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

Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2015 - * 162
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 *).

Proposal to amend Nasdaq Rule 7015 to clarify the connectivity options and application of the fees assessed.

Contact Information

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

First Name * Sean Last Name * Bennett

Title * Associate General Counsel

E-mail * Sean.Bennett@nasdaq.com

Telephone * (301) 978-8499 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 12/23/2015

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

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.

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 "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposal to amend Nasdaq Rule 7015 to clarify the connectivity options and application of the fees assessed thereunder.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is set forth in Exhibit 5 attached hereto.

(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 Nasdaq on July 1, 2015. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to T. Sean Bennett, Associate General Counsel, Office of General Counsel, Nasdaq, Inc., at (301) 978-8499.

---

[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

Rule 7015 provides the charges Nasdaq assesses for equity securities market connectivity to systems operated by Nasdaq. Nasdaq is amending Rule 7015 in seven ways: (1) to clarify how Rule 7015 applies to FINRA systems; (2) to clarify the term "port pair"; (3) to clarify QIX protocol connectivity options; (4) to clarify FIX protocol connectivity options; (5) to eliminate outdated CTCI connectivity options that rely on Nasdaq-supported circuits; (6) to eliminate CTCI connectivity as it relates to FINRA/NASDAQ Trade Reporting Facility; and (7) to add clarifying rule text and numbering to the section of the rule concerning other port fees.

First, Nasdaq is proposing to add clarifying language to the preamble of the rule. Specifically, Nasdaq is proposing to note that the various connectivity options under the rule include connectivity to systems operated by FINRA. Although Nasdaq believes that it is clear that some of the systems listed are operated by FINRA (e.g., FINRA's OTCBB Service), the Exchange believes that expressly stating that the systems include those of FINRA will make the rule more clear. Nasdaq is also updating the list of FINRA systems that the connectivity options under the rule may connect to. Nasdaq notes that, from time to time, new systems are added by Nasdaq and FINRA, and Nasdaq is taking this opportunity to update the rule with all of the FINRA systems covered by the rule. As such, Nasdaq is updating the rule to include the FINRA Trade Reporting and Compliance Engine ("TRACE"), and the FINRA OTC Reporting Facility ("ORF").

Second, Nasdaq is proposing to clarify the use of the term "port pair," which is used inconsistently under the rule. For certain ports under Rule 7015 that are used for either trading or data, Nasdaq additionally provides a disaster recovery port at no cost. Such a disaster recovery port provides connectivity to Nasdaq's or FINRA's disaster recovery location in the event of a failure of Nasdaq's or FINRA's primary trading infrastructure. Nasdaq has provided disaster recovery ports at no cost since 2006 to encourage member firms to maintain such connectivity in the event of a market disruption so that the market as a whole could continue to operate.[3] As noted, Nasdaq has not used the term port pair consistently under the rule, whereby in certain cases, port pair is not noted in the rule yet Nasdaq provides a disaster recovery port nonetheless.[4] Accordingly, the Exchange is eliminating the term port pair and is clarifying the rule by specifically noting when a disaster recovery port is available for a particular protocol under a rule.[5]

Third, Nasdaq is reorganizing and adding language to subparagraph (a) of Rule 7015 to list all QIX connectivity provided by Nasdaq and to clarify that the fee assessed for QIX trading ports applies to ports that are used exclusively for FINRA connectivity.

---

3 Although Nasdaq encourages all member firms and options participants to have and use disaster recovery ports and to participate in disaster recovery testing, the Exchange historically was unable to compel a member firm to connect to, or otherwise take the steps necessary to, use a disaster recovery port. Nasdaq recently adopted rules to require mandatory business continuity and disaster recovery plans testing by certain member firms and options participants, consistent with Regulation SCI. See Rule 1170; see also Securities Exchange Act Release No. 76368 (November 5, 2015), 80 FR 70045 (November 12, 2015) (SR-NASDAQ-2015-134). As a consequence, certain member firms will be required to use disaster recovery ports and participate in business continuity and disaster recovery plans testing.

4 For example, a FIX Trading Port under Rule 7015(b).

5 A disaster recovery port is available for QIX, FIX, and CTCI protocol ports under Rules 7015(a), (b), (c). Disaster recovery ports are also available for all of the ports available under Rule 7015(g)(2).

QIX is a proprietary messaging protocol that allows a member firm to send and receive messages relating to quotes and order entry. A QIX port may be used exclusively for connectivity to Nasdaq or to FINRA's OTCBB. Nasdaq assesses a fee of $1,200 per port,[6] per month for QIX connectivity to FINRA.[7] Thus, a member firm that wishes to connect to both Nasdaq and FINRA using the QIX protocol must have two separate ports. Nasdaq assesses a fee for QIX ports used exclusively for connectivity to facilities of FINRA, but not for ports used for connectivity to Nasdaq. As such, Nasdaq is adding new text that clarifies that the charge under the rule applies to QIX ports used for FINRA quoting and/or trading, and new language that clarifies that QIX ports used for Nasdaq quoting and/or trading are provided at no cost. Nasdaq is also eliminating the ECN direct connection port pair connectivity option from the rule as it is based on outdated technology and Nasdaq does not have any subscribers to it. Lastly, Nasdaq is deleting the existing rule text concerning unsolicited message ports and is adding new rule text making it clear that such ports are for FINRA connectivity.

Fourth, Nasdaq is proposing to add clarifying rule text to subparagraph (b) of the rule, which concerns fees assessed for FIX ports. A FIX port is a trading port using a FIX-based telecommunication protocol. FIX, an abbreviation for Financial Information

---

6 Unlike other protocols such as FIX, subscription to QIX provides three physical connections to either Nasdaq or FINRA. The QIX connectivity option is architected in this manner to increase throughput performance by separating unsolicited message streams from quote/order entry and response streams, and to separate a member firm's proprietary quote information from customer orders that are reflected in its quotes. For purposes of assessing a fee, the QIX trading functionality is deemed to be a single port.

7 Under Rule 7015(a), a member firm may subscribe to a QIX trading port, and a QIX unsolicited message port. An unsolicited message port is not used for trading, but rather provides information concerning orders such as order status and execution reports.

eXchange, is a standard message protocol that defines an electronic message exchange for communicating securities transactions between two parties. Nasdaq offers four FIX-based trading ports, which vary based on messaging formats and capability. Nasdaq is proposing to list these four protocols under the rule that a member firm may select when subscribing to a FIX trading port. Similarly, Nasdaq is adding clarifying language to the FIX Port for Services Other than Trading subscription. A FIX Port for Services Other than Trading provides subscribers with a non-trading port that is used solely to report over the counter trades for tape reporting and/or clearing purposes. Nasdaq is proposing to list each venue to which a FIX Port for Services Other than Trading may connect a member firm. Lastly, Nasdaq is adding language to the rule noting that disaster recovery ports are available for FIX connectivity at no charge.

Fifth, Nasdaq is proposing to eliminate rule text under subparagraph (c) of the rule that concerns bandwidth-based connectivity options to connect to a CTCI station and related fees. The deleted table of fees concerns CTCI connectivity that relies on Nasdaq-supported circuits. These circuits are based on outdated technology and Nasdaq does not have any subscribers to any of these circuits. Member firms instead use third party connectivity to access their CTCI stations. Nasdaq is also adding language to the subparagraph noting that disaster recovery ports are available for CTCI station connectivity at no charge.

Sixth, Nasdaq is proposing to eliminate CTCI connectivity from subparagraph (e) of the rule, which concerns specialized services related to the FINRA/NASDAQ Trade Reporting Facility. Nasdaq is proposing to eliminate the connectivity option because this add on fee is directly related to the CTCI connectivity options Nasdaq is proposing to eliminate, rendering it moot.

Seventh, Nasdaq is proposing to add clarifying rule text and numbering to subparagraph (g) of the rule, which concerns other port fees. Subparagraph (g) contains all other connectivity options available that are not otherwise described in Rule 7015. These connectivity options include wireless connectivity (specifically Multicast Wave Ports), and other trading and telecommunications ports. Under the rule, the Exchange assesses a charge of $550 per month for each port pair, other than Multicast ITCH data feed pairs, for which the fee is $1,000 per month for software-based TotalView-ITCH or $2,500 per month for combined software- and hardware-based TotalView-ITCH, and TCP ITCH data feed pairs, for which the fee is $750 per month. The Exchange also assesses an additional charge of $200 per month for each port used for entering orders or quotes over the Internet. Lastly, the Exchange assesses an additional charge of $600 per month for each port used for market data delivery over the Internet. The Exchange is proposing to list each connectivity option provided under the rule and the related fee.

Under subparagraph (g) of the rule, a member firm may subscribe to other port pairs not otherwise noted in the rule. Such port pairs may be OUCH and RASH protocol ports or Drop ports. The Exchange is proposing to describe each of these options under the rule separately. Member firms may subscribe to trading ports, which are exclusively used for testing purposes. These ports may not be used for trading in securities in the System, and are provided at no cost. The Exchange is adding rule text noting that these test ports may be subscribed to under the rule. The Exchange also provides optional backup ports for OUCH port subscribers at no cost. OUCH backup ports are similar to disaster recovery ports; however, unlike disaster recovery ports that provide backup connectivity to the Exchange's disaster recovery location in Chicago, OUCH backup ports provide alternative port hardware in the event of a failure of the primary port hardware in the primary connectivity location in Carteret. The Exchange notes that OUCH ports have the largest number of subscribers and the hardware used for OUCH ports houses the largest number of member firms per hardware unit, therefore representing the greatest potential impact to the market should there be a hardware failure. Accordingly, the Exchange determined that offering OUCH backup ports will help ensure there is minimal market impact should there be an OUCH port hardware failure. The Exchange is adding OUCH backup ports as a service that may be subscribed to at no cost. The Exchange also provides data retransmission ports at no cost. Data retransmission ports allow a subscriber to replay market data, in the event the data was missed in live feed or for verification purposes. Data retransmission ports only allow replay of the current trading day and do not provide data concerning prior trading days' data. The Exchange is adding rule text noting that data retransmission ports may be subscribed to under the rule. The Exchange is also expressly noting that disaster recovery ports are available for the connectivity options under the rule at no cost. Lastly, the Exchange is proposing to eliminate the two subscription options and related fees provided under subparagraph (g) of the rule assessed for ports that are used for entering orders or quotes over the Internet, and ports that are used for market data delivery over the Internet. The Exchange notes that it is eliminating these ports because they are outmoded means of connecting to the Exchange and neither have any subscribers.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which Nasdaq operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the clarifying changes to the rule protect investors and the public interest because they explicitly describe the fees assessed for all ports under the rule. Describing all services covered by the rule will serve to avoid investor confusion over the scope of what connectivity options are available, and the costs of such options. The Exchange notes that it is not adding new connectivity options or functionality, but is rather describing more specifically what is currently offered under the rule. In this regard, the Exchange is adding new rule text that describes all functionality available under each subparagraph of the rule and is reorganizing some rule

---

8 15 U.S.C. 78f (b).

9 15 U.S.C. 78f(b)(4) and (5).

text under the rule in an effort to make the rule clearer. The Exchange notes that much of the new text concerns testing ports, and ports used in the event of a disaster or hardware failure. These ports help ensure that a fair and orderly market is maintained by allowing member firms to test their systems prior to connecting to the live trading environment, and to provide backup connectivity in the event of a failure or disaster. Thus, the Exchange believes the proposed clarifying changes are consistent with the protection of investors and the public interest.

The Exchange believes that the proposed deletion of the ECN direct connection port pair under Rule 7014(a), the deletion of the CTCI connectivity options under Rule 7014(c) and (e), as well as the deletion of the Internet-based port fees under Rule 7014(g), are reasonable, equitably allocated, and not unfairly discriminatory because there are no subscribers to these connectivity options, all of which are based on outmoded means of connecting to the Exchange. As a consequence, no member firms will be impacted by deletion of the connectivity options. The Exchange notes that it is not altering the charges assessed for the remaining connectivity options under Rule 7015.

4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, Nasdaq is making clarifying changes to Rule 7015, which does not impose any burden on competition whatsoever. To the contrary, the proposed change facilitates competition by clarifying what connectivity options are provided by the Exchange, thereby informing other market venues a better understanding of what connectivity options are available for Nasdaq. With that better understanding, other market venues may improve existing connectivity options or offer new connectivity options to compete with Nasdaq. Accordingly, the proposed changes do not inhibit market participants' ability to compete among each other, nor do they impose any burden on competition among market venues, but rather may promote competition among market venues.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act[10] and paragraph (f)(6) of Rule 19b-4 thereunder,[11] in that the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. As discussed above,

---

[10] 15 U.S.C. 78s(b)(3)(A).

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

the proposed change will contribute to the protection of investors and the public interest by describing all services and connectivity options covered by the rule, which will serve to avoid investor confusion over the scope of what connectivity options are available and the costs of such options. The proposed change will not place a burden on competition among market participants because it will clarify the rule. Clarifying the rule may promote competition by providing other market venues a better understanding of Nasdaq's connectivity options and the opportunity to offer similar functionality at a lower cost.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

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

Not applicable.

11. <u>Exhibits</u>

Exhibit 1 – Form of Notice of Proposed Rule Change for <u>Federal Register</u>

Exhibit 5 – Text of Proposed Changes

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2015-162)

December __, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Nasdaq Rule 7015

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 December 23, 2015, The NASDAQ Stock Market LLC ("Nasdaq" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Nasdaq is proposing to amend Nasdaq Rule 7015 to clarify the connectivity options and application of the fees assessed thereunder.

The text of the proposed rule change is available at nasdaq.cchwallstreet.com at Nasdaq principal office, 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, Nasdaq included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it

---

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

2 17 CFR 240.19b-4.

received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

Rule 7015 provides the charges Nasdaq assesses for equity securities market connectivity to systems operated by Nasdaq. Nasdaq is amending Rule 7015 in seven ways: (1) to clarify how Rule 7015 applies to FINRA systems; (2) to clarify the term “port pair”; (3) to clarify QIX protocol connectivity options; (4) to clarify FIX protocol connectivity options; (5) to eliminate outdated CTCI connectivity options that rely on Nasdaq-supported circuits; (6) to eliminate CTCI connectivity as it relates to FINRA/NASDAQ Trade Reporting Facility; and (7) to add clarifying rule text and numbering to the section of the rule concerning other port fees.

First, Nasdaq is proposing to add clarifying language to the preamble of the rule. Specifically, Nasdaq is proposing to note that the various connectivity options under the rule include connectivity to systems operated by FINRA. Although Nasdaq believes that it is clear that some of the systems listed are operated by FINRA (e.g., FINRA’s OTCBB Service), the Exchange believes that expressly stating that the systems include those of FINRA will make the rule more clear. Nasdaq is also updating the list of FINRA systems that the connectivity options under the rule may connect to. Nasdaq notes that, from time to time, new systems are added by Nasdaq and FINRA, and Nasdaq is taking this opportunity to update the rule with all of the FINRA systems covered by the rule. As such, Nasdaq is updating the rule to include the FINRA Trade Reporting and Compliance Engine ("TRACE"), and the FINRA OTC Reporting Facility ("ORF").

Second, Nasdaq is proposing to clarify the use of the term "port pair," which is used inconsistently under the rule. For certain ports under Rule 7015 that are used for either trading or data, Nasdaq additionally provides a disaster recovery port at no cost. Such a disaster recovery port provides connectivity to Nasdaq's or FINRA's disaster recovery location in the event of a failure of Nasdaq's or FINRA's primary trading infrastructure. Nasdaq has provided disaster recovery ports at no cost since 2006 to encourage member firms to maintain such connectivity in the event of a market disruption so that the market as a whole could continue to operate.[3] As noted, Nasdaq has not used the term port pair consistently under the rule, whereby in certain cases, port pair is not noted in the rule yet Nasdaq provides a disaster recovery port nonetheless.[4] Accordingly, the Exchange is eliminating the term port pair and is clarifying the rule by

---

3 Although Nasdaq encourages all member firms and options participants to have and use disaster recovery ports and to participate in disaster recovery testing, the Exchange historically was unable to compel a member firm to connect to, or otherwise take the steps necessary to, use a disaster recovery port. Nasdaq recently adopted rules to require mandatory business continuity and disaster recovery plans testing by certain member firms and options participants, consistent with Regulation SCI. See Rule 1170; see also Securities Exchange Act Release No. 76368 (November 5, 2015), 80 FR 70045 (November 12, 2015) (SR-NASDAQ-2015-134). As a consequence, certain member firms will be required to use disaster recovery ports and participate in business continuity and disaster recovery plans testing.

4 For example, a FIX Trading Port under Rule 7015(b).

specifically noting when a disaster recovery port is available for a particular protocol under a rule.[5]

Third, Nasdaq is reorganizing and adding language to subparagraph (a) of Rule 7015 to list all QIX connectivity provided by Nasdaq and to clarify that the fee assessed for QIX trading ports applies to ports that are used exclusively for FINRA connectivity. QIX is a proprietary messaging protocol that allows a member firm to send and receive messages relating to quotes and order entry. A QIX port may be used exclusively for connectivity to Nasdaq or to FINRA's OTCBB. Nasdaq assesses a fee of $1,200 per port,[6] per month for QIX connectivity to FINRA.[7] Thus, a member firm that wishes to connect to both Nasdaq and FINRA using the QIX protocol must have two separate ports. Nasdaq assesses a fee for QIX ports used exclusively for connectivity to facilities of FINRA, but not for ports used for connectivity to Nasdaq. As such, Nasdaq is adding new text that clarifies that the charge under the rule applies to QIX ports used for FINRA quoting and/or trading, and new language that clarifies that QIX ports used for Nasdaq quoting and/or trading are provided at no cost. Nasdaq is also eliminating the ECN direct

---

5 A disaster recovery port is available for QIX, FIX, and CTCI protocol ports under Rules 7015(a), (b), (c). Disaster recovery ports are also available for all of the ports available under Rule 7015(g)(2).

6 Unlike other protocols such as FIX, subscription to QIX provides three physical connections to either Nasdaq or FINRA. The QIX connectivity option is architected in this manner to increase throughput performance by separating unsolicited message streams from quote/order entry and response streams, and to separate a member firm's proprietary quote information from customer orders that are reflected in its quotes. For purposes of assessing a fee, the QIX trading functionality is deemed to be a single port.

7 Under Rule 7015(a), a member firm may subscribe to a QIX trading port, and a QIX unsolicited message port. An unsolicited message port is not used for trading, but rather provides information concerning orders such as order status and execution reports.

connection port pair connectivity option from the rule as it is based on outdated technology and Nasdaq does not have any subscribers to it. Lastly, Nasdaq is deleting the existing rule text concerning unsolicited message ports and is adding new rule text making it clear that such ports are for FINRA connectivity.

Fourth, Nasdaq is proposing to add clarifying rule text to subparagraph (b) of the rule, which concerns fees assessed for FIX ports. A FIX port is a trading port using a FIX-based telecommunication protocol. FIX, an abbreviation for Financial Information eXchange, is a standard message protocol that defines an electronic message exchange for communicating securities transactions between two parties. Nasdaq offers four FIX-based trading ports, which vary based on messaging formats and capability. Nasdaq is proposing to list these four protocols under the rule that a member firm may select when subscribing to a FIX trading port. Similarly, Nasdaq is adding clarifying language to the FIX Port for Services Other than Trading subscription. A FIX Port for Services Other than Trading provides subscribers with a non-trading port that is used solely to report over the counter trades for tape reporting and/or clearing purposes. Nasdaq is proposing to list each venue to which a FIX Port for Services Other than Trading may connect a member firm. Lastly, Nasdaq is adding language to the rule noting that disaster recovery ports are available for FIX connectivity at no charge.

Fifth, Nasdaq is proposing to eliminate rule text under subparagraph (c) of the rule that concerns bandwidth-based connectivity options to connect to a CTCI station and related fees. The deleted table of fees concerns CTCI connectivity that relies on Nasdaq-supported circuits. These circuits are based on outdated technology and Nasdaq does not have any subscribers to any of these circuits. Member firms instead use third party connectivity to access their CTCI stations. Nasdaq is also adding language to the subparagraph noting that disaster recovery ports are available for CTCI station connectivity at no charge.

Sixth, Nasdaq is proposing to eliminate CTCI connectivity from subparagraph (e) of the rule, which concerns specialized services related to the FINRA/NASDAQ Trade Reporting Facility. Nasdaq is proposing to eliminate the connectivity option because this add on fee is directly related to the CTCI connectivity options Nasdaq is proposing to eliminate, rendering it moot.

Seventh, Nasdaq is proposing to add clarifying rule text and numbering to subparagraph (g) of the rule, which concerns other port fees. Subparagraph (g) contains all other connectivity options available that are not otherwise described in Rule 7015. These connectivity options include wireless connectivity (specifically Multicast Wave Ports), and other trading and telecommunications ports. Under the rule, the Exchange assesses a charge of $550 per month for each port pair, other than Multicast ITCH data feed pairs, for which the fee is $1,000 per month for software-based TotalView-ITCH or $2,500 per month for combined software- and hardware-based TotalView-ITCH, and TCP ITCH data feed pairs, for which the fee is $750 per month. The Exchange also assesses an additional charge of $200 per month for each port used for entering orders or quotes over the Internet. Lastly, the Exchange assesses an additional charge of $600 per month for each port used for market data delivery over the Internet. The Exchange is proposing to list each connectivity option provided under the rule and the related fee.

Under subparagraph (g) of the rule, a member firm may subscribe to other port pairs not otherwise noted in the rule. Such port pairs may be OUCH and RASH protocol ports or Drop ports. The Exchange is proposing to describe each of these options under the rule separately. Member firms may subscribe to trading ports, which are exclusively used for testing purposes. These ports may not be used for trading in securities in the System, and are provided at no cost. The Exchange is adding rule text noting that these test ports may be subscribed to under the rule. The Exchange also provides optional backup ports for OUCH port subscribers at no cost. OUCH backup ports are similar to disaster recovery ports; however, unlike disaster recovery ports that provide backup connectivity to the Exchange's disaster recovery location in Chicago, OUCH backup ports provide alternative port hardware in the event of a failure of the primary port hardware in the primary connectivity location in Carteret. The Exchange notes that OUCH ports have the largest number of subscribers and the hardware used for OUCH ports houses the largest number of member firms per hardware unit, therefore representing the greatest potential impact to the market should there be a hardware failure. Accordingly, the Exchange determined that offering OUCH backup ports will help ensure there is minimal market impact should there be an OUCH port hardware failure. The Exchange is adding OUCH backup ports as a service that may be subscribed to at no cost. The Exchange also provides data retransmission ports at no cost. Data retransmission ports allow a subscriber to replay market data, in the event the data was missed in live feed or for verification purposes. Data retransmission ports only allow replay of the current trading day and do not provide data concerning prior trading days' data. The Exchange is adding rule text noting that data retransmission ports may be subscribed to under the rule. The Exchange is also expressly noting that disaster recovery ports are available for the connectivity options under the rule at no cost. Lastly, the Exchange is proposing to eliminate the two subscription options and related fees provided under subparagraph (g) of the rule assessed for ports that are used for entering orders or quotes over the Internet, and ports that are used for market data delivery over the Internet. The Exchange notes that it is eliminating these ports because they are outmoded means of connecting to the Exchange and neither have any subscribers.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which Nasdaq operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the clarifying changes to the rule protect investors and the public interest because they explicitly describe the fees assessed for all ports under the rule. Describing all services covered by the rule will serve to avoid investor

---

8 15 U.S.C. 78f (b).

9 15 U.S.C. 78f(b)(4) and (5).

confusion over the scope of what connectivity options are available, and the costs of such options. The Exchange notes that it is not adding new connectivity options or functionality, but is rather describing more specifically what is currently offered under the rule. In this regard, the Exchange is adding new rule text that describes all functionality available under each subparagraph of the rule, and is reorganizing some rule text under the rule in an effort to make the rule clearer. The Exchange notes that much of the new text concerns testing ports, and ports used in the event of a disaster or hardware failure. These ports help ensure that a fair and orderly market is maintained by allowing member firms to test their systems prior to connecting to the live trading environment, and to provide backup connectivity in the event of a failure or disaster. Thus, the Exchange believes the proposed clarifying changes are consistent with the protection of investors and the public interest.

The Exchange believes that the proposed deletion of the ECN direct connection port pair under Rule 7014(a), the deletion of the CTCI connectivity options under Rule 7014(c) and (e), as well as the deletion of the Internet-based port fees under Rule 7014(g), are reasonable, equitably allocated, and not unfairly discriminatory because there are no subscribers to these connectivity options, all of which are based on outmoded means of connecting to the Exchange. As a consequence, no member firms will be impacted by deletion of the connectivity options. The Exchange notes that it is not altering the charges assessed for the remaining connectivity options under Rule 7015.

B. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, Nasdaq is making clarifying changes to Rule 7015, which does not impose any burden on competition whatsoever. To the contrary, the proposed change facilitates competition by clarifying what connectivity options are provided by the Exchange, thereby informing other market venues a better understanding of what connectivity options are available for Nasdaq. With that better understanding, other market venues may improve existing connectivity options or offer new connectivity options to compete with Nasdaq. Accordingly, the proposed changes do not inhibit market participants' ability to compete among each other, nor do they impose any burden on competition among market venues, but rather may promote competition among market venues.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[10] and subparagraph (f)(6) of Rule 19b-4 thereunder.[11] At any time within 60 days of the filing of the proposed rule change, the

[10] 15 U.S.C. 78s(b)(3)(a)(iii).

[11] 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2015-162 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-2015-162. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2015-162, 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.[12]

Robert W. Errett
Deputy Secretary

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

EXHIBIT 5

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

* * * * *

7015. Access Services

The [following]charges under this rule are assessed by Nasdaq for connectivity to the following systems operated by NASDAQ or FINRA:[, including] the Nasdaq Market Center, FINRA Trade Reporting and Compliance Engine (TRACE), the FINRA/NASDAQ Trade Reporting Facility, [and]FINRA's OTCBB Service, and the FINRA OTC Reporting Facility (ORF). The following fees are not applicable to the NASDAQ Options Market LLC. For related options fees for Access Services refer to Chapter XV, Section 3 of the Options Rules.

(a) Nasdaq Information Exchange (QIX)

[Port pair (plus optional proprietary quote information port)]	[$1200 per month]
FINRA trading port (plus optional proprietary quote information port)	$1200/port/month
FINRA unsolicited message port	$1000/port/month
NASDAQ trading port (plus optional proprietary quote information port)	No charge
Disaster recovery port	No charge
[ECN direct connection port pair]	[$1200 per month]
[Unsolicited message port]	[$1000 per month]

(b) Financial Information Exchange (FIX)

Ports	**Price**
FIX Trading Port (FIX, FIX Lite (FLITE), Brut FIX, and SUMO FIX)	$550/port/month
FIX Port for Services Other than Trading (FINRA/NASDAQ Trade Reporting Facility, ORF, and TRACE)	$500/port/month
Disaster recovery port	No charge

(c) Computer to Computer Interface (CTCI)

Stations

Fee Component	**Fee**

Per Station Fee	$600/Station/month
Disaster recovery port	No charge

[The bandwidth-based fees in the table below apply to CTCI subscribers that have not transitioned off of Nasdaq-supported circuits.

Bandwidth

Fee Component	**Fee**
Single 56kb line with single hub and router (for remote disaster recovery sites only)	$900/month
Option 1	
Dual 56kb lines (one for redundancy) and single hub and router	$1,000/month
Option 2	
Dual 56kb lines (one for redundancy), dual hubs (one for redundancy), and dual router (one for redundancy)	$1,200/month
Option 3	
Dual Tl lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy). Includes base bandwidth of 128kb	$2,500/month
Bandwidth Enhancement Fee (for Tl subscribers only)	
Per 64kb increase above 128kb Tl base	$200/month
Option 1, 2, or 3 with Message Queue software enhancement	Fee for Option 1, 2, or 3 (including any Bandwidth Enhancement Fee) plus 20%
Installation Fee	$2,000 per site for dual hubs and routers
	$1,000 per site for single hub and router
Relocation Fee (for the movement of TCF/IP-capable lines within a single location)	$1,700 per relocation]

(d) No change.

(e) Specialized Services Related to FINRA/NASDAQ Trade Reporting Facility

[CTCI fee	$575/month]
WebLink ACT or Nasdaq Workstation Post	$525.00/month (full functionality) or $275.00/month (up to an average of twenty transactions per day each month) (For the purposes of this service only, a transaction is defined as an original trade entry,

Trade	either on trade date or as-of transactions per month.) A subscription includes: the Trade Reporting File Upload service, which allows members to upload multiple trade reports in batches to ACT; and the ACT Reject Scan service, which provides a list of all of a member's rejected ACT trade entries and a copy of each rejected trade report form submitted to ACT. $225 per month for the ACT Trade History service which provides searchable access to a member's trades that are older than six months dating back to 2009.
ACT Workstation	$525/logon/month $225 per month for the ACT Trade History service which provides searchable access to a member's trades that are older than six months dating back to 2009.

(f) No change.

(g) Other Port Fees

(1) Remote Multi-cast ITCH Wave Ports

Description	**Installation Fee**	**Recurring Monthly Fee**
MITCH Wave Port at Secaucus, NJ	$2,500	$7,500
MITCH Wave Port at Weehawken, NJ	$2,500	$7,500
MITCH Wave Port at Mahwah, NJ	$5,000	$12,500

[The following port fees shall apply in connection with the use of other trading telecommunication protocols:]

(2) Other Ports	**Price**
OUCH	$550/port/month
OUCH Backup	No charge
RASH	$550/port/month
Multicast TotalView-ITCH (software-based)	$1,000/port/month
Multicast TotalView-ITCH (software- and hardware-based)	$2,500/port/month
TCP ITCH data feed	$750/port/month
DROP	$550/port/month

<u>Trading Ports used in Test Mode</u>	<u>No charge</u>
<u>Data Retransmission Port</u>	<u>No charge</u>
<u>Disaster recovery port</u>	<u>No charge</u>

[• $550 per month for each port pair, other than Multicast ITCH® data feed pairs, for which the fee is $1,000 per month for software-based TotalView-ITCH or $2,500 per month for combined software- and hardware-based TotalView-ITCH, and TCP ITCH data feed pairs, for which the fee is $750 per month.

• An additional $200 per month for each port used for entering orders or quotes over the Internet.

• An additional $600 per month for each port used for market data delivery over the Internet.]

<u>(3)</u> Dedicated OUCH Port Infrastructure

The Dedicated OUCH Port Infrastructure subscription allows a member firm to assign up to 30 of its OUCH ports to a dedicated server infrastructure for its exclusive use. A Dedicated OUCH Port Infrastructure subscription is available to a member firm for a fee of $5,000 per month, which is in addition to the standard fees assessed for each OUCH port. A one-time installation fee of $5,000 is assessed subscribers for each Dedicated OUCH Port Server subscription.

(h) – (j) No change.

* * * * *