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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2015 - * 025
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 *).

A proposal to amend the Market Quality Program fee in Rule 5950 entitled Market Quality Program.

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.

Date 03/19/2015
By Edward S. Knight
(Name *)

(Title *)
Executive Vice President and General Counsel

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

edward.knight@nasdaq.com

Required fields are shown with yellow backgrounds and asterisks.

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 the "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposal to amend the Market Quality Program ("MQP" or "Program") fee ("MQP Fee") in Rule 5950, entitled Market Quality Program.

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 the Exchange pursuant to authority delegated by the Board of Directors of the Exchange ("Board") on July 16, 2014. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action by the Exchange 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, Inc., at (301) 978-8132.

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

[2] 17 CFR 240.19b-4.

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

a. Purpose

The purpose of this proposal is to amend the MQP Fee in section (b)(2) of Rule 5950. No other changes to the MQP are proposed.

The MQP enables market makers that voluntarily commit to and do in fact enhance the market quality, in terms of quoted spreads and liquidity, of certain securities listed on the Exchange to qualify for a fee credit. These market makers are eligible for a fee credit only to the extent that they maintain stringent quoting and liquidity standards set forth in the Program. The MQP is a one year pilot, during which time the Exchange will periodically provide information to the Commission about market quality in respect of the MQP. NASDAQ believes that the MQP will be beneficial to issuers, investors and other market participants, and to the economy in general by significantly enhancing the quality of the market and trading in listed securities.

The Commission approved the MQP as a pilot program.[3] The pilot program has not commenced. At this time, there are no MQP Companies[4] or MQP Market Makers[5] in

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3 See Securities Exchange Act Release No. 69195 (March 20, 2013), 78 FR 18393 (March 26, 2013) (SR-NASDAQ-2012-137) (order granting approval of Market Quality Program) (SR-NASDAQ-2012-137) ("MQP order"). See also Securities Exchange Act Release No. 68515 (December 21, 2012), 77 FR 77141 (December 31, 2012) (SR-NASDAQ-2012-137) (notice of filing Market Quality Program as pilot, with extensive description of program) ("MQP proposal"). In the MQP proposal the Exchange noted the need for the MQP and positive results of such programs, the extensive positive academic studies, and the success of the thirteen year old NASDAQ First North market incentive program that is similar in nature to the MQP.

4 The term "MQP Company" is defined in Rule 5950(e)(5) as the trust or company housing the Exchange Traded Fund("ETF") or, if the ETF is not a series of a trust or company, then the Exchange Traded Fund itself. MQP Fees for MQP Securities will be paid by the Sponsors associated with the MQP Companies. The

the Program.[6] During this interim period, the Exchange is proposing to reduce the MQP Fee to enhance the competitive nature of the Program.[7]

Current Rule 5950 discusses the Market Quality Program. MQP Securities consist of ETF securities issued by an MQP Company and listed on the Exchange pursuant to NASDAQ Rule 5705.[8] In addition to the standard (non-MQP) Exchange listing fee applicable to an MQP Security set forth in the NASDAQ Rule 5000 Series an MQP Company may incur a fee known as an MQP Fee, on behalf of an MQP Security, to participate in the Program. The MQP Fee will be paid by a Sponsors associated with an

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term "Sponsor" means the registered investment adviser that provides investment management services to an MQP Company or any of such adviser's parents or subsidiaries. The term "Exchange Traded Fund" is defined in Rule 5950(e)(2) includes Portfolio Depository Receipts and Index Fund Shares, which are defined in NASDAQ Rule 5705; the Exchange believes, as noted in the MQP proposal, that predominantly ETFs will be listed on the MQP.

5 The term "Market Maker" is defined in Rule 5005(a)(24) as a dealer that, with respect to a security, holds itself out (by entering quotations in the NASDAQ Market Center) as being willing to buy and sell such security for its own account on a regular and continuous basis and that is registered as such.

6 Section (f) of Rule 5950 states, in relevant part, that the MQP will be effective for a one year pilot period that will commence when the Program is implemented by Exchange acceptance of an MQP Company, on behalf of an MQP Security, and relevant MQP Market Maker into the Program.

7 See, e.g., Securities Exchange Act Release No. 69706 (June 6, 2013), 78 FR 35340 (June 12, 2013) (SR-NYSEArca-2013-34) (order granting approval of NYSE Arca incentive pilot program). See also Securities Exchange Act Release No. 66307 (February 2, 2012), 77 FR 6608 (February 8, 2012) (SR-BATS-2011-051) (order granting approval of BATS Competitive Liquidity Provider program).

8 The term "MQP Security" is defined in Rule 5950(e)(1) as an ETF security issued by an MQP Company that meets all of the requirements to be listed on NASDAQ pursuant to Rule 5705.

MQP Company.[9] The MQP Fee will be used for the purpose of incentivizing one or more MQP Market Makers to enhance the market quality of an MQP Security. Subject to the conditions set forth in the proposed rule, this incentive payment will be credited ("MQP Credit") pro rata to one or more MQP Market Makers that meet quoting and trading requirements in the MQP Security and thereby make a high-quality market in the MQP Security.[10]

Currently, per Rule 5950(b)(2), an MQP Company participating in the MQP will incur an annual basic MQP Fee of $50,000 per MQP Security ("basic MQP Fee"), which must be paid to the Exchange prospectively each quarter. An MQP Company may also, on an annual basis, voluntarily select to incur an annual supplemental MQP Fee per MQP Security ("supplemental MQP Fee"), which must be paid to the Exchange prospectively each quarter. Currently, the basic MQP Fee and supplemental MQP Fee cannot exceed

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9 See Rule 5950(b)(2)(C)(i). The term "Sponsor" is defined in Rule 5950(e)(5) to mean the registered investment adviser that provides investment management services to an MQP Company or any of the adviser's parents or subsidiaries.

10 See Rule 5950(c). For an MQP Market Maker to be eligible to receive MQP Credit when making markets in MQP Securities, the MQP Market Maker must, in addition to meeting applicable Market Maker obligations pursuant to Rule 4613, on a monthly basis meet or exceed section (c) quoting and trading requirements that include, in relevant part: (i) For at least 25% of the time when quotes can be entered in the Regular Market Session as averaged over the course of a month, must maintain: a) at least 500 shares of attributable, displayed quotes or orders at the NBBO or better on the bid side of an MQP Security; and b) at least 500 shares of attributable, displayed quotes or orders at the NBBO or better on the offer side of an MQP Security; and (ii) For at least 90% of the time when quotes can be entered in the Regular Market Session as averaged over the course of a month, must maintain: a) at least 2,500 shares of attributable, displayed posted liquidity on the Nasdaq Market Center that are priced no wider than 2% away from the NBBO on the bid side of an MQP Security; and b) at least 2,500 shares of attributable, displayed posted liquidity on the Nasdaq Market Center that are priced no wider than 2% away from the NBBO on the offer side of an MQP Security.

$100,000 per year when combined. The amount of the supplemental MQP Fee, if any, for each MQP Security will be determined by the MQP Company initially and will remain the same for one year. The Exchange will provide notification on its Web site regarding the amount, if any, of any supplemental MQP Fee determined by an MQP Company per MQP Security.[11]

The Exchange proposes to amend the basic MQP Fee and the supplemental MQP Fee. Specifically, the Exchange proposes to amend the MQP Fee as follows: the annual basic MQP fee will be $35,000; and the basic MQP Fee and supplemental MQP Fee when combined will not exceed $70,000. Thus, the supplemental MQP Fee as proposed may not be greater than $35,000 in addition to the basic MQP Fee. The 1:2 relationship between the basic and supplemental fee is preserved. That is, where currently the basic MQP Fee is $50,000 and the basic MQP Fee and supplemental MQP Fee when combined may not exceed $100,000 (twice the basic MQP Fee), the proposed basic MQP Fee is $35,000 and the basic MQP Fee and supplemental MQP Fee when combined may not exceed $70,000 (also twice the basic MQP Fee). Other than the MQP Fee, no other changes are proposed in this filing.

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11 In addition to the supplemental MQP fee, the Exchange will include on its web site the following information: (i) The identities of the MQP Companies, MQP Securities, and MQP Market Makers accepted into the MQP; (ii) any limits the Exchange may impose on the number of MQP Securities per MQP Company or MQP Market Makers per MQP Security in the MQP; (iii) any notification received by the Exchange that an MQP Company, on behalf of an MQP Security, or MQP Market Maker intends to withdraw from the MQP; and (iv) the dates that an MQP Company, on behalf of an MQP Security, commences participation in and is withdrawn or terminated from the MQP. Furthermore, an MQP Company will be required to disclose on a product-specific Web site that the MQP Security is participating in the MQP and will be required to provide a link on that Web site to the Exchange's MQP Web site.

The Exchange has discussed the structure and implementation of the Program with potential MQP Companies and MQP Market Makers. The Exchange believes that the proposal will help to incentivize MQP Companies to list ETF products, and MQP Market Makers to make quality markets through the MQP Program. The Exchange believes that its proposal, which would encourage Program implementation, will be beneficial to the market and market participants.

b. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.[12] In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[13] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes that its proposal to decrease the MQP Fee is wholly consistent with the Act and promotes the implementation and use of the MQP.

The goal of the MQP - to incentivize members to make high-quality, liquid markets - supports the primary goal of the Act to promote the development of a resilient and efficient national market system. The primary goal of the Act includes multiple policies such as price discovery, order interaction, and competition among orders and

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12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(5).

markets. The MQP as amended promotes all of these policies and will enhance quote competition, improve NASDAQ liquidity, support the quality of price discovery, promote market transparency and increase competition for listings and trade executions while reducing spreads and transaction costs. Maintaining and increasing liquidity in exchange-listed securities executed on a registered exchange will help raise investors' confidence in the fairness of the market and their transactions. Improving liquidity in this manner is particularly important with respect to ETFs and low-volume securities, as noted by the Joint CFTC/SEC Advisory Commission on Emerging Regulatory Issues.[14]

Each aspect of the MQP as amended adheres to and supports the Act. The Program promotes the equitable allocation of fees and dues among issuers. The MQP is completely voluntary in that it will provide an additional means by which issuers may relate to the Exchange without modifying the existing listing options. Issuers can supplement the standard listing fees (which have already been determined to be consistent with the Act) with those of the MQP (which are consistent with the Act as well). While the MQP will result in higher overall fees for issuers that choose to participate, the Exchange notes that the MQP Fee (both basic and supplemental) for participation in the Program is decidedly lower and would enable the issuers to receive

[14] See Recommendations Regarding Regulatory Responses To The Market Events Of May 6, 2010, February 18, 2011 (Recommendation that the SEC evaluate whether incentives or regulations can be developed to encourage persons who engage in market making strategies to regularly provide buy and sell quotations that are "reasonably related to the market."). Available at http://www.sec.gov/spotlight/sec-cftcjointcommittee/021811-report.pdf.

significant benefits for participating, including greater liquidity, and lower transaction costs for their investors.[15]

The MQP as amended also represents an equitable allocation of fees and dues among Market Makers. Again, the MQP is completely voluntary with respect to Market Maker participation in that it will provide an additional means by which members may qualify for a credit, without eliminating any of the existing means of qualifying for incentives on the Exchange. Currently, NASDAQ and other exchanges use multiple fee arrangements to incentivize Market Makers to maintain high quality markets or to improve the quality of executions, including various payment for order flow arrangements, liquidity provider credits, and NASDAQ's Investor Support Program (set forth in NASDAQ Rule 7014). Market Makers that choose to undertake increased burdens pursuant to the MQP will be rewarded with increased credits; those that do not undertake such burdens will receive no added benefit. As with issuers, Market Makers that choose to participate in the MQP will be permitted to withdraw from it after an initial commitment if they determine that the burdens imposed by the MQP outweigh the benefits provided.

Additionally, the MQP as amended reflects an equitable allocation of MQP Credits among Market Makers that choose to participate and fulfill the obligations imposed by the rule. If one Market Maker fulfills those obligations, the MQP Credit will be distributed by NASDAQ to that Market Maker out of the General Fund; and if

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15 Additionally, issuers will have the ability to withdraw from the Program after an initial commitment in the event they determine that participation is not beneficial. In that case, the withdrawing issuers will automatically revert to the already-approved fee schedule applicable to the market tier in which their shares are listed.

multiple Market Makers satisfy the standard, the MQP Credit will be distributed pro rata among them. In other words, all of the benefit of the MQP Credits will flow to high-performing Market Makers, provided that at least one Market Maker fulfills the obligations under the proposed rule.

The MQP as amended is designed to avoid unfair discrimination among Market Makers and issuers. The proposed rule contains objective, measurable (universal) standards that NASDAQ will apply with care. These standards will be applied equally to ensure that similarly situated parties are treated similarly. This is equally true for inclusion of issuers and Market Makers, withdrawal of issuers and Market Makers, and termination of eligibility for the MQP. The standards are carefully constructed to protect the rights of all parties wishing to participate in the Program by providing notice of requirements and a description of the selection process. NASDAQ will apply these standards with the same care and experience with which it applies the many similar rules and standards in NASDAQ's rule manuals. The MQP Fee as amended and the credit to Market Makers will be applied uniformly to all in the Program that maintain Program standards.

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 program offerings to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. NASDAQ believes that all aspects of the proposed rule change reflect this competitive environment because the MQP is designed to increase the credits provided to members that enhance NASDAQ's market quality.[16]

The proposal to lower the MQP Fee is commensurate with the goals of the Act, in compliance with the Act, and raises no new issues that have not already been discussed. The proposal is non-controversial in nature.

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. To the contrary, NASDAQ believes that its proposal is pro-competitive in that it will incentivize the use of the MQP and increase competition in both the listings market and in the transaction services market. This proposal, like the MQP, will promote competition in the listings market by advancing NASDAQ's reputation as an exchange that works tirelessly to develop a better market for all issuers, and for partnering with issuers to improve the quality of trading on NASDAQ. In fact, this proposal, and the MQP itself, is a response to the competition provided by other markets that have developed competing programs, including NYSE Arca and BATS.

The MQP as amended promotes competition in the transaction services market by creating incentives for market makers to make better quality markets. As market makers strive to attain the quality standards established by the MQP, the quality of NASDAQ's quotes will improve. This, in turn, will attract more liquidity to NASDAQ and further

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16 NASDAQ notes that, as discussed, the proposed paid for market making system has been used successfully for years on NASDAQ Nordic's First North market and has been beneficial to market participants including investors and listing companies (issuers) that have experienced market quality and liquidity with narrowed spreads.

improve the quality of trading of MQP stocks. Market quality and liquidity is paramount to NASDAQ, as also to other exchanges. As discussed, competing markets have created incentives of their own to improve the quality of their markets and to attract liquidity to their markets.

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,[17] 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.

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.

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[17] 15 U.S.C. 78s(b)(3)(A)(ii).

11. Exhibits

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

5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2015-025)

March ___, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Rule 5950

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 March 19, 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 amend the Market Quality Program (“MQP” or “Program”) fee (“MQP Fee”) in Rule 5950, entitled Market Quality Program.

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.

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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, 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

The purpose of this proposal is to amend the MQP Fee in section (b)(2) of Rule 5950. No other changes to the MQP are proposed.

The MQP enables market makers that voluntarily commit to and do in fact enhance the market quality, in terms of quoted spreads and liquidity, of certain securities listed on the Exchange to qualify for a fee credit. These market makers are eligible for a fee credit only to the extent that they maintain stringent quoting and liquidity standards set forth in the Program. The MQP is a one year pilot, during which time the Exchange will periodically provide information to the Commission about market quality in respect of the MQP. NASDAQ believes that the MQP will be beneficial to issuers, investors and other market participants, and to the economy in general by significantly enhancing the quality of the market and trading in listed securities.

The Commission approved the MQP as a pilot program.[3] The pilot program has not commenced. At this time, there are no MQP Companies[4] or MQP Market Makers[5] in

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3 See Securities Exchange Act Release No. 69195 (March 20, 2013), 78 FR 18393 (March 26, 2013) (SR-NASDAQ-2012-137) (order granting approval of Market

the Program.[6] During this interim period, the Exchange is proposing to reduce the MQP Fee to enhance the competitive nature of the Program.[7]

Current Rule 5950 discusses the Market Quality Program. MQP Securities consist of ETF securities issued by an MQP Company and listed on the Exchange

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Quality Program) (SR-NASDAQ-2012-137) ("MQP order"). See also Securities Exchange Act Release No. 68515 (December 21, 2012), 77 FR 77141 (December 31, 2012) (SR-NASDAQ-2012-137) (notice of filing Market Quality Program as pilot, with extensive description of program) ("MQP proposal"). In the MQP proposal the Exchange noted the need for the MQP and positive results of such programs, the extensive positive academic studies, and the success of the thirteen year old NASDAQ First North market incentive program that is similar in nature to the MQP.

4 The term "MQP Company" is defined in Rule 5950(e)(5) as the trust or company housing the Exchange Traded Fund("ETF") or, if the ETF is not a series of a trust or company, then the Exchange Traded Fund itself. MQP Fees for MQP Securities will be paid by the Sponsors associated with the MQP Companies. The term "Sponsor" means the registered investment adviser that provides investment management services to an MQP Company or any of such adviser's parents or subsidiaries. The term "Exchange Traded Fund" is defined in Rule 5950(e)(2) includes Portfolio Depository Receipts and Index Fund Shares, which are defined in NASDAQ Rule 5705; the Exchange believes, as noted in the MQP proposal, that predominantly ETFs will be listed on the MQP.

5 The term "Market Maker" is defined in Rule 5005(a)(24) as a dealer that, with respect to a security, holds itself out (by entering quotations in the NASDAQ Market Center) as being willing to buy and sell such security for its own account on a regular and continuous basis and that is registered as such.

6 Section (f) of Rule 5950 states, in relevant part, that the MQP will be effective for a one year pilot period that will commence when the Program is implemented by Exchange acceptance of an MQP Company, on behalf of an MQP Security, and relevant MQP Market Maker into the Program.

7 See, e.g., Securities Exchange Act Release No. 69706 (June 6, 2013), 78 FR 35340 (June 12, 2013) (SR-NYSEArca-2013-34) (order granting approval of NYSE Arca incentive pilot program). See also Securities Exchange Act Release No. 66307 (February 2, 2012), 77 FR 6608 (February 8, 2012) (SR-BATS-2011-051) (order granting approval of BATS Competitive Liquidity Provider program).

pursuant to NASDAQ Rule 5705.[8] In addition to the standard (non-MQP) Exchange listing fee applicable to an MQP Security set forth in the NASDAQ Rule 5000 Series an MQP Company may incur a fee known as an MQP Fee, on behalf of an MQP Security, to participate in the Program. The MQP Fee will be paid by a Sponsors associated with an MQP Company.[9] The MQP Fee will be used for the purpose of incentivizing one or more MQP Market Makers to enhance the market quality of an MQP Security. Subject to the conditions set forth in the proposed rule, this incentive payment will be credited ("MQP Credit") pro rata to one or more MQP Market Makers that meet quoting and trading requirements in the MQP Security and thereby make a high-quality market in the MQP Security.[10]

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[8] The term "MQP Security" is defined in Rule 5950(e)(1) as an ETF security issued by an MQP Company that meets all of the requirements to be listed on NASDAQ pursuant to Rule 5705.

[9] See Rule 5950(b)(2)(C)(i). The term "Sponsor" is defined in Rule 5950(e)(5) to mean the registered investment adviser that provides investment management services to an MQP Company or any of the adviser's parents or subsidiaries.

[10] See Rule 5950(c). For an MQP Market Maker to be eligible to receive MQP Credit when making markets in MQP Securities, the MQP Market Maker must, in addition to meeting applicable Market Maker obligations pursuant to Rule 4613, on a monthly basis meet or exceed section (c) quoting and trading requirements that include, in relevant part: (i) For at least 25% of the time when quotes can be entered in the Regular Market Session as averaged over the course of a month, must maintain: a) at least 500 shares of attributable, displayed quotes or orders at the NBBO or better on the bid side of an MQP Security; and b) at least 500 shares of attributable, displayed quotes or orders at the NBBO or better on the offer side of an MQP Security; and (ii) For at least 90% of the time when quotes can be entered in the Regular Market Session as averaged over the course of a month, must maintain: a) at least 2,500 shares of attributable, displayed posted liquidity on the Nasdaq Market Center that are priced no wider than 2% away from the NBBO on the bid side of an MQP Security; and b) at least 2,500 shares of attributable, displayed posted liquidity on the Nasdaq Market Center that are priced no wider than 2% away from the NBBO on the offer side of an MQP Security.

Currently, per Rule 5950(b)(2), an MQP Company participating in the MQP will incur an annual basic MQP Fee of $50,000 per MQP Security ("basic MQP Fee"), which must be paid to the Exchange prospectively each quarter. An MQP Company may also, on an annual basis, voluntarily select to incur an annual supplemental MQP Fee per MQP Security ("supplemental MQP Fee"), which must be paid to the Exchange prospectively each quarter. Currently, the basic MQP Fee and supplemental MQP Fee cannot exceed $100,000 per year when combined. The amount of the supplemental MQP Fee, if any, for each MQP Security will be determined by the MQP Company initially and will remain the same for one year. The Exchange will provide notification on its Web site regarding the amount, if any, of any supplemental MQP Fee determined by an MQP Company per MQP Security.[11]

The Exchange proposes to amend the basic MQP Fee and the supplemental MQP Fee. Specifically, the Exchange proposes to amend the MQP Fee as follows: the annual basic MQP fee will be $35,000; and the basic MQP Fee and supplemental MQP Fee when combined will not exceed $70,000. Thus, the supplemental MQP Fee as proposed may not be greater than $35,000 in addition to the basic MQP Fee. The 1:2 relationship between the basic and supplemental fee is preserved. That is, where currently the basic

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11 In addition to the supplemental MQP fee, the Exchange will include on its web site the following information: (i) The identities of the MQP Companies, MQP Securities, and MQP Market Makers accepted into the MQP; (ii) any limits the Exchange may impose on the number of MQP Securities per MQP Company or MQP Market Makers per MQP Security in the MQP; (iii) any notification received by the Exchange that an MQP Company, on behalf of an MQP Security, or MQP Market Maker intends to withdraw from the MQP; and (iv) the dates that an MQP Company, on behalf of an MQP Security, commences participation in and is withdrawn or terminated from the MQP. Furthermore, an MQP Company will be required to disclose on a product-specific Web site that the MQP Security is participating in the MQP and will be required to provide a link on that Web site to the Exchange's MQP Web site.

MQP Fee is $50,000 and the basic MQP Fee and supplemental MQP Fee when combined may not exceed $100,000 (twice the basic MQP Fee), the proposed basic MQP Fee is $35,000 and the basic MQP Fee and supplemental MQP Fee when combined may not exceed $70,000 (also twice the basic MQP Fee). Other than the MQP Fee, no other changes are proposed in this filing.

The Exchange has discussed the structure and implementation of the Program with potential MQP Companies and MQP Market Makers. The Exchange believes that the proposal will help to incentivize MQP Companies to list ETF products, and MQP Market Makers to make quality markets through the MQP Program. The Exchange believes that its proposal, which would encourage Program implementation, will be beneficial to the market and market participants.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.[12] In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[13] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(5).

interest. The Exchange believes that its proposal to decrease the MQP Fee is wholly consistent with the Act and promotes the implementation and use of the MQP.

The goal of the MQP - to incentivize members to make high-quality, liquid markets - supports the primary goal of the Act to promote the development of a resilient and efficient national market system. The primary goal of the Act includes multiple policies such as price discovery, order interaction, and competition among orders and markets. The MQP as amended promotes all of these policies and will enhance quote competition, improve NASDAQ liquidity, support the quality of price discovery, promote market transparency and increase competition for listings and trade executions while reducing spreads and transaction costs. Maintaining and increasing liquidity in exchange-listed securities executed on a registered exchange will help raise investors' confidence in the fairness of the market and their transactions. Improving liquidity in this manner is particularly important with respect to ETFs and low-volume securities, as noted by the Joint CFTC/SEC Advisory Commission on Emerging Regulatory Issues.[14]

Each aspect of the MQP as amended adheres to and supports the Act. The Program promotes the equitable allocation of fees and dues among issuers. The MQP is completely voluntary in that it will provide an additional means by which issuers may relate to the Exchange without modifying the existing listing options. Issuers can supplement the standard listing fees (which have already been determined to be consistent with the Act) with those of the MQP (which are consistent with the Act as

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14 See Recommendations Regarding Regulatory Responses To The Market Events Of May 6, 2010, February 18, 2011 (Recommendation that the SEC evaluate whether incentives or regulations can be developed to encourage persons who engage in market making strategies to regularly provide buy and sell quotations that are "reasonably related to the market."). Available at http://www.sec.gov/spotlight/sec-cftcjointcommittee/021811-report.pdf.

well). While the MQP will result in higher overall fees for issuers that choose to participate, the Exchange notes that the MQP Fee (both basic and supplemental) for participation in the Program is decidedly lower and would enable the issuers to receive significant benefits for participating, including greater liquidity, and lower transaction costs for their investors.[15]

The MQP as amended also represents an equitable allocation of fees and dues among Market Makers. Again, the MQP is completely voluntary with respect to Market Maker participation in that it will provide an additional means by which members may qualify for a credit, without eliminating any of the existing means of qualifying for incentives on the Exchange. Currently, NASDAQ and other exchanges use multiple fee arrangements to incentivize Market Makers to maintain high quality markets or to improve the quality of executions, including various payment for order flow arrangements, liquidity provider credits, and NASDAQ's Investor Support Program (set forth in NASDAQ Rule 7014). Market Makers that choose to undertake increased burdens pursuant to the MQP will be rewarded with increased credits; those that do not undertake such burdens will receive no added benefit. As with issuers, Market Makers that choose to participate in the MQP will be permitted to withdraw from it after an initial commitment if they determine that the burdens imposed by the MQP outweigh the benefits provided.

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15 Additionally, issuers will have the ability to withdraw from the Program after an initial commitment in the event they determine that participation is not beneficial. In that case, the withdrawing issuers will automatically revert to the already-approved fee schedule applicable to the market tier in which their shares are listed.

Additionally, the MQP as amended reflects an equitable allocation of MQP Credits among Market Makers that choose to participate and fulfill the obligations imposed by the rule. If one Market Maker fulfills those obligations, the MQP Credit will be distributed by NASDAQ to that Market Maker out of the General Fund; and if multiple Market Makers satisfy the standard, the MQP Credit will be distributed pro rata among them. In other words, all of the benefit of the MQP Credits will flow to high-performing Market Makers, provided that at least one Market Maker fulfills the obligations under the proposed rule.

The MQP as amended is designed to avoid unfair discrimination among Market Makers and issuers. The proposed rule contains objective, measurable (universal) standards that NASDAQ will apply with care. These standards will be applied equally to ensure that similarly situated parties are treated similarly. This is equally true for inclusion of issuers and Market Makers, withdrawal of issuers and Market Makers, and termination of eligibility for the MQP. The standards are carefully constructed to protect the rights of all parties wishing to participate in the Program by providing notice of requirements and a description of the selection process. NASDAQ will apply these standards with the same care and experience with which it applies the many similar rules and standards in NASDAQ's rule manuals. The MQP Fee as amended and the credit to Market Makers will be applied uniformly to all in the Program that maintain Program standards.

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 program offerings to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. NASDAQ believes that all aspects of the proposed rule change reflect this competitive environment because the MQP is designed to increase the credits provided to members that enhance NASDAQ's market quality.[16]

The proposal to lower the MQP Fee is commensurate with the goals of the Act, in compliance with the Act, and raises no new issues that have not already been discussed. The proposal is non-controversial in nature.

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. To the contrary, NASDAQ believes that its proposal is pro-competitive in that it will incentivize the use of the MQP and increase competition in both the listings market and in the transaction services market. This proposal, like the MQP, will promote competition in the listings market by advancing NASDAQ's reputation as an exchange that works tirelessly to develop a better market for all issuers, and for partnering with issuers to improve the quality of trading on NASDAQ. In fact, this proposal, and the MQP itself, is a response to the competition provided by other markets that have developed competing programs, including NYSE Arca and BATS.

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16 NASDAQ notes that, as discussed, the proposed paid for market making system has been used successfully for years on NASDAQ Nordic's First North market and has been beneficial to market participants including investors and listing companies (issuers) that have experienced market quality and liquidity with narrowed spreads.

The MQP as amended promotes competition in the transaction services market by creating incentives for market makers to make better quality markets. As market makers strive to attain the quality standards established by the MQP, the quality of NASDAQ's quotes will improve. This, in turn, will attract more liquidity to NASDAQ and further improve the quality of trading of MQP stocks. Market quality and liquidity is paramount to NASDAQ, as also to other exchanges. As discussed, competing markets have created incentives of their own to improve the quality of their markets and to attract liquidity to their markets.

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,[17] 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.

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17 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-025 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-2015-025. 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-2015-025 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.[18]

Kevin M. O'Neill
Deputy Secretary

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[18] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new text is underlined; Deleted text is [bracketed].

NASDAQ Stock Market Rules

Equity Rules

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5950. Market Quality Program

Preamble. The Market Quality Program ("MQP" or "Program") is a voluntary program designed to promote market quality in certain securities listed on Nasdaq. An MQP Company may list an eligible MQP Security on Nasdaq and in addition to the standard (non-MQP) Nasdaq listing fee set forth in the Rule 5000 Series (consisting of Rules 5000-5999), a Sponsor may pay a fee ("MQP Fee") in order for the MQP Company, on behalf of an MQP Security, to participate in the Program. An MQP Fee will be used for the purpose of incentivizing one or more Market Makers in the MQP Security ("MQP Market Maker") to enhance the market quality of the MQP Security. Subject to the conditions set forth in this rule, this incentive will be credited ("MQP Credit") to one or more MQP Market Makers that make a quality market in the MQP Security pursuant to the Program.

(a) No Change.

(b) MQP Company Participation and Fee Liability.

(1) No Change.

(2) MQP Fees.

(A) An MQP Company participating in the MQP shall incur an annual basic MQP Fee of $[50,000]35,000 per MQP Security. The basic MQP Fee must be paid to NASDAQ prospectively on a quarterly basis.

(B) An MQP Company may also incur an annual supplemental MQP Fee per MQP Security. The basic MQP Fee and supplemental MQP Fee when combined may not exceed $[100,000]70,000 per year. The supplemental MQP Fee is a fee selected by an MQP Company on an annual basis, if at all. The supplemental MQP Fee must be paid to NASDAQ prospectively on a quarterly basis.

(i) The amount of the supplemental MQP Fee, if any, will be determined by the MQP Company initially per MQP Security and will remain the same for the period of a year.

(ii) Nasdaq will provide notification on its website regarding the amount, if any, of any supplemental MQP Fee determined by an MQP Company per MQP Security.

(C) - (E) No Change.

(c) - (f) No Change.

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