OMB APPROVAL

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

File No.* SR - 2015 - * 164
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 Rule 7014.

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

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 "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposal to amend Rule 7014.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of Nasdaq pursuant to authority delegated by the Board of Directors of Nasdaq on July 1, 2015. Nasdaq staff will advise the Board of Directors of Nasdaq of any action taken pursuant to delegated authority. No other action by Nasdaq is necessary for the filing of the rule change.

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

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

[2] 17 CFR 240.19b-4.

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

a. <u>Purpose</u>

The Exchange is proposing to make two changes to Rule 7014. Rule 7014 provides the Exchange's Market Quality Incentive Programs. Nasdaq currently provides the following incentive programs under the rule: Investor Support Program, Qualified Market Maker Program, Lead Market Maker Program, and NBBO Program. The Exchange is proposing to add new rule text concerning what is not considered eligible displayed liquidity under the Investor Support Program and to add clarifying rule text to the NBBO Program.

First, the Exchange is adding new rule text to the Investor Support Program ("ISP") under rule 7014(b) to state that Designated Retail Orders[3] are not included in the number of shares of displayed liquidity. The Investor Support Program enables Nasdaq member firms to earn a monthly fee credit for providing displayed liquidity to Nasdaq. Currently, there are three rates that a member firm may qualify for based on the execution

[3] A "Designated Retail Order" is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 and that originates from a natural person and is submitted to Nasdaq by a member that designates it pursuant to Rule 7018, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. An order from a "natural person" can include orders on behalf of accounts that are held in a corporate legal form -- such as an Individual Retirement Account, Corporation, or a Limited Liability Company -- that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they have implemented policies and procedures that are reasonably designed to ensure that substantially all orders designated by the member as "Designated Retail Orders" comply with these requirements. Orders may be designated on an order-by-order basis, or by designating all orders on a particular order entry port as Designated Retail Orders. <u>See</u> Rule 7018.

price of the displayed liquidity and whether the shares of displayed liquidity were entered through an ISP-designated port. Subsequent to the adoption of the ISP Program,[4] Nasdaq adopted a new program under Rule 7018[5] to use financial incentives to encourage greater participation. The new program adopted liquidity provider credit tiers for orders designated by a member firm as Designated Retail Orders. Currently, Nasdaq has a single liquidity provider credit tier of $0.0034 per share executed provided for orders designated by a member firm as Designated Retail Orders.[6] Nasdaq has excluded Designated Retail Orders from the calculation of credits available under the NBBO Program, QMM Program, and the ISP Program, since those orders already receive a significant credit under Rule 7018(a). Similarly, Nasdaq excludes Designated Retail Orders from the credits provided for providing displayed quotes/orders for securities of all three tapes.[7] Unlike the NBBO Program and QMM Program rules, which reflect that Designated Retail Orders are not included in those programs' credits, Nasdaq neglected to amend the ISP Program rules to state that Designated Retail Orders are not considered in the calculation of the ISP credit. In adopting the Designated Retail Order credit tiers, Nasdaq intended to also exclude Designated Retail Orders from the calculation of credits available under the ISP Program, consistent with the other programs under the rule. Thus, Nasdaq is proposing to state in the rule that Designated Retail Orders are not

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4 See Securities Exchange Act Release No. 63270 (November 8, 2010), 75 FR 69489 (November 12, 2010) (SR-NASDAQ-2010-141).

5 See Securities Exchange Act Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-042).

6 See Rule 7018(a).

7 See Rule 7018(a)(1), (2) and (3).

included in the number of shares of displayed liquidity used to calculate credit received under the ISP Program.

Second, Nasdaq is proposing to add clarifying rule text to Rule 7014(g), which concerns the NBBO Program. The NBBO Program provides rebates per share executed with respect to all other displayed orders (other than Designated Retail Orders) in securities priced at $1 or more per share that provide liquidity and establish the NBBO. When Nasdaq adopted the rule, it neglected to note that the displayed quantity of the NBBO Program-qualifying order must be at least one round lot at the time of execution. An odd lot order of less than 100 shares is not displayed on the consolidated feeds, and thus is not able to set the NBBO. Although implied in the rule, the Exchange believes that adding clarifying language is appropriate. Consequently, the Exchange is adding rule text that makes it clear that the displayed quantity of the Order must be at least one round lot at time of execution.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,[8] in general, and furthers the objectives of Section 6(b)(5) of the Act,[9] in particular, in that it 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

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[8] 15 U.S.C. 78f.

[9] 15 U.S.C. 78f(b)(5).

general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The proposed change furthers these objectives because it clarifies what is required to receive the rebates in the case of the NBBO Program and states expressly that Designated Retail Orders are not considered in the calculation of the credit provided by the ISP Program. The Exchange does not propose to alter the operation of, or the specific criteria required to qualify under, the program. Rather, the Exchange is expressly stating criteria that may otherwise be reasonably implied, in the case of the NBBO Program, and that is consistent with the treatment of Designated Retail Orders by the other Market Quality Incentive Programs under Rule 7014 and credit tiers under Rule 7018(a), in the case of the ISP Program. With respect to the proposed change to the ISP Program, the Exchange is noting that Designated Retail Orders are not included in the number of shares of displayed liquidity used to calculate credit received under the ISP Program. As discussed, Designated Retail Orders are excluded from the calculations under the NBBO Program and QMM Program and from the credits provided for displayed quotes/orders under Rule 7018(a) because Nasdaq provides a substantial credit of $0.0034 per share executed for such orders. As such, member firms have understood that Designated Retail Orders are excluded from the calculation of the ISP Program credits. With respect to the proposed change to the NBBO Program, the Exchange is expressly stating what is reasonably implied as a precondition to set the NBBO, namely, that the minimum quantity must be no less than one round lot at time of execution. As such, these changes promote the protection of the investors and the public interest by more precisely stating and by clarifying the requirements of the programs, as they have been applied since these programs' adoption.

The Exchange also believes that the proposed change to the ISP Program is consistent with Section 6(b)(4) of the Act[10] 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 the Exchange operates or controls. Specifically, the proposed new rule text that states that the ISP Program credit will not be paid with respect to Designated Retail Orders is reasonable because those orders are already eligible to receive a high credit of $0.0034 per share executed. The change is consistent with an equitable allocation of fees because Nasdaq believes that the credit provided with respect to Designated Retail Orders provides sufficient incentive with respect to the market benefits associated with the orders in question, such that an additional credit is not warranted.

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.[11] The Exchange believes that the proposal is irrelevant to competition because it is not driven by, and will have no impact on, competition. Specifically, the proposal clarifies the application of Nasdaq's rules.

5. 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.

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

11 15 U.S.C. 78f(b)(8).

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[12] and Rule 19b-4(f)(6)P[13] thereunder in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, 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. The Exchange has provided 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. The proposal meets the requirements of the Rule 19b-4(f)(6) because the proposal presents no new or novel issues that impact investor protection. The Exchange does not believe that the proposed change will significantly affect the protection of investors or the public interest because it does not change how the programs under Rule 7014 are applied, but rather provides clarifying rule text to enhance understanding of the requirements of the rules. Moreover, the Exchange does not believe that the proposed change will impose a burden on competition whatsoever, as it is not driven by, and will have no impact on, competition.

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12 15 U.S.C. 78s(b)(3)(A).

13 17 CFR 240.19b-4(f)(6).

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed delay of the rule change implantation may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act[14] and paragraph (f)(6) of Rule 19b-4[15] thereunder. Waiver of the 30-day operative delay will allow the rule text to be both effective and operative at the earliest time possible. Waiver of the operative delay is consistent with the protection of investors and the public interest for the reasons described above.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

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14 15 U.S.C. 78s(b)(3)(A).

15 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2015-164)

December __ 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Clarifying Changes to Rule 7014

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 [DATE], 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 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

The Exchange is proposing to make two changes to Rule 7014.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

2 17 CFR 240.19b-4.

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 Exchange is proposing to make two changes to Rule 7014. Rule 7014 provides the Exchange’s Market Quality Incentive Programs. Nasdaq currently provides the following incentive programs under the rule: Investor Support Program, Qualified Market Maker Program, Lead Market Maker Program, and NBBO Program. The Exchange is proposing to add new rule text concerning what is not considered eligible displayed liquidity under the Investor Support Program and to add clarifying rule text to the NBBO Program.

First, the Exchange is adding new rule text to the Investor Support Program (“ISP”) under rule 7014(b) to state that Designated Retail Orders[3] are not included in the

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[3] A “Designated Retail Order” is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 and that originates from a natural person and is submitted to Nasdaq by a member that designates it pursuant to Rule 7018, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. An order from a “natural person” can include orders on behalf of accounts that are held in a corporate legal form -- such as an Individual Retirement Account, Corporation, or a Limited Liability Company -- that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they have implemented policies and procedures that are reasonably designed to ensure that substantially all orders designated by the member as “Designated Retail Orders” comply with these requirements. Orders may be designated on an order-by-order basis, or by designating all orders on a particular order entry port as Designated Retail Orders. See Rule 7018.

number of shares of displayed liquidity. The Investor Support Program enables Nasdaq member firms to earn a monthly fee credit for providing displayed liquidity to Nasdaq. Currently, there are three rates that a member firm may qualify for based on the execution price of the displayed liquidity and whether the shares of displayed liquidity were entered through an ISP-designated port. Subsequent to the adoption of the ISP Program,[4] Nasdaq adopted a new program under Rule 7018[5] to use financial incentives to encourage greater participation. The new program adopted liquidity provider credit tiers for orders designated by a member firm as Designated Retail Orders. Currently, Nasdaq has a single liquidity provider credit tier of $0.0034 per share executed provided for orders designated by a member firm as Designated Retail Orders.[6] Nasdaq has excluded Designated Retail Orders from the calculation of credits available under the NBBO Program, QMM Program, and the ISP Program, since those orders already receive a significant credit under Rule 7018(a). Similarly, Nasdaq excludes Designated Retail Orders from the credits provided for providing displayed quotes/orders for securities of all three tapes.[7] Unlike the NBBO Program and QMM Program rules, which reflect that Designated Retail Orders are not included in those programs' credits, Nasdaq neglected to amend the ISP Program rules to state that Designated Retail Orders are not considered in the calculation of the ISP credit. In adopting the Designated Retail Order credit tiers,

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4 See Securities Exchange Act Release No. 63270 (November 8, 2010), 75 FR 69489 (November 12, 2010) (SR-NASDAQ-2010-141).

5 See Securities Exchange Act Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-042).

6 See Rule 7018(a).

7 See Rule 7018(a)(1), (2) and (3).

Nasdaq intended to also exclude Designated Retail Orders from the calculation of credits available under the ISP Program, consistent with the other programs under the rule. Thus, Nasdaq is proposing to state in the rule that Designated Retail Orders are not included in the number of shares of displayed liquidity used to calculate credit received under the ISP Program.

Second, Nasdaq is proposing to add clarifying rule text to Rule 7014(g), which concerns the NBBO Program. The NBBO Program provides rebates per share executed with respect to all other displayed orders (other than Designated Retail Orders) in securities priced at $1 or more per share that provide liquidity and establish the NBBO. When Nasdaq adopted the rule, it neglected to note that the displayed quantity of the NBBO Program-qualifying order must be at least one round lot at the time of execution. An odd lot order of less than 100 shares is not displayed on the consolidated feeds, and thus is not able to set the NBBO. Although implied in the rule, the Exchange believes that adding clarifying language is appropriate. Consequently, the Exchange is adding rule text that makes it clear that the displayed quantity of the Order must be at least one round lot at time of execution.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,[8] in general, and furthers the objectives of Section 6(b)(5) of the Act,[9] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination

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8 15 U.S.C. 78f.

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

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 proposed change furthers these objectives because it clarifies what is required to receive the rebates in the case of the NBBO Program and states expressly that Designated Retail Orders are not considered in the calculation of the credit provided by the ISP Program. The Exchange does not propose to alter the operation of, or the specific criteria required to qualify under, the program. Rather, the Exchange is expressly stating criteria that may otherwise be reasonably implied, in the case of the NBBO Program, and that is consistent with the treatment of Designated Retail Orders by the other Market Quality Incentive Programs under Rule 7014 and credit tiers under Rule 7018(a), in the case of the ISP Program. With respect to the proposed change to the ISP Program, the Exchange is noting that Designated Retail Orders are not included in the number of shares of displayed liquidity used to calculate credit received under the ISP Program. As discussed, Designated Retail Orders are excluded from the calculations under the NBBO Program and QMM Program and from the credits provided for displayed quotes/orders under Rule 7018(a) because Nasdaq provides a substantial credit of $0.0034 per share executed for such orders. As such, member firms have understood that Designated Retail Orders are excluded from the calculation of the ISP Program credits. With respect to the proposed change to the NBBO Program, the Exchange is expressly stating what is reasonably implied as a precondition to set the NBBO, namely, that the minimum quantity must be no less than one round lot at time of execution. As such, these changes promote the protection of the investors and the public interest by more precisely stating and by clarifying the requirements of the programs, as they have been applied since these programs' adoption.

The Exchange also believes that the proposed change to the ISP Program is consistent with Section 6(b)(4) of the Act[10] 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 the Exchange operates or controls. Specifically, the proposed new rule text that states that the ISP Program credit will not be paid with respect to Designated Retail Orders is reasonable because those orders are already eligible to receive a high credit of $0.0034 per share executed. The change is consistent with an equitable allocation of fees because Nasdaq believes that the credit provided with respect to Designated Retail Orders provides sufficient incentive with respect to the market benefits associated with the orders in question, such that an additional credit is not warranted.

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.[11] The Exchange believes that the proposal is irrelevant to competition because it is not driven by, and will have no impact on, competition. Specifically, the proposal clarifies the application of Nasdaq's rules.

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

11 15 U.S.C. 78f(b)(8).

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

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[12] and subparagraph (f)(6) of Rule 19b-4 thereunder.[13] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

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12 15 U.S.C. 78s(b)(3)(a)(iii).

13 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.

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-2015-164 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-2015-164. 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-2015-164 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.[14]

Robert W. Errett
Deputy Secretary

[14] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

7014. Market Quality Incentive Programs

Investor Support Program

(a) No change.

(b) Subject to the conditions set forth in section (c) of this Rule, Nasdaq shall issue to the member a monthly ISP credit, which shall be determined by multiplying $0.00005, $0.0001, or $0.0002 by the number of shares of displayed liquidity (other than Designated Retail Orders, as defined in 7018) to which a particular rate applies, as described below.

Except as provided in Rule 7014(e), an ISP credit issued under this Rule will be in addition to (and will not replace) any other credit or rebate for which a member may qualify under Rule 7018(a).

(c) No change.

Qualified Market Maker ("QMM") Program

(d) – (e) No change.

Lead Market Maker ("LMM") Program

(f) No change.

NBBO Program

(g) Nasdaq will provide a rebate per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at $1 or more per share that provide liquidity[and], establish the NBBO, and displayed a quantity of at least one round lot at the time of execution. The rebate will be in addition to any rebate or credit payable under Rule 7018(a) and the ISP and QMM Program under Rule 7014.

To qualify for the $0.0004 per share executed NBBO Program rebate in NYSE-listed securities and in Securities Listed on Exchanges other than Nasdaq and NYSE and the $0.0002 per share executed NBBO Program rebate in Nasdaq-listed Securities, a member must either:

(1) Execute shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represents 0.5% or more of Consolidated Volume during the month, or

(2) Add NOM Market Maker liquidity, as defined in Chapter XV, Section 2 of the Nasdaq Options Market rules, in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month.

Definitions and Certifications

(h) – (i) No change.

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