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

File No.* SR - 2017 - * 060
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 Rule 7014(j) to provide a second credit tier under the Nasdaq Growth 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 * Sean
Last Name * Bennett
Title * Principal 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 06/09/2017

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 the Proposed Rule Change

(a) The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend Rule 7014(j) to provide a second credit tier under the Nasdaq Growth Program.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on June 1, 2017.[3]

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. 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 (the "Board") on August 15, 2016. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

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

[2] 17 CFR 240.19b-4.

[3] The proposed fees were initially filed with the Commission as an immediately effective and operative rule change on June 1, 2017. See SR-NASDAQ-2017-057. The Exchange is withdrawing SR-NASDAQ-2017-057 and replacing it with this filing, which makes a technical correction and descriptive changes to the proposal.

T. Sean Bennett
Principal Associate General Counsel
Nasdaq, Inc.
(301) 978-8499

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

a. Purpose

The purpose of the proposed rule change is to amend Rule 7014(j) to provide a second credit tier under the Nasdaq Growth Program ("Program"). Nasdaq introduced the Program in 2016.[4] The purpose of the Program is to provide a credit per share executed for members that meet certain growth criteria. The credit is designed to provide an incentive to members that do not qualify for other credits under Rule 7018 in excess of the Program credit to increase their participation on the Exchange. The Program provides a member a $0.0025 per share executed credit in securities priced $1 or more per share if the member meets certain criteria. The credit is provided in lieu of other credits provided to the member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity under Rule 7018, if the credit under the Nasdaq Growth Program is greater than the credit attained under Rule 7018.

Rule 7014(j) currently provides three ways in which a member may qualify for the Program in a given month. First, the member may qualify for the Program by: (i) adding greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs; and (ii) increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of

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4 See Securities Exchange Act Release No. 78977 (September 29, 2016), 81 FR 69140 (October 5, 2016) (SR-NASDAQ-2016-132).

Consolidated Volume by 20% versus the member's Growth Baseline.[5] Second, the member may qualify for the Program by: (i) adding greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs; and (ii) meeting the criteria set forth above (increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume by 20% versus the member's Growth Baseline) in the preceding month, and maintaining or increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume as compared to the preceding month. Third, a member may qualify for the Program by: (i) adding greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs in three separate months; (ii) increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume by 20% versus the member's Growth Baseline in three separate months; and (iii) maintaining or increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume compared to the growth baseline established when the member met the criteria for the third month.

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5 The Growth Baseline is defined as the member's shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume during the last month a member qualified for the Nasdaq Growth Program under current Rule 7014(j)(ii)(A) (increasing its Consolidated Volume by 20% versus its Growth Baseline). If a member has not yet qualified for a credit under this program, its August 2016 share of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume will be used to establish a baseline.

The Exchange is proposing to amend Rule 7014(j) to provide a second credit tier under the Program.[6] Specifically, the Exchange is proposing a $0.0027 per share executed rebate in lieu of the current $0.0025 rebate. To qualify for the new rebate, a member must: (i) add at least 0.04% or more of Consolidated Volume during the month through non-displayed orders on one or more of its Nasdaq Market Center MPIDs; and (ii) increase its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs in all securities during the month as a percent of Consolidated Volume by 50% versus its August 2016 share of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume. Thus, the first requirement of the new tier requires a member to provide a significant level of Consolidated Volume through non-displayed[7] orders, which generally provide improvement to the size of orders executed on the Exchange.[8] Moreover, the first requirement may encourage participation on the Exchange by participants with large orders who do not want the size of their order known. Similar to the current rebate's Consolidated Volume requirement provided under current Rule 7014(j)(ii)(A), the Exchange is proposing to require a member to increase their shares of liquidity provided in all securities during the month as a percent of Consolidated Volume. Unlike the

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6 The Exchange is also proposing to renumber current Rule 7014(j) to account for the new credit tier and make consistent with the numbering convention used under Rule 7014.

7 Non-displayed orders are not displayed to other Participants, but nevertheless remain available for potential execution against incoming Orders until executed in full or cancelled. See Rule 4702(b)(3).

8 For example, in May 2017 there was an average daily volume of 6.7 billion shares. Applying the proposed 0.04% Consolidated Volume qualification criteria to May 2017 would result in approximately 2.7 million shares a day and 59 million shares for the month.

current rebate, which requires a member to show an increase in Consolidated Volume compared to the member's Growth Baseline with each successive month improving upon that baseline to continue to qualify for the rebate, the proposed new rebate requires an initial significant increase in Consolidated Volume compared to that member's share of liquidity provided in all securities in August 2016 with the member maintaining that level to continue receiving the proposed new rebate.[9] Thus, the measure against which Consolidated Volume is compared remains static month to month under the criteria of the new rebate, whereas it can vary month to month under the current rebate's qualification criteria. Members that were not members of the Exchange in August 2016 may still qualify for the proposed new rebate. For such "new" members, the Exchange will consider their share of liquidity provided in all securities in August 2016 as zero. The Exchange notes that this is the same treatment members that were not members of the Exchange in August 2016 receive under the current tier under the Program.

The Exchange believes that the new rebate tier provides members with additional flexibility in qualifying for the Program and incentive to provide greater Consolidated Volume, thereby furthering the Program's goal of incentivizing participation on the Exchange.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[11]

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9 This measure is currently a component of the definition of Growth Baseline, which is a measure for determining eligibility for the existing rebate under current Rule 7014(j). See note 5 supra.

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

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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed change to the Program is reasonable because, although the proposed rebate is higher than the current rebate provided under the Program, the qualification criteria is higher than the current rebate. Moreover, the Exchange offers other similar rebates in return for market improving behavior.[12] For example, the Exchange provides $0.0027 per share executed in Tape C securities if a member has shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month.[13]

The Exchange believes that the proposed change is equitably allocated among members, and is not designed to permit unfair discrimination. The Exchange notes that participation in the Program is voluntary, and that any member may qualify for the credit if it meets the qualification requirements. The Exchange is adopting the new credit tier to provide members with an incentive to increase their participation significantly, as represented by a percent of Consolidated Volume. The Exchange believes that the proposed rebate will serve as a logical extension of the current rebate. Specifically, a member that continues to qualify under the current rebate will eventually increase its

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11 15 U.S.C. 78f(b)(4) and (5).

12 See Rule 7018(a).

13 See Rule 7018(a)(1). The Exchange notes that, although the required level of Consolidated Volume is significantly higher for this credit tier as compared to the proposed rebate, members qualifying for the proposed rebate must also increase their shares of liquidity provided substantially.

shares of liquidity to a point that is 50% or greater than its shares of liquidity in August 2016. Thus, so long as the member provides 0.04% or more of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs during the month through non-displayed orders, the member would receive the higher rebate. The Exchange is electing to use August 2016 as the benchmark for the qualification criteria under the second requirement of the rebate tier because the member's activity during that month was unaffected by foreknowledge of the Program. The proposed change applies to all members that otherwise qualify for the Program, namely members that add at least 0.04% or more of Consolidated Volume during the month through one or more of its Nasdaq Market Center MPIDs and has shares of liquidity to a point that is greater that is 50% or greater than their shares of liquidity in August 2016. The Exchange believes that it is an equitable allocation and is not unfairly discriminatory to use zero as the level of shares of liquidity provided in August 2016 for members that were not members in August 2016 because they are similarly positioned as other members of the Exchange that were members at that time yet did not have shares of liquidity provided in August 2016. The Exchange notes that all members must provide a significant level of Consolidated Volume to qualify for the proposed new rebate regardless of their membership status in August 2016, in addition to meeting the proposed growth criteria. Moreover, the Exchange believes that all members should have the opportunity to participate in the Program and, to the extent that the proposed new rebate attracts new members to the Exchange, all market participants will benefit from the added liquidity new members provide. As noted above, the Exchange currently uses zero as the level of shares of liquidity provided in August 2016 for members that were not members in August 2016 for purposes of qualifying for the $0.0025 per share executed credit. The Exchange notes that participation in the Program is entirely voluntary and proposed rebate will be provided to any member that meets the qualification criteria.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange 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, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the Exchange is proposing to provide a new, higher, Program rebate, which will require a member to provide significant Consolidated Volume together with a significant increase to its Consolidated Volume over a baseline amount of Consolidated Volume it had in August 2016. This proposed rebate is designed to provide incentive to members to increase their participation on the Exchange. Participation in the Program is completely voluntary and the criteria will ensure that all members that qualify for the Program have both shown a significant increase in their participation on the Exchange and are providing significant overall participation on the Exchange.

Ultimately, if members conclude that the qualification requirements are set too high, or the rebate too low, it is likely that the Exchange will realize very little benefit from the incentive. If the proposed rebate is successful in increasing participation on the Exchange, then other trading venues may also make a similar rebate available to their participants. Thus, the Exchange does not believe that the proposed rule change will impose any burden on competition whatsoever, but rather believes that the proposal is pro-competitive.

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,[14] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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

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

the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2017-060)

June __, 2017

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7014(j)

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 June 9, 2017, 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 proposes to amend Rule 7014(j) to provide a second credit tier under the Nasdaq Growth Program.

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.

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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 the proposed rule change is to amend Rule 7014(j) to provide a second credit tier under the Nasdaq Growth Program ("Program"). Nasdaq introduced the Program in 2016.[3] The purpose of the Program is to provide a credit per share executed for members that meet certain growth criteria. The credit is designed to provide an incentive to members that do not qualify for other credits under Rule 7018 in excess of the Program credit to increase their participation on the Exchange. The Program provides a member a $0.0025 per share executed credit in securities priced $1 or more per share if the member meets certain criteria. The credit is provided in lieu of other credits provided to the member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity under Rule 7018, if the credit under the Nasdaq Growth Program is greater than the credit attained under Rule 7018.

Rule 7014(j) currently provides three ways in which a member may qualify for the Program in a given month. First, the member may qualify for the Program by: (i)

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[3] See Securities Exchange Act Release No. 78977 (September 29, 2016), 81 FR 69140 (October 5, 2016) (SR-NASDAQ-2016-132).

adding greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs; and (ii) increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume by 20% versus the member's Growth Baseline.[4] Second, the member may qualify for the Program by: (i) adding greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs; and (ii) meeting the criteria set forth above (increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume by 20% versus the member's Growth Baseline) in the preceding month, and maintaining or increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume as compared to the preceding month. Third, a member may qualify for the Program by: (i) adding greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs in three separate months; (ii) increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume by 20% versus the member's Growth Baseline in three separate months; and (iii) maintaining or increasing its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume compared to the growth baseline established when the member met the criteria for the third month.

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[4] The Growth Baseline is defined as the member's shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume during the last month a member qualified for the Nasdaq Growth Program under current Rule 7014(j)(ii)(A) (increasing its Consolidated Volume by 20% versus its Growth Baseline). If a member has not yet qualified for a credit under this program, its August 2016 share of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume will be used to establish a baseline.

The Exchange is proposing to amend Rule 7014(j) to provide a second credit tier under the Program.[5] Specifically, the Exchange is proposing a $0.0027 per share executed rebate in lieu of the current $0.0025 rebate. To qualify for the new rebate, a member must: (i) add at least 0.04% or more of Consolidated Volume during the month through non-displayed orders on one or more of its Nasdaq Market Center MPIDs; and (ii) increase its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs in all securities during the month as a percent of Consolidated Volume by 50% versus its August 2016 share of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume. Thus, the first requirement of the new tier requires a member to provide a significant level of Consolidated Volume through non-displayed[6] orders, which generally provide improvement to the size of orders executed on the Exchange.[7] Moreover, the first requirement may encourage participation on the Exchange by participants with large orders who do not want the size of their order known. Similar to the current rebate's Consolidated Volume requirement provided under current Rule 7014(j)(ii)(A), the Exchange is proposing to require a member to increase their shares of liquidity provided in all securities during the month as a percent of Consolidated Volume. Unlike the

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5 The Exchange is also proposing to renumber current Rule 7014(j) to account for the new credit tier and make consistent with the numbering convention used under Rule 7014.

6 Non-displayed orders are not displayed to other Participants, but nevertheless remain available for potential execution against incoming Orders until executed in full or cancelled. See Rule 4702(b)(3).

7 For example, in May 2017 there was an average daily volume of 6.7 billion shares. Applying the proposed 0.04% Consolidated Volume qualification criteria to May 2017 would result in approximately 2.7 million shares a day and 59 million shares for the month.

current rebate, which requires a member to show an increase in Consolidated Volume compared to the member's Growth Baseline with each successive month improving upon that baseline to continue to qualify for the rebate, the proposed new rebate requires an initial significant increase in Consolidated Volume compared to that member's share of liquidity provided in all securities in August 2016 with the member maintaining that level to continue receiving the proposed new rebate.[8] Thus, the measure against which Consolidated Volume is compared remains static month to month under the criteria of the new rebate, whereas it can vary month to month under the current rebate's qualification criteria. Members that were not members of the Exchange in August 2016 may still qualify for the proposed new rebate. For such "new" members, the Exchange will consider their share of liquidity provided in all securities in August 2016 as zero. The Exchange notes that this is the same treatment members that were not members of the Exchange in August 2016 receive under the current tier under the Program.

The Exchange believes that the new rebate tier provides members with additional flexibility in qualifying for the Program and incentive to provide greater Consolidated Volume, thereby furthering the Program's goal of incentivizing participation on the Exchange.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[9] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[10]

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8 This measure is currently a component of the definition of Growth Baseline, which is a measure for determining eligibility for the existing rebate under current Rule 7014(j). See note 4 supra.

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

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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed change to the Program is reasonable because, although the proposed rebate is higher than the current rebate provided under the Program, the qualification criteria is higher than the current rebate. Moreover, the Exchange offers other similar rebates in return for market improving behavior.[11] For example, the Exchange provides $0.0027 per share executed in Tape C securities if a member has shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month.[12]

The Exchange believes that the proposed change is equitably allocated among members, and is not designed to permit unfair discrimination. The Exchange notes that participation in the Program is voluntary, and that any member may qualify for the credit if it meets the qualification requirements. The Exchange is adopting the new credit tier to provide members with an incentive to increase their participation significantly, as represented by a percent of Consolidated Volume. The Exchange believes that the proposed rebate will serve as a logical extension of the current rebate. Specifically, a member that continues to qualify under the current rebate will eventually increase its

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10 15 U.S.C. 78f(b)(4) and (5).

11 See Rule 7018(a).

12 See Rule 7018(a)(1). The Exchange notes that, although the required level of Consolidated Volume is significantly higher for this credit tier as compared to the proposed rebate, members qualifying for the proposed rebate must also increase their shares of liquidity provided substantially.

shares of liquidity to a point that is 50% or greater than its shares of liquidity in August 2016. Thus, so long as the member provides 0.04% or more of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs during the month through non-displayed orders, the member would receive the higher rebate. The Exchange is electing to use August 2016 as the benchmark for the qualification criteria under the second requirement of the rebate tier because the member's activity during that month was unaffected by foreknowledge of the Program. The proposed change applies to all members that otherwise qualify for the Program, namely members that add at least 0.04% or more of Consolidated Volume during the month through one or more of its Nasdaq Market Center MPIDs and has shares of liquidity to a point that is greater that is 50% or greater than their shares of liquidity in August 2016. The Exchange believes that it is an equitable allocation and is not unfairly discriminatory to use zero as the level of shares of liquidity provided in August 2016 for members that were not members in August 2016 because they are similarly positioned as other members of the Exchange that were members at that time yet did not have shares of liquidity provided in August 2016. The Exchange notes that all members must provide a significant level of Consolidated Volume to qualify for the proposed new rebate regardless of their membership status in August 2016, in addition to meeting the proposed growth criteria. Moreover, the Exchange believes that all members should have the opportunity to participate in the Program and, to the extent that the proposed new rebate attracts new members to the Exchange, all market participants will benefit from the added liquidity new members provide. As noted above, the Exchange currently uses zero as the level of shares of liquidity provided in August 2016 for members that were not members in August 2016 for purposes of qualifying for the $0.0025 per share executed credit. The Exchange notes that participation in the Program is entirely voluntary and proposed rebate will be provided to any member that meets the qualification criteria.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange 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, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the Exchange is proposing to provide a new, higher, Program rebate, which will require a member to provide significant Consolidated Volume together with a significant increase to its Consolidated Volume over a baseline amount of Consolidated Volume it had in August 2016. This proposed rebate is designed to provide incentive to members to increase their participation on the Exchange. Participation in the Program is completely voluntary and the criteria will ensure that all members that qualify for the Program have both shown a significant increase in their participation on the Exchange and are providing significant overall participation on the Exchange.

Ultimately, if members conclude that the qualification requirements are set too high, or the rebate too low, it is likely that the Exchange will realize very little benefit from the incentive. If the proposed rebate is successful in increasing participation on the Exchange, then other trading venues may also make a similar rebate available to their participants. Thus, the Exchange does not believe that the proposed rule change will impose any burden on competition whatsoever, but rather believes that the proposal is pro-competitive.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[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.

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[13] 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-2017-060 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2017-060. 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-2017-060 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]

Eduardo A. Aleman
Assistant Secretary

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

EXHIBIT 5

Deleted text is [bracketed]. New text is <u>underlined</u>.

NASDAQ Stock Market Rules

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7014. Market Quality Incentive Programs

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Nasdaq Growth Program

(j) Nasdaq will provide a credit per share executed in securities priced at $1 or more per share for members meeting certain growth criteria.

This credit will be provided in lieu of Credit to member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity under rule 7018 if the credit under this program is greater than the credit attained under 7018. [The credit under this program will be $0.0025 per share executed.]

<u>(1) </u>To be eligible for [the]<u>a $0.0025 per share executed </u>rebate a member must:

([i]<u>A</u>) Add greater than 750,000 shares a day on average during the month through one or more of its Nasdaq Market Center MPIDs; and

([ii]<u>B</u>) ([A]<u>i</u>) Increase its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume by 20% versus the member's Growth Baseline or ([B]<u>ii</u>) have met the criteria in Rule 7014(j)(ii)(A) in the preceding month and maintained or increased its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume compared to the preceding month or ([C]<u>iii</u>) have met the growth criteria outlined in Rule 7014(j)<u>(1)</u>([i]<u>A</u>) and Rule 7014(j)<u>(1)</u>([ii]<u>B</u>)([A]<u>i</u>) in three separate months and maintained or increased its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume compared to the Growth Baseline established when the member met the criteria for the third month.

The Growth Baseline will be defined as the member's shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume during the last month a member qualified for the Nasdaq Growth Program under Rule 7014(j)<u>(1)</u>([ii]<u>B</u>)([A]<u>i</u>). If a member has not qualified for a credit under this program, its August 2016 share of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume will be used to establish a baseline.

(2) To be eligible for a $0.0027 per share executed rebate, in lieu of the $0.0025 per share executed rebate above, a member must:

(A) Add at least 0.04% or more of Consolidated Volume during the month through non-displayed orders through one or more of its Nasdaq Market Center MPIDs; and

(B) Increase its shares of liquidity provided through one or more of its Nasdaq Market Center MPIDs in all securities during the month as a percent of Consolidated Volume by at least 50% versus its August 2016 share of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs as a percent of Consolidated Volume.

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