQ Closing Cross, entered through a single MPID that represent more than 0.06% of Consolidated Volume during the month. NASDAQ originally introduced the discount charge because it believed that members that participate in the NASDAQ Closing Cross to a significant extent through the use of MOC and/or LOC orders are frequently acting on behalf of institutional investor customers.[5] At the time, NASDAQ believed that members may have been giving NASDAQ lower relative priority in their order routing decisions due to its relatively high fees for accessing liquidity, as compared with lower cost exchanges. As a consequence, liquidity providers on NASDAQ may have been receiving larger orders that had already attempted to access liquidity elsewhere, such that the order was more likely to have an impact on the price of the stock. NASDAQ hoped that by lowering the fees for these members they would be encouraged to give greater priority to NASDAQ in their routing decisions, thereby lowering their cost and improving the execution experience of liquidity providers. Moreover, NASDAQ hoped to encourage greater use of its Closing Cross through the reduction in the charge. NASDAQ notes that reduced rate has not materially improved the market in Tape A securities and therefore is proposing to increase the charged assessed from $0.0029 to $0.00295 per share executed.

NASDAQ is also proposing to amend the charge assessed members for DOT or LIST Orders that execute in the NYSE opening process or reopening process. Currently, NASDAQ assesses a charge of $0.0005 per share executed, but limits the charge to $15,000 per month per member. NASDAQ is proposing to eliminate the $15,000 per month per member fee cap, which will allow the Exchange to more closely align the fee

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5 Securities Exchange Act Release No. 68421 (December 13, 2012), 77 FR 75232 (December 19, 2012) (SR-NASDAQ-2012-135).

to costs incurred by NASDAQ in routing such orders to other venues, which are not capped.

NASDAQ is proposing to adopt a new credit provided to members that qualify under certain requirements of the Market Quality Incentive Programs of Rule 7014. Specifically, NASDAQ will provide a credit of $0.0001 per share executed to a member that either qualifies for a credit under Rule 7014(c)(3)[6] or that is designated as a QMM under Rule 7014(d). The credit provided is based on the shares executed through the qualifying MPID under Rules 7014(c)(3) or 7014(d), and is provided in addition to any other credit or rebate for which the member may qualify. NASDAQ notes that the credit will provide additional incentive to members to improve the quality of the market in NYSE-listed securities on NASDAQ.

Amended Fees for Execution and Routing of Securities Listed on Exchanges other than NASDAQ and NYSE (Tape B)

NASDAQ is proposing to modify certain charges assessed and credits provided under Rule 7018(a)(3). Specifically, NASDAQ is proposing to increase the charge assessed members that enter MOC and/or LOC orders executed in the NASDAQ Closing Cross, entered through a single MPID that represent more than 0.06% of Consolidated Volume during the month. Like the charge assessed for such orders in Tape A securities, as discussed above, NASDAQ currently assesses a charge of $0.0029 per share executed. For the same reasons noted above with respect to Tape A securities, NASDAQ is proposing to increase the charge to $0.00295 per share executed in Tape B securities.

6 Rule 7014(c)(3) provides the highest credit under the Investor Support Program and, consequently, has the most stringent requirements among the credit tiers of the program.

Amended Fees for Execution in the Closing and Opening Crosses

Rule 7018(d) sets forth fees assessed for executions received in the Closing Cross. The rule provides a default fee of $0.0002 per share executed assessed for all other quotes and orders not otherwise noted under the rule, and several tiers of fees for MOC and LOC orders executed in the Closing Cross. The Exchange is proposing to increase the default fee from $0.0002 to $0.0003 per share executed in the Closing Cross.

NASDAQ is also proposing to amend the charges assessed for MOC and LOC orders executed in the Closing Cross. Specifically, under Tier A NASDAQ assesses a fee of $0.00065 per executed share for shares of liquidity provided in all securities through one or more of its MPIDs that represent above 1.40% of Consolidated Volume or MOC/LOC volume above 0.50% of Consolidated Volume. NASDAQ is proposing to increase the Tier A fee to $0.0008 per executed share. Similarly, NASDAQ is proposing to increase the fee assessed under Tier F of the rule. NASDAQ assesses a fee of $0.0014 per executed share for shares of liquidity provided in all securities through one or more of its MPIDs that represent 0.00% to 0.015% of Consolidated Volume. NASDAQ is proposing to increase the fee under Tier F to $0.0015 per executed share.

Rule 7018(e) sets forth fees assessed for quotes and orders executed in the Opening Cross. NASDAQ is proposing to increase fees assessed for shares executed in the Opening Cross. Currently, the default charge assessed for all other quotes and orders executed in the Closing Cross not otherwise noted under the rule is $0.0002 per share executed. NASDAQ is proposing to increase the charge to $0.0003 per share executed.

NASDAQ is also proposing to also increase the charge assessed for Market-on-Open, Limit-on-Open, Good-till-Cancelled, and Immediate-or-Cancel orders executed in the Opening Cross. Currently, NASDAQ assesses a charge of $0.0010 per share executed, which NASDAQ proposes to increase to $0.00015 per share executed.

The proposed increases to the fees assessed for executions in the Closing and Opening Crosses will help the Exchange recapture some of the costs it incurs operating the cross system, while maintaining relatively low fees for the execution of orders in these crosses.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[7] in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,[8] 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 NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the change to the QMM Program is reasonable because it represents a modest increase to an incentive fee, while maintaining a discount to the default rate, which NASDAQ believes will continue to benefit all market participants by encouraging quoting at or near the NBBO in a wide range of securities that are not listed on NASDAQ. As noted, the QMM Program is intended to encourage members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities, thereby benefitting NASDAQ and other investors by committing capital to support the execution of orders.

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7 15 U.S.C. 78f.

8 15 U.S.C. 78f(b)(4) and (5).

NASDAQ believes that the modest increase in the already discounted fee will not materially affect the quality of the market with respect to securities that are not listed on NASDAQ. As such, NASDAQ believes that modestly increasing the fee is an equitable allocation of a reasonable fee. Moreover, NASDAQ believes that increasing the already discounted fee is not unfairly discriminatory because it continues to apply a lower incentive rate in securities in Tape A and B securities, where the reduced fee has been effective in improving the market in such securities on NASDAQ. By contrast, NASDAQ eliminated a reduced rate in NASDAQ-listed securities after observing that the lower fee did not materially increase the quality of the market in those securities.[9] Accordingly, NASDAQ's proposed change is designed to maintain the benefits associated with the QMM program while reducing its cost, thereby making the program sustainable in the longer term.

The proposed new $0.00293 and $0.0028 per share executed credits under Rules 7018(a)(1), (2), and (3) are consistent with a fair allocation of a reasonable fee and not unfairly discriminatory because they provide credits in return for providing meaningful improvement to the market. The credits are reasonable because they are in-line with similar credits provided under the rules noted above for providing other measures of meaningful improvement to the market. The proposed two new credits are equitably allocated because, like other credits under the rules, all members are eligible to receive the credits if they meet the specific eligibility requirements.

Similarly, NASDAQ believes that the proposed new $0.0020 per share executed credit provided for midpoint orders that provide liquidity, and the related modification to

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[9] Securities Exchange Act Release No. 71530 (February 12, 2014), 79 FR 9553 (February 19, 2014) (SR-NASDAQ-2014-015).

the eligibility requirement of the $0.0017 per share executed credit, under Rules 7018(a)(1), (2), and (3) are consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because they provide credits in return for providing meaningful improvement to the market. The new, higher credit tier is designed to provide members with an opportunity to achieve a higher credit rate in return for providing market improvement through liquidity-providing midpoint orders. NASDAQ does not believe that the addition of the new credit tier is unfairly discriminatory because all members are eligible to achieve the higher credit rate by meeting the eligibility requirement.

NASDAQ believes that the proposed new fee of $0.0027 per share executed for members that execute against resting midpoint liquidity under Rule 7018(a)(1) is consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because it assesses a fee on activity that removes liquidity from the market, which is consistent with other fees assessed for removing liquidity from NASDAQ. NASDAQ believes the new fee is reasonable and equitably allocated because it is a lower fee than the default rate assessed for removing liquidity from NASDAQ and is identical to the fees assessed for removal of liquidity in midpoint orders in securities listed on NYSE or exchanges other than NASDAQ or NYSE. NASDAQ does not believe that the addition of the new fee is unfairly discriminatory because the fee eliminates a current distinction made in the rules whereby identical orders in non-NASDAQ-listed securities are assessed a fee whereas NASDAQ-listed orders are not.

NASDAQ believes that the proposed increase in the charge assessed on members with MOC and/or LOC orders in securities listed on NYSE or exchanges other than

NASDAQ or NYSE, which are executed in the NASDAQ Closing Cross and entered through a single MPID that represents more than 0.06% of Consolidated Volume during the month is consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because it is a modest increase in a fee designed to incentivize members to provide greater priority to NASDAQ. As noted, the reduced fee has not been entirely effective at modifying member behavior and, as a consequence, NASDAQ is increasing the fee to offset the cost of offering the incentive. The increased fee will continue to be less than the default rate assessed for orders that execute in the NASDAQ Market Center.

NASDAQ believes that the proposed new $0.0001 per share executed credit in NYSE-listed securities provided to members that either qualify for a credit under Rule 7014(c)(3) or that is designated as a QMM under Rule 7014(d) is consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because it is designed to provide members with additional incentive to improve market quality. NASDAQ believes that the credit is reasonable because it promotes participation in the Market Quality Incentive Programs, which are designed to improve market quality. Moreover, the Exchange believes that the credit is equitably allocated because any member that meets the requirements of either Rule 7014(c)(3) or 7014(d) will receive the credit for its executions in NYSE-listed securities. NASDAQ believes that the proposed credit is not unfairly discriminatory because it is available to all members that choose to improve market quality in NYSE-listed securities on NASDAQ and the Exchange believes this incentive will increase liquidity in Tape A securities, whereas the Exchange does not believe that such an incentive is needed in Tapes B and C securities at this juncture. NASDAQ must balance its desire to provide certain incentives with the costs the Exchange incurs in providing such incentives, which ultimately affect the ability to sustain them. As a consequence, NASDAQ must choose carefully the credits it provides, so that it promotes activity it deems most important while foregoing offering other credits, which may also improve market quality yet prove too costly.

Lastly, NASDAQ believes that the changes to the fees assessed for participation the Opening and Closing Crosses are consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory. NASDAQ believes that the fees are reasonable because supporting the crosses requires capital investment to maintain a system that facilitates an orderly auction process, and the proposed increases are modest and designed to offset the costs the Exchange incurs in operating the crosses. Moreover, the proposed fees are equitably allocated because they apply a fee on all members that benefit from participation in the Opening and Closing Crosses, and are based on the type of order entered and contribution to market quality. Similarly, the proposed fees are not unfairly discriminatory because they are based on the type of order executed in the crosses and the benefit to market quality that such orders provide. Specifically, NASDAQ believes that the proposal to increase the default charges assessed for executions in the crosses is reasonable, equitably allocated and not unfairly discriminatory because the increased fees are identical in amount and apply to all members that elect to participate in the crosses and receive an execution. Moreover, NASDAQ does not believe that the increased fees will negatively impact participation in the crosses. NASDAQ believes that the proposed increase in fees assessed for MOC and LOC orders executed in the Closing Cross under Tiers A and F is reasonable, equitably allocated and not unfairly discriminatory because in adopting the tiered fees, the

Exchange sets the fees to reasonably cover the costs and investments required to operate the Closing Cross. As is the case with all tiered fees, members are able to lower their fees by transacting more volume during the Closing Cross. NASDAQ believes that the proposed increase in the fee assessed for Market-on-Open, Limit-on-Open, Good-till-Cancelled, and Immediate-or-Cancel orders executed in the Opening Cross is reasonable, equitably allocated and not unfairly discriminatory because, like the other increases to the fees assessed members for participation in the crosses, the proposed increase is modest and applies to all members participating in the Opening Cross that enters, and receives execution of, the order types listed by the rule. Like the other proposed fee increases relating to the crosses, this increase will help offset the costs associated with operating the Opening Cross.

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

NASDAQ does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.[10] NASDAQ notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, NASDAQ must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing

[10] 15 U.S.C. 78f(b)(8).

practices, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, although the change to the QMM program may limit the benefits of the program in non-NASDAQ-listed securities, the incentive program in question remains in place and is itself reflective of the need for exchanges to offer significant financial incentives to attract order flow. The changes to routing fees and credits do not impose a burden on competition because NASDAQ's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. The new and increased fees for execution in the NASDAQ crosses are reflective of a need to support and improve NASDAQ systems, which in turn benefit market quality and ultimately, competition. In sum, if the changes proposed herein are unattractive to market participants, it is likely that NASDAQ will lose market share as a result. Accordingly, NASDAQ does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Written comments were neither solicited nor received.

6. <u>Extension of Time Period for Commission Action</u>

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[11] NASDAQ has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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. Completed notice of proposed rule change for publication in the Federal Register.

5. Text of the proposed rule change.

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11 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2014-078)

August __, 2014

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to the Qualified Market Maker Incentive Program under Rule 7014, and the Schedule of Fees and Rebates under Rule 7018

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 August 1, 2014, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASDAQ is proposing to make changes to the Qualified Market Maker ("QMM") Incentive Program under Rule 7014, and the schedule of fees and rebates for execution and routing of orders under Rule 7018. NASDAQ will begin assessing the fees effective August 1, 2014.

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

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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 those 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 parts of such statements.

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

1. Purpose

NASDAQ is proposing to amend a fee under Rule 7014(e) assessed members participating in the QMM Incentive Program, and is proposing several changes to the schedule of fees and credits applicable to execution and routing of orders under Rule 7018, all of which are described in detail below.

QMM Incentive Program

A QMM is a member that makes a significant contribution to market quality by providing liquidity at the national best bid and offer ("NBBO") in a large number of stocks for a significant portion of the day. In addition, the member must avoid imposing the burdens on NASDAQ and its market participants that may be associated with excessive rates of entry of orders away from the inside and/or order cancellation. The designation reflects the QMM's commitment to provide meaningful and consistent support to market quality and price discovery by extensive quoting at the NBBO in a large number of securities. In return for its contributions, certain financial benefits are provided to a QMM with respect to a particular MPID (a "QMM MPID"), as described under Rule 7014(e). These benefits include a lower rate charged for executions of orders in securities priced at $1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through a QMM MPID.[3] Under Rule 7014(e)(3), the current charge assessed on a member for removing liquidity in securities priced at $1 or more per share on NASDAQ is $0.0030 per share executed in a NASDAQ-listed security. QMM MPIDs, however, receive a lower charge of $0.0029 per share executed for removing liquidity in securities priced at $1 or more per share listed on exchanges other than NASDAQ. NASDAQ is proposing to increase this charge from $0.0029 to $0.00295. NASDAQ notes that both the current and proposed fees are lower than the rate assessed under the rule for NASDAQ-listed securities. This is reflective of the Exchange's continued desire to provide incentives to attract order flow to the Exchange in securities listed on exchanges other than NASDAQ. The modest increase in the fee is indicative of the success of the lower fee in attracting such order flow.

Amended Fees for Execution and Routing of Securities Listed on Any Domestic Market (Tapes A, B, and C)

NASDAQ is proposing changes to the credits provided to members executing or routing securities listed on any domestic exchange. NASDAQ notes that the eligibility requirements and credits provided by each of the proposed changes hereunder are identical among all three categories of securities (i.e., Tapes A, B, and C). As such,

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3 Rule 7014(e)(3) further requires, however, that after the first month in which an MPID becomes a QMM MPID, the QMM's volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) is not less than 0.05% lower than the volume of liquidity added, provided, and/or routed through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume).

NASDAQ is discussing the proposed changes to the credits provided for activity in each category of security in this section.[4]

NASDAQ is proposing to provide two new credits for providing displayed quotes and orders (other than Supplemental Orders) that provide liquidity. The two new credits are based, at least in part, on a member's activity during the Opening and Closing Crosses. First, NASDAQ is proposing a new credit of $0.00293 per share executed to members with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs ("MPIDs") that represent more than 0.10% of Consolidated Volume during the month, with shares executed in the Opening and Closing Cross that represent more than 0.20% of Consolidated Volume and orders entered through a single MPID that represent more than 0.50% of Consolidated Volume during the month. Second, NASDAQ is proposing to provide a new credit of $0.0028 per share executed to members with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its MPIDs that represent more than 0.01% of Consolidated Volume during the month. NASDAQ notes that the proposed credits incentivize members to provide liquidity in the opening and closing processes in return for receiving benefits and incentives for adding displayed liquidity. Taken together, these two new tiers are designed as incentives to members to provide liquidity at the open, during the trading day, and the close, which improve price discovery for the benefit of all investors. The lower credit allotted to members providing

4 Notwithstanding that the rule text discussed hereunder is identical for each category of security, the eligibility requirements apply to the individual type of security transacted. Accordingly, a member's activity in each category of security is not aggregated to meet eligibility requirements.

more than 0.01% of Consolidated Volume during the month is reflective of the lower level of improvement to market provided by the qualifying member.

NASDAQ provides credits to members that provide certain levels of midpoint orders per month. The credits range from $0.0005 to $0.0017 per share executed, increasing as the levels of midpoint orders increase and meet the next tier's requirements. NASDAQ is proposing to provide a new credit of $0.0020 per share executed to members that provide non-displayed midpoint orders that provide an average daily volume of 6 million or more shares through midpoint orders during the month. As a consequence, NASDAQ is also proposing to modify the eligibility requirements for the existing $0.0017 credit provided to members that provide non-displayed midpoint order liquidity. Currently, NASDAQ requires a member to provide an average daily volume of 5 million or more shares through midpoint orders during the month. In light of the proposed new $0.0020 credit, NASDAQ is proposing to place a ceiling on the existing $0.0017 credit eligibility requirement of up to an average daily volume of 6 million shares through midpoint orders during the month. Accordingly, a member may qualify for the $0.0017 credit by providing average daily volume of between 5 million and less than 6 million shares through midpoint orders during the month.

Amended Fees for Execution and Routing of Securities Listed on NASDAQ (Tape C)

NASDAQ is proposing to assess a new charge under Rule 7018(a)(1) on members for executing against resting midpoint liquidity. The current default rate for removing liquidity from NASDAQ in NASDAQ-listed securities is $0.0030. NASDAQ is proposing to assess a lower charge of $0.0027 for removing midpoint liquidity. NASDAQ notes that the proposed new fee is identical to fees currently assessed by

NASDAQ for such activity in securities listed on NYSE or exchanges other than NASDAQ and NYSE.

Amended Fees for Execution and Routing of Securities Listed on NYSE (Tape A)

NASDAQ is proposing to modify certain fees assessed under Rule 7018(a)(2), which apply to quotes and orders in securities listed on NYSE. NASDAQ assesses a fee of $0.0029 per share executed on members that enter Market-on-Close ("MOC") and/or Limit-on-Close ("LOC") orders executed in the NASDAQ Closing Cross, entered through a single MPID that represent more than 0.06% of Consolidated Volume during the month. NASDAQ originally introduced the discount charge because it believed that members that participate in the NASDAQ Closing Cross to a significant extent through the use of MOC and/or LOC orders are frequently acting on behalf of institutional investor customers.[5] At the time, NASDAQ believed that members may have been giving NASDAQ lower relative priority in their order routing decisions due to its relatively high fees for accessing liquidity, as compared with lower cost exchanges. As a consequence, liquidity providers on NASDAQ may have been receiving larger orders that had already attempted to access liquidity elsewhere, such that the order was more likely to have an impact on the price of the stock. NASDAQ hoped that by lowering the fees for these members they would be encouraged to give greater priority to NASDAQ in their routing decisions, thereby lowering their cost and improving the execution experience of liquidity providers. Moreover, NASDAQ hoped to encourage greater use of its Closing Cross through the reduction in the charge. NASDAQ notes that reduced rate has not

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5 Securities Exchange Act Release No. 68421 (December 13, 2012), 77 FR 75232 (December 19, 2012) (SR-NASDAQ-2012-135).

materially improved the market in Tape A securities and therefore is proposing to increase the charged assessed from $0.0029 to $0.00295 per share executed.

NASDAQ is also proposing to amend the charge assessed members for DOT or LIST Orders that execute in the NYSE opening process or reopening process. Currently, NASDAQ assesses a charge of $0.0005 per share executed, but limits the charge to $15,000 per month per member. NASDAQ is proposing to eliminate the $15,000 per month per member fee cap, which will allow the Exchange to more closely align the fee to costs incurred by NASDAQ in routing such orders to other venues, which are not capped.

NASDAQ is proposing to adopt a new credit provided to members that qualify under certain requirements of the Market Quality Incentive Programs of Rule 7014. Specifically, NASDAQ will provide a credit of $0.0001 per share executed to a member that either qualifies for a credit under Rule 7014(c)(3)[6] or that is designated as a QMM under Rule 7014(d). The credit provided is based on the shares executed through the qualifying MPID under Rules 7014(c)(3) or 7014(d), and is provided in addition to any other credit or rebate for which the member may qualify. NASDAQ notes that the credit will provide additional incentive to members to improve the quality of the market in NYSE-listed securities on NASDAQ.

Amended Fees for Execution and Routing of Securities Listed on Exchanges other than NASDAQ and NYSE (Tape B)

NASDAQ is proposing to modify certain charges assessed and credits provided under Rule 7018(a)(3). Specifically, NASDAQ is proposing to increase the charge

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6 Rule 7014(c)(3) provides the highest credit under the Investor Support Program and, consequently, has the most stringent requirements among the credit tiers of the program.

assessed members that enter MOC and/or LOC orders executed in the NASDAQ Closing Cross, entered through a single MPID that represent more than 0.06% of Consolidated Volume during the month. Like the charge assessed for such orders in Tape A securities, as discussed above, NASDAQ currently assesses a charge of $0.0029 per share executed. For the same reasons noted above with respect to Tape A securities, NASDAQ is proposing to increase the charge to $0.00295 per share executed in Tape B securities.

Amended Fees for Execution in the Closing and Opening Crosses

Rule 7018(d) sets forth fees assessed for executions received in the Closing Cross. The rule provides a default fee of $0.0002 per share executed assessed for all other quotes and orders not otherwise noted under the rule, and several tiers of fees for MOC and LOC orders executed in the Closing Cross. The Exchange is proposing to increase the default fee from $0.0002 to $0.0003 per share executed in the Closing Cross.

NASDAQ is also proposing to amend the charges assessed for MOC and LOC orders executed in the Closing Cross. Specifically, under Tier A NASDAQ assesses a fee of $0.00065 per executed share for shares of liquidity provided in all securities through one or more of its MPIDs that represent above 1.40% of Consolidated Volume or MOC/LOC volume above 0.50% of Consolidated Volume. NASDAQ is proposing to increase the Tier A fee to $0.0008 per executed share. Similarly, NASDAQ is proposing to increase the fee assessed under Tier F of the rule. NASDAQ assesses a fee of $0.0014 per executed share for shares of liquidity provided in all securities through one or more of its MPIDs that represent 0.00% to 0.015% of Consolidated Volume. NASDAQ is proposing to increase the fee under Tier F to $0.0015 per executed share.

Rule 7018(e) sets forth fees assessed for quotes and orders executed in the Opening Cross. NASDAQ is proposing to increase fees assessed for shares executed in the Opening Cross. Currently, the default charge assessed for all other quotes and orders executed in the Closing Cross not otherwise noted under the rule is $0.0002 per share executed. NASDAQ is proposing to increase the charge to $0.0003 per share executed.

NASDAQ is also proposing to also increase the charge assessed for Market-on-Open, Limit-on-Open, Good-till-Cancelled, and Immediate-or-Cancel orders executed in the Opening Cross. Currently, NASDAQ assesses a charge of $0.0010 per share executed, which NASDAQ proposes to increase to $0.00015 per share executed.

The proposed increases to the fees assessed for executions in the Closing and Opening Crosses will help the Exchange recapture some of the costs it incurs operating the cross system, while maintaining relatively low fees for the execution of orders in these crosses.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[7] in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,[8] 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 NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the change to the QMM Program is reasonable because it represents a modest increase to an incentive fee, while maintaining a discount to the default rate, which NASDAQ believes will continue to benefit all market

[7] 15 U.S.C. 78f.

[8] 15 U.S.C. 78f(b)(4) and (5).

participants by encouraging quoting at or near the NBBO in a wide range of securities that are not listed on NASDAQ. As noted, the QMM Program is intended to encourage members to promote price discovery and market quality by quoting at the NBBO for a significant portion of each day in a large number of securities, thereby benefitting NASDAQ and other investors by committing capital to support the execution of orders. NASDAQ believes that the modest increase in the already discounted fee will not materially affect the quality of the market with respect to securities that are not listed on NASDAQ. As such, NASDAQ believes that modestly increasing the fee is an equitable allocation of a reasonable fee. Moreover, NASDAQ believes that increasing the already discounted fee is not unfairly discriminatory because it continues to apply a lower incentive rate in securities in Tape A and B securities, where the reduced fee has been effective in improving the market in such securities on NASDAQ. By contrast, NASDAQ eliminated a reduced rate in NASDAQ-listed securities after observing that the lower fee did not materially increase the quality of the market in those securities.[9] Accordingly, NASDAQ's proposed change is designed to maintain the benefits associated with the QMM program while reducing its cost, thereby making the program sustainable in the longer term.

The proposed new \$0.00293 and \$0.0028 per share executed credits under Rules 7018(a)(1), (2), and (3) are consistent with a fair allocation of a reasonable fee and not unfairly discriminatory because they provide credits in return for providing meaningful improvement to the market. The credits are reasonable because they are in-line with similar credits provided under the rules noted above for providing other measures of

[9] Securities Exchange Act Release No. 71530 (February 12, 2014), 79 FR 9553 (February 19, 2014) (SR-NASDAQ-2014-015).

meaningful improvement to the market. The proposed two new credits are equitably allocated because, like other credits under the rules, all members are eligible to receive the credits if they meet the specific eligibility requirements.

Similarly, NASDAQ believes that the proposed new $0.0020 per share executed credit provided for midpoint orders that provide liquidity, and the related modification to the eligibility requirement of the $0.0017 per share executed credit, under Rules 7018(a)(1), (2), and (3) are consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because they provide credits in return for providing meaningful improvement to the market. The new, higher credit tier is designed to provide members with an opportunity to achieve a higher credit rate in return for providing market improvement through liquidity-providing midpoint orders. NASDAQ does not believe that the addition of the new credit tier is unfairly discriminatory because all members are eligible to achieve the higher credit rate by meeting the eligibility requirement.

NASDAQ believes that the proposed new fee of $0.0027 per share executed for members that execute against resting midpoint liquidity under Rule 7018(a)(1) is consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because it assesses a fee on activity that removes liquidity from the market, which is consistent with other fees assessed for removing liquidity from NASDAQ. NASDAQ believes the new fee is reasonable and equitably allocated because it is a lower fee than the default rate assessed for removing liquidity from NASDAQ and is identical to the fees assessed for removal of liquidity in midpoint orders in securities listed on NYSE or exchanges other than NASDAQ or NYSE. NASDAQ does not believe that the addition of the new fee is unfairly discriminatory because the fee eliminates a current distinction made in the rules whereby identical orders in non-NASDAQ-listed securities are assessed a fee whereas NASDAQ-listed orders are not.

NASDAQ believes that the proposed increase in the charge assessed on members with MOC and/or LOC orders in securities listed on NYSE or exchanges other than NASDAQ or NYSE, which are executed in the NASDAQ Closing Cross and entered through a single MPID that represents more than 0.06% of Consolidated Volume during the month is consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because it is a modest increase in a fee designed to incentivize members to provide greater priority to NASDAQ. As noted, the reduced fee has not been entirely effective at modifying member behavior and, as a consequence, NASDAQ is increasing the fee to offset the cost of offering the incentive. The increased fee will continue to be less than the default rate assessed for orders that execute in the NASDAQ Market Center.

NASDAQ believes that the proposed new $0.0001 per share executed credit in NYSE-listed securities provided to members that either qualify for a credit under Rule 7014(c)(3) or that is designated as a QMM under Rule 7014(d) is consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory because it is designed to provide members with additional incentive to improve market quality. NASDAQ believes that the credit is reasonable because it promotes participation in the Market Quality Incentive Programs, which are designed to improve market quality. Moreover, the Exchange believes that the credit is equitably allocated because any member that meets the requirements of either Rule 7014(c)(3) or 7014(d) will receive the credit for its executions in NYSE-listed securities. NASDAQ believes that the proposed credit is not unfairly discriminatory because it is available to all members that choose to improve market quality in NYSE-listed securities on NASDAQ and the Exchange believes this incentive will increase liquidity in Tape A securities, whereas the Exchange does not believe that such an incentive is needed in Tapes B and C securities at this juncture. NASDAQ must balance its desire to provide certain incentives with the costs the Exchange incurs in providing such incentives, which ultimately affect the ability to sustain them. As a consequence, NASDAQ must choose carefully the credits it provides, so that it promotes activity it deems most important while foregoing offering other credits, which may also improve market quality yet prove too costly.

Lastly, NASDAQ believes that the changes to the fees assessed for participation the Opening and Closing Crosses are consistent with an equitable allocation of a reasonable fee and not unfairly discriminatory. NASDAQ believes that the fees are reasonable because supporting the crosses requires capital investment to maintain a system that facilitates an orderly auction process, and the proposed increases are modest and designed to offset the costs the Exchange incurs in operating the crosses. Moreover, the proposed fees are equitably allocated because they apply a fee on all members that benefit from participation in the Opening and Closing Crosses, and are based on the type of order entered and contribution to market quality. Similarly, the proposed fees are not unfairly discriminatory because they are based on the type of order executed in the crosses and the benefit to market quality that such orders provide. Specifically, NASDAQ believes that the proposal to increase the default charges assessed for executions in the crosses is reasonable, equitably allocated and not unfairly discriminatory because the increased fees are identical in amount and apply to all members that elect to participate in the crosses and receive an execution. Moreover, NASDAQ does not believe that the increased fees will negatively impact participation in the crosses. NASDAQ believes that the proposed increase in fees assessed for MOC and LOC orders executed in the Closing Cross under Tiers A and F is reasonable, equitably allocated and not unfairly discriminatory because in adopting the tiered fees, the Exchange sets the fees to reasonably cover the costs and investments required to operate the Closing Cross. As is the case with all tiered fees, members are able to lower their fees by transacting more volume during the Closing Cross. NASDAQ believes that the proposed increase in the fee assessed for Market-on-Open, Limit-on-Open, Good-till-Cancelled, and Immediate-or-Cancel orders executed in the Opening Cross is reasonable, equitably allocated and not unfairly discriminatory because, like the other increases to the fees assessed members for participation in the crosses, the proposed increase is modest and applies to all members participating in the Opening Cross that enters, and receives execution of, the order types listed by the rule. Like the other proposed fee increases relating to the crosses, this increase will help offset the costs associated with operating the Opening Cross.

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

NASDAQ does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.[10] NASDAQ notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be

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[10] 15 U.S.C. 78f(b)(8).

more favorable. In such an environment, NASDAQ must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, although the change to the QMM program may limit the benefits of the program in non-NASDAQ-listed securities, the incentive program in question remains in place and is itself reflective of the need for exchanges to offer significant financial incentives to attract order flow. The changes to routing fees and credits do not impose a burden on competition because NASDAQ's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to develop their own routing capabilities. The new and increased fees for execution in the NASDAQ crosses are reflective of a need to support and improve NASDAQ systems, which in turn benefit market quality and ultimately, competition. In sum, if the changes proposed herein are unattractive to market participants, it is likely that NASDAQ will lose market share as a result. Accordingly, NASDAQ does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

Written comments were neither solicited nor received.

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

The foregoing change has become effective pursuant to Section 19(b)(3)(A) of the Act,[11] and paragraph (f)[12] of Rule 19b-4, thereunder. 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.

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-2014-078 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-2014-078. This file number should be included on the subject line if e-mail is used.

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11 15 U.S.C. 78s(b)(3)(A).

12 17 CFR 240.19b-4(f)

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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-2014-078, 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.[13]

Kevin M. O'Neill
Deputy Secretary

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13 17 CFR 200.30-3(a)(12).

EXHIBIT 5

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are bracketed.

7014. Market Quality Incentive Programs

Investor Support Program

(a) – (d) No change.

(e) The following pricing incentives will be provided to a member that is a QMM with respect to a particular MPID (a "QMM MPID"):

(1) – (2) No change.

(3) NASDAQ will charge a fee of $0.0030 per share executed for orders in NASDAQ-listed securities priced at $1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through a QMM MPID, and charge a fee of $0.0029<u>5</u> per share executed for orders in securities listed on exchanges other than NASDAQ priced at $1 or more per share that access liquidity on the NASDAQ Market Center and that are entered through a QMM MPID; provided, however, that after the first month in which an MPID becomes a QMM MPID, the QMM's volume of liquidity added, provided, and/or routed through the QMM MPID during the month (as a percentage of Consolidated Volume) is not less than 0.05% lower than the volume of liquidity added, provided, and/or routed through such QMM MPID during the first month in which the MPID qualified as a QMM MPID (as a percentage of Consolidated Volume).

(f) – (h) No change.

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7018. Nasdaq Market Center Order Execution and Routing

(a) The following charges shall apply to the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades. For purposes of determining a member's shares of liquidity routed, TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST and directed orders are not counted. As used in this rule, the term "Consolidated Volume" shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.

(1) Fees for Execution and Routing of Orders in Nasdaq-Listed Securities

Charge to enter orders that execute in the Nasdaq Market Center:	
member with Market-on-Close and/or Limit-on-Close orders executed in the Nasdaq Closing Cross, entered through a single Nasdaq Market Center market participant identifier ("MPID"), that represent more than 0.06% of Consolidated Volume during the month:	$0.0030 per share executed
member that executes against resting midpoint liquidity:	$0.0027 per share executed
all other orders that execute in the Nasdaq Market Center:	$0.0030 per share executed
Charge to member entering STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, re-opening, or closing process:	$0.0030 per share executed

Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a venue other than the Nasdaq Market Center:	Charge of $0.0035 per share executed for directed orders Charge of $0.0030 per share executed for TFTY orders that execute at NASDAQ OMX PSX For CART orders that execute at NASDAQ OMX PSX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX PSX No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX Charge of $0.0030 per share executed for SAVE or SOLV orders that execute at venues other than NASDAQ OMX BX Charge of $0.0035 per share executed for a MOPB or MOPP order Charge of $0.0007 per share executed for TFTY orders that execute on venues other than NASDAQ OMX BX or NASDAQ OMX PSX Charge of $0.0007 per share executed for QCST and QDRK orders, except no charge or credit for QCST orders that execute on NASDAQ OMX BX
Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:	
member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	$0.00305 per share executed

member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	$0.0030 per share executed
member with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	$0.00295 per share executed
member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	$0.00295 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month, with shares executed in the Opening and Closing Cross that represent more than 0.20% of Consolidated Volume and orders entered through a single Nasdaq Market Center MPID that represent more than 0.50% of Consolidated Volume during the month:	$0.00293 per share executed

<u>member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its Nasdaq Market Center MPIDs that represent more than 0.01% of Consolidated Volume during the month:</u>	<u>$0.0028 per share executed</u>
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:	$0.0029 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month:	$0.0027 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent more than 0.10% of Consolidated Volume:	$0.0029 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:	$0.0025 per share executed
member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0029 per share executed

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0025 per share executed
member (i) with shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that adds Total NOM Market Maker Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 80,000 or more contracts per day in a month executed through one or more of its Nasdaq Options Market MPIDs:	$0.0029 per share executed
member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 100,000 or more contracts per day in a month executed through one or more of its Nasdaq Option Market MPIDs:	$0.0029 per share executed
member (i) with shares of liquidity provided in all securities during the month representing at least 0.40% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Nasdaq Options Market Customer and Professional Rebate to Add Liquidity in Penny Pilot Options Tier 8 under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:	$0.0030 per share executed

member with shares of liquidity provided in all securities during the month representing less than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs; provided that (i) the member also provides a daily average of at least 250,000 shares of liquidity provided in securities listed on an exchange other than NASDAQ, or (ii) the member routes a daily average volume of at least 10,000 shares during the month via the QDRK routing strategy:	$0.0020 per share executed
member that provides a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of nondisplayed liquidity, excluding midpoint orders:	$0.0025 per share executed
Credit to other members:	$0.0015 per share executed
Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 6 million or more shares through midpoint orders during the month $0.0017 per share executed for midpoint orders if the member provides an average daily volume [of]between 5 million and less than 6 million[or more] shares through midpoint orders during the month $0.0014 per share executed for midpoint orders if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month $0.0005 per share executed for other non-displayed orders if the member provides an average daily volume of 1 million or more shares per day through midpoint orders or other non-displayed orders during the month No charge or credit for other non-displayed orders

Credit for Supplemental Orders:	$0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member provides an average daily volume during the month of more than 1 million shares of liquidity via Supplemental Orders $0.0015 per share executed for other Supplemental Orders
Credit for displayed Designated Retail Orders:*	$0.0033 per share executed
LIST order that executes in Nasdaq's closing process:	Applicable charges as provided in Rule 7018(d)
LIST order that executes in Nasdaq's opening process:	Applicable charges as provided in Rule 7018(e)
LIST order that executes in Nasdaq's halt cross process:	Applicable charges as provided in Rule 7018(f)

(2) Fees for Execution and Routing of Securities Listed on NYSE

Charge to enter orders that execute in the Nasdaq Market Center:	
member with Market-on-Close and/or Limit-on-Close orders executed in the Nasdaq Closing Cross, entered through a single Nasdaq Market Center MPID, that represent more than 0.06% of Consolidated Volume during the month:	$0.00295 per share executed
all other orders that execute in the Nasdaq Market Center:	$0.0030 per share executed
firms that execute against resting midpoint liquidity:	$0.0027 per share executed
Charge or credit to member entering DOTI, STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center, and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, closing, or reopening process:	No charge or credit for DOTI orders that execute in NASDAQ OMX BX $0.0015 per share executed credit for orders that add liquidity at the NYSE after routing $0.0030 fee per share executed for other orders

Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QCST, QDRK or directed order that executes in a venue other than the Nasdaq Market Center:	Charge of $0.0035 per share executed for directed orders For CART orders that executed at NASDAQ OMX PSX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX PSX No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX Charge of $0.0035 per share executed for a MOPB or MOPP order For TFTY orders that execute: (i) at venues other than NYSE, NASDAQ OMX BX or NASDAQ OMX PSX, charge of $0.0007 per share executed; or (ii) at the NYSE or NASDAQ OMX PSX, charge of $0.0030 per share executed For SAVE or SOLV orders that execute: (i) at venues other than NASDAQ OMX BX, charge of $0.0030 per share executed Charge of $0.0007 per share executed for QCST and QDRK orders, except no charge or credit for QCST orders that execute on NASDAQ OMX BX
Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:	
member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	$0.00305 per share executed

member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	$0.0030 per share executed
member with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	$0.00295 per share executed
member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	$0.00295 per share executed
<u>member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month, with shares executed in the Opening and Closing Cross that represent more than 0.20% of Consolidated Volume and orders entered through a single Nasdaq Market Center MPID that represent more than 0.50% of Consolidated Volume during the month:</u>	<u>$0.00293 per share executed</u>

member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its Nasdaq Market Center MPIDs that represent more than 0.01% of Consolidated Volume during the month:	$0.0028 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:	$0.0029 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month during the month:	$0.0027 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent more than 0.10% of Consolidated Volume:	$0.0029 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:	$0.0025 per share executed
member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0029 per share executed

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0025 per share executed
member (i) with shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that adds Total NOM Market Maker Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 80,000 or more contracts per day in a month executed through one or more of its Nasdaq Options Market MPIDs:	$0.0029 per share executed
member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 100,000 or more contracts per day in a month executed through one or more of its Nasdaq Options Market MPIDs:	$0.0029 per share executed
member (i) with shares of liquidity provided in all securities during the month representing at least 0.40% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Nasdaq Options Market Customer and Professional Rebate to Add Liquidity in Penny Pilot Options Tier 8 under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:	$0.0030 per share executed
member that provides a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of non-displayed liquidity, excluding midpoint orders:	$0.0025 per share executed

member that qualifies for a credit under Rule 7014(c)(3) or that is designated as a QMM under Rule 7014(d) will receive a credit on the shares executed through its ISP designated port(s), in the case of Rule 7014(c)(3), or the qualifying QMM MPID(s), in the case of Rule 7014(d), in addition to any other credit or rebate for which the member may qualify, of:	$0.0001 per share executed
Credit to other members:	$0.0020 per share executed
Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 6 million or more shares through midpoint orders during the month $0.0017 per share executed for midpoint orders if the member provides an average daily volume [of]between 5 million and less than 6 million[or more] shares through midpoint orders during the month $0.0014 per share executed for midpoint orders if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month $0.0010 per share executed for other non-displayed orders if the member provides an average daily volume of 1 million or more shares per day through midpoint orders or other non-displayed orders during the month $0.0005 per share executed for other non-displayed orders
Credit for Supplemental Orders:	$0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member provides an average daily volume during the month of more than 1 million shares of liquidity via Supplemental Orders $0.0015 per share executed for other Supplemental Orders
Credit for displayed Designated Retail Orders:*	$0.0033 per share executed

Order that is routed to NYSE and then routed to another venue for execution:	NASDAQ will pass-through any routing fees charged to NASDAQ by NYSE
DOT or LIST Order that executes in the NYSE closing process:	$0.00095 per share executed
DOT or LIST Order that executes in the NYSE opening process or reopening process:	$0.0005 per share executed[, but not to exceed $15,000 per month per member]
Per order charge for round lot or mixed lot DOTI orders:	$0.01 fee per DOTI Order when during a month: (i) a market participant sends an average of more than 10,000 DOTI Orders per day through one or more of its MPIDs; and (ii) the ratio of DOTI Orders to executions exceeds 300 to 1. The fee will apply to each DOTI Order that exceeds the 300 to 1 ratio. In calculating daily average DOTI Orders, Nasdaq will exclude the day with the highest ratio of DOTI Orders to executions.

(3) Fees for Execution and Routing of Orders in Securities Listed on Exchanges other than Nasdaq and NYSE ("Tape B Securities")

Charge to member entering order that executes in the Nasdaq Market Center:	
member with Market-on-Close and/or Limit-on-Close orders executed in the Nasdaq Closing Cross, entered through a single Nasdaq Market Center MPID, that represent more than 0.06% of Consolidated Volume during the month:	$0.00295 per share executed
all other orders that execute in the Nasdaq Market Center:	$0.0030 per share executed
firms that execute against resting midpoint liquidity:	$0.0027 per share executed

Charge or credit to member entering DOTI, STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center, and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, closing or re-opening process:	No charge or credit for DOTI orders that execute in NASDAQ OMX BX For other orders, charge of $0.0030 per share executed
Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a venue other than the Nasdaq Market Center:	Charge of $0.0035 per share executed for directed orders Charge of $0.0030 per share executed for TFYY orders that execute at NASDAQ OMX PSX For CART orders that execute at NASDAQ OMX PSX, Nasdaq will pass through all fees assessed and rebates offered by NASDAQ OMX PSX No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at NASDAQ OMX BX Charge of $0.0030 per share executed for SAVE or SOLV orders that execute at venues other than NASDAQ OMX BX Charge of $0.0035 per share executed for a MOPB or MOPP order Charge of $0.0007 per share executed for TFTY orders that execute in venues other than NASDAQ OMX BX or NASDAQ OMX PSX Charge of $0.0007 per share executed for QCST and QDRK, except no charge or credit for QCST orders that execute on NASDAQ OMX BX
Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity:	

member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.60% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	$0.00305 per share executed
member with (i) shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, or (ii) shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.20% or more of Consolidated Volume during the month, and shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent 0.75% or more of Consolidated Volume during the month:	$0.0030 per share executed
member with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	$0.00295 per share executed
member (i) that is a registered market maker through one of its Nasdaq Market Center MPIDs in at least 7,000 securities, (ii) with shares of liquidity provided in all securities through one of its Nasdaq Market Center MPIDs that represent more than 0.75% of Consolidated Volume during the month, and (iii) with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.90% of Consolidated Volume during the month:	$0.00295 per share executed

member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month, with shares executed in the Opening and Closing Cross that represent more than 0.20% of Consolidated Volume and orders entered through a single Nasdaq Market Center MPID that represent more than 0.50% of Consolidated Volume during the month:	$0.00293 per share executed
member with shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its Nasdaq Market Center MPIDs that represent more than 0.01% of Consolidated Volume during the month:	$0.0028 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.45% of Consolidated Volume during the month:	$0.0029 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month:	$0.0027 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than NASDAQ or NYSE that represent more than 0.10% of Consolidated Volume:	$0.0029 per share executed
member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.10% of Consolidated Volume during the month:	$0.0025 per share executed

member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0029 per share executed
member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0025 per share executed
member (i) with shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that adds Total NOM Market Maker Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 80,000 or more contracts per day in a month executed through one or more of its Nasdaq Options Market MPIDs:	$0.0029 per share executed
member with (i) shares of liquidity provided in all securities during the month representing more than 0.15% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) Total Volume, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, of 100,000 or more contracts per day in a month executed through one or more of its Nasdaq Options Market MPIDs:	$0.0029 per share executed

member (i) with shares of liquidity provided in all securities during the month representing at least 0.40% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and (ii) that qualifies for the Nasdaq Options Market Customer and Professional Rebate to Add Liquidity in Penny Pilot Options Tier 8 under Chapter XV, Section 2 of the Nasdaq Options Market rules during the month through one or more of its Nasdaq Options Market MPIDs:	$0.0030 per share executed
member that provides a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of nondisplayed liquidity, excluding midpoint orders:	$0.0025 per share executed
Credit to other members:	$0.0020 per share executed
Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	$0.0020 per share executed for midpoint orders if the member provides an average daily volume of 6 million or more shares through midpoint orders during the month $0.0017 per share executed for midpoint orders if the member provides an average daily volume [of]between 5 million and less than 6 million[or more] shares through midpoint orders during the month $0.0014 per share executed for midpoint orders if the member provides an average daily volume of less than 5 million shares through midpoint orders during the month $0.0010 per share executed for other non-displayed orders if the member provides an average daily volume of 1 million or more shares per day through midpoint orders or other non-displayed orders during the month $0.0005 per share executed for other non-displayed orders

Credit for Supplemental Orders:	0.0018 per share executed for Supplemental Orders entered through a Nasdaq Market Center MPID through which the member provides an average daily volume during the month of more than 1 million shares of liquidity via Supplemental Orders $0.0015 per share executed for other Supplemental Orders
Credit for displayed Designated Retail Orders:*	$0.0033 per share executed
Order that is routed to NYSEAmex or NYSEArca and then routed to another venue for execution:	NASDAQ will pass-through any routing fees charged to NASDAQ by NYSEAmex or NYSEArca, as applicable
LIST order that executes in an exchange's closing process:	$0.001 per share executed in the NYSEArca closing process $0.00095 per share executed in the NYSEAmex closing process
LIST order that executes in an exchange's opening process:	$0.0005 per share executed in the NYSEArca opening process; provided, however, that total charges for all LIST orders that execute in the NYSEArca opening process shall not exceed $10,000 per month $0.0005 per share executed in the NYSEAmex opening process
LIST order that executes in an exchange's re-opening process:	$0.001 per share executed in the NYSEArca re-opening process $0.0005 per share executed in the NYSEAmex re-opening process

(b) – (c) No change.

(d) Closing Cross

(1) Fees

Market-on-Close and Limit-on-Close orders executed in the Nasdaq Closing Cross	Subject to the tiers below as provided in Rule 7018(d)(2)

All other quotes and orders executed in the Nasdaq Closing Cross	$0.000[2]3 per share executed

(2) Market-on-Close and Limit-on-Close ("MOC/LOC") orders executed in the Nasdaq Closing Cross Tiers.

Tiers	**Volume**	**Price Per Executed Share**
Tier A	Shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 1.40% of Consolidated Volume or MOC/LOC volume above 0.50% of Consolidated Volume	$0.000[65]8 per executed share
Tier B	Shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 0.80% to 1.40% of Consolidated Volume or MOC/LOC volume above 0.30% to 0.50% of Consolidated Volume	$0.0011 per executed share
Tier C	Shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 0.50% to 0.80% of Consolidated Volume or MOC/LOC volume above 0.10% to 0.30% of Consolidated Volume	$0.0012 per executed share
Tier D	Shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 0.30% to 0.50% of Consolidated Volume	$0.0013 per executed share
Tier E	Shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent above 0.015% to 0.30% of Consolidated Volume	$0.00135 per executed share
Tier F	Shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.00% to 0.015% of Consolidated Volume	$0.001[4]5 per executed share
Tier G	member adds Nasdaq Options Market Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.80% or more of national customer volume in multiply-listed equity and ETF options classes in a month	$0.0010 per executed share

(e) Opening Cross

(1)

Market-on-Open, Limit-on-Open, Good-till-Cancelled, and Immediate-or-Cancel orders executed in the Nasdaq Opening Cross	$0.001[0]5 per share executed
All other quotes and orders executed in the Nasdaq Opening Cross	$0.000[2]3 per share executed

(2) No change.

(f) – (m) No change.

* A "Designated Retail Order" is agency or riskless principal order that originates from a natural person and is submitted to Nasdaq by a member that designates it pursuant to this rule, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they have implemented policies and procedures that are reasonably designed to ensure that every order designated by the member as a "Designated Retail Order" complies with these requirements. Orders may be designated on an order-by-order basis, or by designating all orders on a particular order entry port as Designated Retail Orders.