

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2015 - * 019	Amendment No. (req. for Amendments *)
----------------	--	-----------------------------	---------------------------------------

Filing by NASDAQ Stock Market
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
---	---

Description

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

A proposed rule change to modify Chapter XV at Section 2 governing pricing for NASDAQ members using the NASDAQ Options Market.

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 * Jurij	Last Name * Trypupenko
Title * Associate General Counsel	
E-mail * jurij.trypupenko@nasdaq.com	
Telephone * (301) 978-8132	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.

(Title *)

Date 02/27/2015	Executive Vice President and General Counsel
By Edward S. Knight	
(Name *)	



edward.knight@nasdaq.com

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify Chapter XV, entitled “Options Pricing,” at Section 2 governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”),³ NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NOM proposes to amend certain Fees for Removing Liquidity.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on March 2, 2015.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and a copy of the applicable portion of the rule text is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on July 16, 2014. NASDAQ staff will advise the Board of Directors of NASDAQ of any action taken

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ NOM is a facility of NASDAQ. References in this proposal to Chapter and Series refer to NOM rules, unless otherwise indicated.

pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to Jurij Trypupenko, Associate General Counsel, the NASDAQ OMX Group, at (301) 978-8132.

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

a. Purpose

NASDAQ proposes to modify Chapter XV, entitled "Options Pricing," at Section 2(1) governing the fees assessed for option orders entered into NOM. Specifically, the Exchange proposes to increase the Professional,⁴ Firm,⁵ NOM Market Maker,⁶ Non-

⁴ The term "Professional" means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants. The Exchange initially established Professional pricing in order to "...bring additional revenue to the Exchange." See Securities Exchange Act Release No. 64494 (May 13, 2011), 76 FR 29014 (May 19, 2011) (SR-NASDAQ-2011-066). In this filing, the Exchange addressed the perceived favorable pricing of Professionals who were assessed fees and paid rebates like a Customer prior to the filing; and noted that a Professional, unlike a retail Customer, has access to sophisticated trading systems that contain functionality not available to retail Customers.

⁵ The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation ("OCC").

⁶ The term "NOM Market Maker" means a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. See Chapter XV. "Participant" means a firm, or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of participating in options trading on NOM as a "Nasdaq Options Order Entry Firm" or "Nasdaq Options Market Maker". See Chapter I, Section (a)(40).

NOM Market Maker,⁷ and Broker-Dealer⁸ Penny Pilot Options⁹ Fees for Removing Liquidity. No change is proposed to Customer¹⁰ Penny Pilot Options Fees for Removing Liquidity.

Section 2 NASDAQ Options Market – Fees and Rebates

Penny Pilot Fees for Removing Liquidity

The Exchange proposes to amend the Fees for Removing Liquidity in Penny Pilot Options in Chapter IV, Section 2(1) as follows:

(1) Fees for Execution of Contracts on the NASDAQ Options Market

Fees and Rebates (per executed contract)

Customer Professional	Firm	Non-NOM Market Maker	NOM Market Maker	Broker-Dealer
------------------------------	-------------	-----------------------------	-------------------------	----------------------

Penny Pilot Options:

⁷ The term “Non-NOM Market Maker” is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

⁸ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

⁹ The Penny Pilot was established in March 2008 and was last extended in 2014. See Securities Exchange Act Release Nos. 57579 (March 28, 2008), 73 FR 18587 (April 4, 2008) (SR-NASDAQ-2008-026) (notice of filing and immediate effectiveness establishing Penny Pilot); and 73686 (November 25, 2014), 79 FR 71477 (December 2, 2014) (SR-NASDAQ-2014-115) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2015). All Penny Pilot Options listed on the Exchange can be found at <http://www.nasdaqtrader.com/Micro.aspx?id=phlx>.

¹⁰ The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at the OCC which is not for the account of broker or dealer or for the account of a “Professional” (as that term is defined in Chapter I, Section 1(a)(48)).

Fee for Removing Liquidity	\$0.48	\$0.50 ^d	\$0.50 ^d	\$0.50 ^d	\$0.50 ^d	\$0.50 ^d
----------------------------	--------	---------------------	---------------------	---------------------	---------------------	---------------------

Today, Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers are assessed a \$0.49 per contract Fee for Removing Liquidity in a Penny Pilot Option.¹¹

The Exchange proposes to increase the Penny Pilot Fee for Removing Liquidity for Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers by a penny, from \$0.49 to \$0.50 per contract.¹² The Exchange is increasing the Fees for Removing Liquidity in Penny Pilot Options so that it will be able to continue to offer rebates to Customers, Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers to attract liquidity and encourage order interaction on NOM.¹³ The Exchange will still allow participants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month to be assessed a

¹¹ In addition, note d states that Participants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 (the highest rebate tiers) in a given month will be assessed a Professional, Firm, Non-NOM Market Maker, NOM Market Maker, or Broker-Dealer Fee for Removing Liquidity in Penny Pilot Options of \$0.48 per contract and a Customer Fee for Removing Liquidity in Penny Pilot Options of \$0.47 per contract. See Chapter XV, Section 2(1).

¹² Customers will continue to be assessed a Penny Pilot Option Fee for Removing Liquidity of \$0.48 per contract.

¹³ The Customer and Professional Rebate to Add Liquidity in Penny Pilot Options is earned pursuant to eight Monthly Volume Tiers. The NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options is earned pursuant to six different Monthly Volume Tiers. The concept of "Common Ownership" (Participants under 75% common ownership or control) applies to pricing in Chapter XV, Section 2 for which a volume threshold or volume percentage is required to obtain the pricing. See Chapter XV, Section 2(1).

Professional, Firm, Non-NOM Market Maker, NOM Market Maker, or Broker-Dealer
Fee for Removing Liquidity in Penny Pilot Options of \$0.48 per contract.

b. Statutory Basis

NASDAQ believes that the proposed fee changes are consistent with the provisions of Section 6 of the Act,¹⁴ in general, and with Section 6(b)(4) of the Act,¹⁵ in particular, in that they provide 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 as described in detail below.

Penny Pilot Fees for Removing Liquidity

The Exchange's proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker, and Broker-Dealer Fees for Removing Liquidity in Penny Pilot Options from \$0.49 to \$0.50 per contract is reasonable because the increase will afford the Exchange the opportunity to offer additional and increased rebates to these Exchange participants, which should benefit all market participants through increased liquidity and order interaction. The Exchange believes that rebates incentivize Participants to select the Exchange as a venue to post liquidity and attract additional order flow to the benefit of all market participants. Incentivizing Participants to post liquidity will also benefit Participants through increased order interaction. Increased liquidity, and in particular Customer liquidity (as noted, the fee for removing Customer liquidity continues to be lower than for removing other liquidity) provides more trading

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4).

opportunities, which attracts other Participants, including NOM Market Makers.¹⁶ An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Moreover, in constructing the Exchange's fee and rebate program, the Exchange aims to remain competitive with other venues so that it is a superior choice for market participants when posting orders. The Exchange believes that the fee resulting from the proposed increase is still less than the rates assessed by other options for certain Penny Pilot Options.¹⁷

The Exchange believes that it is equitable and not unfairly discriminatory to increase Fees for Removing Liquidity in Penny Pilot Options for Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers because all market participants, other than Customers, will continue to be assessed a uniform fee. As explained herein, order flow brings unique benefits to the market through increased liquidity which benefits all NOM Participants.¹⁸

Further, the Exchange believes it is reasonable, equitable and not unfairly discriminatory to offer Participants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month to be assessed a Professional, Firm, Non-NOM Market Maker, NOM Market Maker, or Broker-Dealer Fee for Removing

¹⁶ For obligations of Market Makers, see Chapter VII, Section 5. For Market Maker quotations (e.g. firm quotes, continuous quotes), see Chapter VII, Section 6.

¹⁷ See, for example, the Miami International Securities Exchange LLC ("MIAX") Fee Schedule. Specifically, orders executed for the account of non-MIAX market makers will be assessed \$0.55 per contract in options overlying EEM, GLD, IWM, QQQ, and SPY.

¹⁸ See supra note 16 regarding continuous quoting and the commitment of capital by NOM Market Makers.

Liquidity in Penny Pilot Options of \$0.48 per contract instead of the proposed \$0.50 per contract. The increase in the differential from \$0.01 to \$0.02 is reasonable, equitable and not unfairly discriminatory because it is consistent with differentials at competing options exchanges. For example, NASDAQ OMX PHLX (“PHLX”) provides that any member or member organization under Common Ownership with another member or member organization that qualifies for Customer Rebate Tiers 2, 3, 4 or 5 in Section B of the Pricing Schedule will be assessed \$0.60 per contract, a reduction of \$0.10 from the standard rate of \$0.70 assessed Professional, Firm and Broker-Dealer¹⁹

The Exchange, and its facility NOM, operates in a highly competitive market, comprised of twelve exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are assessed and the rebates paid by the Exchange, as described in the proposal, are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

The proposed fees are designed to ensure a fair and reasonable use of Exchange resources by allowing the Exchange to recoup costs while continuing to attract liquidity and offer connectivity at competitive rates to Exchange members and member organizations.

By offering competitive pricing, the Exchange desires to incentivize members and member organizations, through the Exchange’s rebate and fee structure, to select NOM as

¹⁹ See PHLX’s Pricing Schedule.

a venue for bringing liquidity to the Exchange and trading . Such competitive, differentiated pricing exists today on other options exchanges. The Exchange's goal is creating and increasing incentives to attract orders that will, in turn, benefit all market participants through increased liquidity.

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

NASDAQ does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

In the Exchange's fee schedule for Removing Liquidity in Penny Pilot Options, Customers have had to pay the lowest fee, and this continues to be reflected in the pricing schedule. The Exchange does not believe the proposed differential would result in any burden on competition as between Participants. The Exchange believes that continuing to assess Customers the current fee while increasing the fee for other Participants creates competition among options exchanges because the Exchange believes that this may cause market participants to select NOM as a venue to send Customer and other order flow. The Exchange believes that incentivizing Participants to post liquidity on NOM benefits NOM Participants through increased order interaction.

The Exchange's proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker, and Broker-Dealer Fees for Removing Liquidity in Penny Pilot Options does not misalign the current fees on NOM. As noted, Customers were assessed less than other participants before the proposal, and will continue to be assessed less under the new fee. The Exchange believes that other market participants benefit from incentivizing order flow as explained herein. As noted, Customers continue to pay a lower Fee for Removing Liquidity in Penny Pilot Options, which is currently the case

for most fees on NOM that are either not assessed to a Customer or where a Customer is assessed the lowest fee because of the liquidity such order flow brings to the Exchange. Also, NOM Market Makers have obligations²⁰ to the market which are not borne by other market participants and therefore the Exchange believes that NOM Market Makers are entitled to a lower fee.

For the reasons specified herein, the Exchange does not believe this proposal will result in any burden on competition. The Exchange operates in a highly competitive market comprised of twelve U.S. options exchanges in which sophisticated and knowledgeable market participants can readily send order flow to competing exchanges if they deem fee levels or rebate incentives at a particular exchange to be excessive or inadequate. The Exchange believes that this competitive marketplace impacts the fees and rebates present on the Exchange today and substantially influences the proposals set forth above.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²¹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person,

²⁰ See supra note 16.

²¹ 15 U.S.C. 78s(b)(3)(A)(ii).

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

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2015-019)

February ____, 2015

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

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 February 27, 2015. The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by NASDAQ. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ proposes to modify Chapter XV, entitled “Options Pricing,” at Section 2 governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”),³ NASDAQ’s facility for executing and routing standardized equity and index options. Specifically, NOM proposes to amend certain Fees for Removing Liquidity.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments be operative on March 2, 2015.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ NOM is a facility of NASDAQ. References in this proposal to Chapter and Series refer to NOM rules, unless otherwise indicated.

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

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

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

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

1. Purpose

NASDAQ proposes to modify Chapter XV, entitled "Options Pricing," at Section 2(1) governing the fees assessed for option orders entered into NOM. Specifically, the Exchange proposes to increase the Professional,⁴ Firm,⁵ NOM Market Maker,⁶ Non-

⁴ The term "Professional" means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants. The Exchange initially established Professional pricing in order to "...bring additional revenue to the Exchange." See Securities Exchange Act Release No. 64494 (May 13, 2011), 76 FR 29014 (May 19, 2011) (SR-NASDAQ-2011-066). In this filing, the Exchange addressed the perceived favorable pricing of Professionals who were assessed fees and paid rebates like a Customer prior to the filing; and noted that a Professional, unlike a retail Customer, has access to sophisticated trading systems that contain functionality not available to retail Customers.

⁵ The term "Firm" applies to any transaction that is identified by a member or member organization for clearing in the Firm range at The Options Clearing Corporation ("OCC").

NOM Market Maker,⁷ and Broker-Dealer⁸ Penny Pilot Options⁹ Fees for Removing Liquidity. No change is proposed to Customer¹⁰ Penny Pilot Options Fees for Removing Liquidity.

Section 2 NASDAQ Options Market – Fees and Rebates

Penny Pilot Fees for Removing Liquidity

The Exchange proposes to amend the Fees for Removing Liquidity in Penny Pilot Options in Chapter IV, Section 2(1) as follows:

⁶ The term “NOM Market Maker” means a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. See Chapter XV. “Participant” means a firm, or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of participating in options trading on NOM as a “Nasdaq Options Order Entry Firm” or “Nasdaq Options Market Maker”. See Chapter I, Section (a)(40).

⁷ The term “Non-NOM Market Maker” is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

⁸ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

⁹ The Penny Pilot was established in March 2008 and was last extended in 2014. See Securities Exchange Act Release Nos. 57579 (March 28, 2008), 73 FR 18587 (April 4, 2008) (SR-NASDAQ-2008-026) (notice of filing and immediate effectiveness establishing Penny Pilot); and 73686 (November 25, 2014), 79 FR 71477 (December 2, 2014) (SR-NASDAQ-2014-115) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2015). All Penny Pilot Options listed on the Exchange can be found at <http://www.nasdaqtrader.com/Micro.aspx?id=phlx>.

¹⁰ The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at the OCC which is not for the account of broker or dealer or for the account of a “Professional” (as that term is defined in Chapter I, Section 1(a)(48)).

(1) Fees for Execution of Contracts on the NASDAQ Options Market**Fees and Rebates (per executed contract)**

	Customer	Professional	Firm	Non-NOM Market Maker	NOM Market Maker	Broker-Dealer
--	-----------------	---------------------	-------------	-------------------------------------	---------------------------------	----------------------

Penny Pilot Options:

Fee for Removing Liquidity	\$0.48	\$0.50 ^d	\$0.50 ^d	\$0.50 ^d	\$0.50 ^d	\$0.50 ^d
----------------------------	--------	---------------------	---------------------	---------------------	---------------------	---------------------

Today, Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers are assessed a \$0.49 per contract Fee for Removing Liquidity in a Penny Pilot Option.¹¹

The Exchange proposes to increase the Penny Pilot Fee for Removing Liquidity for Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers by a penny, from \$0.49 to \$0.50 per contract.¹² The Exchange is increasing the Fees for Removing Liquidity in Penny Pilot Options so that it will be able to continue to offer rebates to Customers, Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers to attract liquidity and encourage order interaction

¹¹ In addition, note d states that Participants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 (the highest rebate tiers) in a given month will be assessed a Professional, Firm, Non-NOM Market Maker, NOM Market Maker, or Broker-Dealer Fee for Removing Liquidity in Penny Pilot Options of \$0.48 per contract and a Customer Fee for Removing Liquidity in Penny Pilot Options of \$0.47 per contract. See Chapter XV, Section 2(1).

¹² Customers will continue to be assessed a Penny Pilot Option Fee for Removing Liquidity of \$0.48 per contract.

on NOM.¹³ The Exchange will still allow participants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month to be assessed a Professional, Firm, Non-NOM Market Maker, NOM Market Maker, or Broker-Dealer Fee for Removing Liquidity in Penny Pilot Options of \$0.48 per contract.

2. Statutory Basis

NASDAQ believes that the proposed fee changes are consistent with the provisions of Section 6 of the Act,¹⁴ in general, and with Section 6(b)(4) of the Act,¹⁵ in particular, in that they provide 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 as described in detail below.

Penny Pilot Fees for Removing Liquidity

The Exchange's proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker, and Broker-Dealer Fees for Removing Liquidity in Penny Pilot Options from \$0.49 to \$0.50 per contract is reasonable because the increase will afford the Exchange the opportunity to offer additional and increased rebates to these Exchange participants, which should benefit all market participants through increased liquidity and order interaction. The Exchange believes that rebates incentivize

¹³ The Customer and Professional Rebate to Add Liquidity in Penny Pilot Options is earned pursuant to eight Monthly Volume Tiers. The NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options is earned pursuant to six different Monthly Volume Tiers. The concept of "Common Ownership" (Participants under 75% common ownership or control) applies to pricing in Chapter XV, Section 2 for which a volume threshold or volume percentage is required to obtain the pricing. See Chapter XV, Section 2(1).

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4).

Participants to select the Exchange as a venue to post liquidity and attract additional order flow to the benefit of all market participants. Incentivizing Participants to post liquidity will also benefit Participants through increased order interaction. Increased liquidity, and in particular Customer liquidity (as noted, the fee for removing Customer liquidity continues to be lower than for removing other liquidity) provides more trading opportunities, which attracts other Participants, including NOM Market Makers.¹⁶ An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Moreover, in constructing the Exchange's fee and rebate program, the Exchange aims to remain competitive with other venues so that it is a superior choice for market participants when posting orders. The Exchange believes that the fee resulting from the proposed increase is still less than the rates assessed by other options for certain Penny Pilot Options.¹⁷

The Exchange believes that it is equitable and not unfairly discriminatory to increase Fees for Removing Liquidity in Penny Pilot Options for Professionals, Firms, Non-NOM Market Makers, NOM Market Makers, and Broker-Dealers because all market participants, other than Customers, will continue to be assessed a uniform fee. As

¹⁶ For obligations of Market Makers, see Chapter VII, Section 5. For Market Maker quotations (e.g. firm quotes, continuous quotes), see Chapter VII, Section 6.

¹⁷ See, for example, the Miami International Securities Exchange LLC ("MIAX") Fee Schedule. Specifically, orders executed for the account of non-MIAX market makers will be assessed \$0.55 per contract in options overlying EEM, GLD, IWM, QQQ, and SPY.

explained herein, order flow brings unique benefits to the market through increased liquidity which benefits all NOM Participants.¹⁸

Further, the Exchange believes it is reasonable, equitable and not unfairly discriminatory to offer Participants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month to be assessed a Professional, Firm, Non-NOM Market Maker, NOM Market Maker, or Broker-Dealer Fee for Removing Liquidity in Penny Pilot Options of \$0.48 per contract instead of the proposed \$0.50 per contract. The increase in the differential from \$0.01 to \$0.02 is reasonable, equitable and not unfairly discriminatory because it is consistent with differentials at competing options exchanges. For example, NASDAQ OMX PHLX (“PHLX”) provides that any member or member organization under Common Ownership with another member or member organization that qualifies for Customer Rebate Tiers 2, 3, 4 or 5 in Section B of the Pricing Schedule will be assessed \$0.60 per contract, a reduction of \$0.10 from the standard rate of \$0.70 assessed Professional, Firm and Broker-Dealer¹⁹

The Exchange, and its facility NOM, operates in a highly competitive market, comprised of twelve exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are assessed and the rebates paid by the Exchange, as described in the proposal, are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid

¹⁸ See supra note 16 regarding continuous quoting and the commitment of capital by NOM Market Makers.

¹⁹ See PHLX’s Pricing Schedule.

by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

The proposed fees are designed to ensure a fair and reasonable use of Exchange resources by allowing the Exchange to recoup costs while continuing to attract liquidity and offer connectivity at competitive rates to Exchange members and member organizations.

By offering competitive pricing, the Exchange desires to incentivize members and member organizations, through the Exchange's rebate and fee structure, to select NOM as a venue for bringing liquidity to the Exchange and trading . Such competitive, differentiated pricing exists today on other options exchanges. The Exchange's goal is creating and increasing incentives to attract orders that will, in turn, benefit all market participants through increased liquidity.

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

NASDAQ does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

In the Exchange's fee schedule for Removing Liquidity in Penny Pilot Options, Customers have had to pay the lowest fee, and this continues to be reflected in the pricing schedule. The Exchange does not believe the proposed differential would result in any burden on competition as between Participants. The Exchange believes that continuing to assess Customers the current fee while increasing the fee for other Participants creates competition among options exchanges because the Exchange believes that this may cause market participants to select NOM as a venue to send Customer and other order flow.

The Exchange believes that incentivizing Participants to post liquidity on NOM benefits NOM Participants through increased order interaction.

The Exchange's proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker, and Broker-Dealer Fees for Removing Liquidity in Penny Pilot Options does not misalign the current fees on NOM. As noted, Customers were assessed less than other participants before the proposal, and will continue to be assessed less under the new fee. The Exchange believes that other market participants benefit from incentivizing order flow as explained herein. As noted, Customers continue to pay a lower Fee for Removing Liquidity in Penny Pilot Options, which is currently the case for most fees on NOM that are either not assessed to a Customer or where a Customer is assessed the lowest fee because of the liquidity such order flow brings to the Exchange. Also, NOM Market Makers have obligations²⁰ to the market which are not borne by other market participants and therefore the Exchange believes that NOM Market Makers are entitled to a lower fee.

For the reasons specified herein, the Exchange does not believe this proposal will result in any burden on competition. The Exchange operates in a highly competitive market comprised of twelve U.S. options exchanges in which sophisticated and knowledgeable market participants can readily send order flow to competing exchanges if they deem fee levels or rebate incentives at a particular exchange to be excessive or inadequate. The Exchange believes that this competitive marketplace impacts the fees and rebates present on the Exchange today and substantially influences the proposals set forth above.

²⁰ See supra note 16.

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

No written comments were either solicited or received.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²¹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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

²¹ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2015-019 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2015-019. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

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

All submissions should refer to File Number SR-NASDAQ-2015-019 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.²²

Kevin M. O'Neill
Deputy Secretary

²² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

NASDAQ Stock Market Rules**Options Rules****Chapter XV Options Pricing**

* * * * *

Sec. 2 NASDAQ Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on the NASDAQ Options Market

	Fees and Rebates (per executed contract)					
	Customer	Professional	Firm	Non-NOM Market Maker	NOM Market Maker	Broker- Dealer
Penny Pilot Options:						
Rebate to Add Liquidity	***	***	\$0.10	\$0.10	#	\$0.10
Fee for Removing Liquidity	\$0.48	\$0.[49]50 ^d	\$0.[49]50 ^d	\$0.[49]50 ^d	\$0.[49]50 ^d	\$0.[49]50 ^d
Non-Penny Pilot Options (including NDX ¹):						
Fee for Adding Liquidity	N/A	\$0.45	\$0.45	\$0.45	\$0.35	\$0.45
Fee for Removing Liquidity	\$0.85	\$0.89	\$0.89	\$0.89	\$0.89	\$0.89
Rebate to Add Liquidity	\$0.84 ³	N/A	N/A	N/A	N/A	
SOX, HGX and OSX:						
Fee for Adding Liquidity		\$0.40	\$0.89	\$0.89	\$0.89	\$0.40
						\$0.89

Fee for Removing Liquidity \$0.40 \$0.89 \$0.89 \$0.89 \$0.40 \$0.89

¹For transactions in NDX, a surcharge of \$0.15 per contract will be added to the Fee for Adding Liquidity and the Fee for Removing Liquidity in Non-Penny Pilot Options, except for a Customer who will not be assessed a surcharge.

³A Participant that qualifies for Penny Pilot Options Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month will receive an additional \$0.01 per contract Non-Penny Pilot Options Customer Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month.

*** The Customer and Professional Rebate to Add Liquidity in Penny Pilot Options will be paid as noted below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, the Participant's Penny Pilot and Non-Penny Pilot Customer and/or Professional volume that adds liquidity will be included.

Monthly Volume	Rebate to Add Liquidity
Tier 1 Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	\$0.20
Tier 2 Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month	\$0.25
Tier 3 Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.30% of total industry customer equity and ETF option ADV contracts per day in a month	\$0.42
Tier 4 Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.30% to 0.40% of total industry customer equity and ETF option ADV contracts per day in a month	\$0.43
Tier 5^a Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month, or Participant adds (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 25,000 or more	\$0.45

contracts per day in a month, (2) the Participant has certified for the Investor Support Program set forth in Rule 7014, and (3) the Participant executed at least one order on NASDAQ's equity market

Tier 6^b	Participant has Total Volume of 100,000 or more contracts per day in a month, of which 25,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options	\$0.45
Tier 7^{b,d}	Participant has Total Volume of 150,000 or more contracts per day in a month, of which 50,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options	\$0.47
Tier 8^{b,d}	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.75% or more of total industry customer equity and ETF option ADV contracts per day in a month.	\$0.48 ^e and \$0.47 (Professional)

^aFor purposes of Tier 5, the Exchange will allow a NOM Participant to qualify for the rebate if a NASDAQ member has certified for the Investor Support Program and executed at least one order on NASDAQ's equity market.

^bFor purposes of Tiers 6, 7 and 8, "Total Volume" shall be defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM.

^dParticipants that qualify for Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month will be assessed a Professional, Firm, Non-NOM Market Maker, NOM Market Maker or Broker-Dealer Fee for Removing Liquidity in Penny Pilot Options of \$0.48 per contract and a Customer Fee for Removing Liquidity in Penny Pilot Options of \$0.47 per contract.

^eParticipants that add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.25% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional \$0.02 per contract Penny Pilot Options Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month.

The NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options will be paid as noted below.

Monthly Volume

**Rebate
to Add
Liquidity**

Tier 1	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	\$0.20
Tier 2	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.25% of total industry customer equity and ETF option ADV contracts per day in a month	\$0.25
Tier 3	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.25% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month	\$0.30 or \$0.40 in the following symbols AAPL, QQQ, SPY and VXX
Tier 4	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month	\$0.32 or \$0.40 in the following symbols AAPL, QQQ, VXX and SPY
Tier 5	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.30% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options	\$0.40
Tier 6	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a	\$0.42

month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options or Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month or Participants that add Customer, Professional, Firm, Non-NOM Market Maker, and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of total industry customer equity and ETF option ADV contracts per day in a month

* * * * *