

Required fields are shown with yellow backgrounds and asterisks.

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

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

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

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

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

A proposal to amend the Exchanges transaction fees at Chapter XV, Section 2(1)

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 * Sun	Last Name * Kim
Title * Assistant General Counsel	
E-mail * sun.kim@nasdaq.com	
Telephone * (212) 231-5106	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.

(Title *)

Date 12/01/2017	Executive Vice President and General Counsel
By Edward S. Knight	
(Name *)	

Digitally Sign and Lock Form

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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 *

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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

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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

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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 the Exchange’s transaction fees at Chapter XV, Section 2(1), which governs the pricing for Nasdaq Participants using the Nasdaq Options Market (“NOM”), Nasdaq’s facility for executing and routing standardized equity and index options. The proposed changes are described further below.

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 September 19, 2017. 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:

Sun Kim
Assistant General Counsel
Nasdaq, Inc.
212-231-5106

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend the Exchange's transaction fees at Chapter XV, Section 2(1) to introduce a new NOM Market Maker³ Rebate to Add Liquidity in Non-Penny Pilot Options. Today, the Exchange charges Participants a \$0.35 per contract NOM Market Maker Fee for Adding Liquidity in Non-Penny Pilot Options.⁴ To incentivize Participants to add NOM Market Maker liquidity in Non-Penny Pilot Options, the Exchange offers Participants an opportunity to reduce this \$0.35 per contract fee to \$0.00 per contract, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 or more ADV contracts per day in a month.⁵

In order to further incentivize NOM Market Makers to transact in Non-Penny Pilot Options on NOM, the Exchange proposes to introduce a new NOM Market Maker Rebate to Add Liquidity in Non Penny-Pilot Options, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month. The Participant would receive a \$0.30 per contract Rebate to Add Liquidity in Non-Penny Pilot Options as a NOM Market Maker. Participants that qualify for this proposed rebate would not be charged the NOM Market Maker Fee for Adding Liquidity in Non-Penny Pilot Options by virtue of already having qualified for the

³ The term "NOM Market Maker" or ("M") is a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. See Chapter XV.

⁴ See Chapter XV, Section 2(1).

⁵ Id. at note 5.

discounted fee of \$0.00 in note 5 (i.e., by meeting the lower NOM Market Maker Non-Penny volume threshold of 7,500 or more ADV contracts per day).

In essence, the Exchange is creating a new volume threshold that is higher than the existing threshold with this proposal. As such, there will be two NOM Market Maker volume-based tiers for adding liquidity in Non-Penny Pilot Options, the lower of which would provide a discounted fee of \$0.00 from \$0.35 for the qualifying Participant, while the higher would provide a rebate of \$0.30 for the qualifying Participant in lieu of the \$0.35 fee. Accordingly, the Exchange proposes to amend the existing volume requirement for the discounted fee in note 5 to state that Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 to **9,999** ADV contracts per day in a month will be assessed a \$0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add Non-Penny NOM Market Maker liquidity of 10,000 or more ADV contracts per day in a month will not be charged a Non-Penny Options Fee for Adding Liquidity and will instead receive the proposed \$0.30 per contract Non-Penny Rebate to Add Liquidity. Finally, the Exchange proposes to clarify in note 5 that the \$0.35 fee for adding liquidity will apply unless Participants meet the proposed volume thresholds, as described above.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees and

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4) and (5).

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 proposed change to offer Participants that send NOM Market Maker order flow the opportunity to receive a \$0.30 per contract Non-Penny Rebate to Add Liquidity, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month, is reasonable because the Exchange seeks to further incentivize Participants to add NOM Market Maker liquidity in Non-Penny Pilot Options to obtain the rebate. The Exchange believes that its proposal will encourage Participants to select NOM as a venue and in turn benefit other market participants with the opportunity to interact with such liquidity. Other options exchanges also offer volume-based rebates to market makers for adding liquidity.⁸

The Exchange also believes that the proposed NOM Market Maker Non-Penny Rebate to Add Liquidity is equitable and not unfairly discriminatory because all NOM Market Makers can qualify for the rebate by meeting the volume requirements described above. Furthermore, NOM Market Makers, unlike other market participants, add value through continuous quoting⁹ and the commitment of capital. In addition, encouraging

⁸ See MIAX Pearl Fee Schedule, Section 1)a) for the non-penny maker rebates offered to MIAX Pearl market makers. See also Nasdaq GEMX Schedule of Fees, Section I for the non-penny maker rebates offered to GEMX market makers.

⁹ Pursuant to Chapter VII (Market Participants), Section 5 (Obligations of Market Makers), in registering as a market maker, an Options Participant commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on NOM for all purposes under the Act or rules thereunder. See Chapter VII, Section 5.

NOM Market Makers to add greater liquidity benefits all market participants in the quality of order interaction. As such, the Exchange believes it is equitable and not unfairly discriminatory to offer only NOM Market Makers the opportunity to earn the proposed rebate because of the obligations borne by these market participants, as noted herein.

The Exchange also believes that the proposed change to amend the existing NOM Market Maker Non-Penny volume threshold from “7,500 or more ADV contracts” to “7,500 to 9,999 ADV contracts” is reasonable because the Exchange is essentially adding a higher volume-based tier with this proposal. The Exchange believes that the proposed change would clarify how the two NOM Market Maker Non-Penny tiers are applied—meeting the volume threshold in the lower tier would qualify the Participant for a discounted fee, and meeting the volume threshold in the higher tier would qualify the Participant for a rebate in lieu of the fee, as described above. In the same vein, the proposed change to clarify in note 5 that the \$0.35 fee for adding liquidity will apply unless Participants meet these volume thresholds is reasonable because it will clarify how the fee and rebate program proposed herein will apply.

The Exchange further believes that these clarifying changes to amend the existing NOM Market Maker Non-Penny volume threshold and describe how the \$0.35 fee will apply are equitable and not unfairly discriminatory because the changes will apply to all qualifying Participants.

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. The proposed rebate and corresponding changes to the volume-based thresholds

described above are all designed to increase competition by encouraging NOM Maker Makers to provide greater liquidity and maintain tight markets in Non-Penny Pilot Options. The Exchange 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. 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.

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,¹⁰ 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

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

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.

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-2017-127)

December 1, 2017

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Transaction fees at Chapter XV, Section 2(1)

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 1, 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 the Exchange's transaction fees at Chapter XV, Section 2(1), which governs the pricing for Nasdaq Participants using the Nasdaq Options Market ("NOM"), Nasdaq's facility for executing and routing standardized equity and index options.

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.

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 Exchange proposes to amend the Exchange's transaction fees at Chapter XV, Section 2(1) to introduce a new NOM Market Maker³ Rebate to Add Liquidity in Non-Penny Pilot Options. Today, the Exchange charges Participants a \$0.35 per contract NOM Market Maker Fee for Adding Liquidity in Non-Penny Pilot Options.⁴ To incentivize Participants to add NOM Market Maker liquidity in Non-Penny Pilot Options, the Exchange offers Participants an opportunity to reduce this \$0.35 per contract fee to \$0.00 per contract, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 or more ADV contracts per day in a month.⁵

³ The term "NOM Market Maker" or ("M") is a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. See Chapter XV.

⁴ See Chapter XV, Section 2(1).

⁵ Id. at note 5.

In order to further incentivize NOM Market Makers to transact in Non-Penny Pilot Options on NOM, the Exchange proposes to introduce a new NOM Market Maker Rebate to Add Liquidity in Non Penny-Pilot Options, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month. The Participant would receive a \$0.30 per contract Rebate to Add Liquidity in Non-Penny Pilot Options as a NOM Market Maker. Participants that qualify for this proposed rebate would not be charged the NOM Market Maker Fee for Adding Liquidity in Non-Penny Pilot Options by virtue of already having qualified for the discounted fee of \$0.00 in note 5 (i.e., by meeting the lower NOM Market Maker Non-Penny volume threshold of 7,500 or more ADV contracts per day).

In essence, the Exchange is creating a new volume threshold that is higher than the existing threshold with this proposal. As such, there will be two NOM Market Maker volume-based tiers for adding liquidity in Non-Penny Pilot Options, the lower of which would provide a discounted fee of \$0.00 from \$0.35 for the qualifying Participant, while the higher would provide a rebate of \$0.30 for the qualifying Participant in lieu of the \$0.35 fee. Accordingly, the Exchange proposes to amend the existing volume requirement for the discounted fee in note 5 to state that Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 to **9,999** ADV contracts per day in a month will be assessed a \$0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add Non-Penny NOM Market Maker liquidity of 10,000 or more ADV contracts per day in a month will not be charged a Non-Penny Options Fee for Adding Liquidity and will instead receive the proposed \$0.30 per contract Non-Penny Rebate to Add Liquidity. Finally, the Exchange proposes to clarify

in note 5 that the \$0.35 fee for adding liquidity will apply unless Participants meet the proposed volume thresholds, as described above.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁷ 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 proposed change to offer Participants that send NOM Market Maker order flow the opportunity to receive a \$0.30 per contract Non-Penny Rebate to Add Liquidity, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month, is reasonable because the Exchange seeks to further incentivize Participants to add NOM Market Maker liquidity in Non-Penny Pilot Options to obtain the rebate. The Exchange believes that its proposal will encourage Participants to select NOM as a venue and in turn benefit other market participants with the opportunity to interact with such liquidity. Other options exchanges also offer volume-based rebates to market makers for adding liquidity.⁸

The Exchange also believes that the proposed NOM Market Maker Non-Penny Rebate to Add Liquidity is equitable and not unfairly discriminatory because all NOM

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4) and (5).

⁸ See MIAX Pearl Fee Schedule, Section 1)a) for the non-penny maker rebates offered to MIAX Pearl market makers. See also Nasdaq GEMX Schedule of Fees, Section I for the non-penny maker rebates offered to GEMX market makers.

Market Makers can qualify for the rebate by meeting the volume requirements described above. Furthermore, NOM Market Makers, unlike other market participants, add value through continuous quoting⁹ and the commitment of capital. In addition, encouraging NOM Market Makers to add greater liquidity benefits all market participants in the quality of order interaction. As such, the Exchange believes it is equitable and not unfairly discriminatory to offer only NOM Market Makers the opportunity to earn the proposed rebate because of the obligations borne by these market participants, as noted herein.

The Exchange also believes that the proposed change to amend the existing NOM Market Maker Non-Penny volume threshold from “7,500 or more ADV contracts” to “7,500 to 9,999 ADV contracts” is reasonable because the Exchange is essentially adding a higher volume-based tier with this proposal. The Exchange believes that the proposed change would clarify how the two NOM Market Maker Non-Penny tiers are applied—meeting the volume threshold in the lower tier would qualify the Participant for a discounted fee, and meeting the volume threshold in the higher tier would qualify the Participant for a rebate in lieu of the fee, as described above. In the same vein, the proposed change to clarify in note 5 that the \$0.35 fee for adding liquidity will apply

⁹ Pursuant to Chapter VII (Market Participants), Section 5 (Obligations of Market Makers), in registering as a market maker, an Options Participant commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on NOM for all purposes under the Act or rules thereunder. See Chapter VII, Section 5.

unless Participants meet these volume thresholds is reasonable because it will clarify how the fee and rebate program proposed herein will apply.

The Exchange further believes that these clarifying changes to amend the existing NOM Market Maker Non-Penny volume threshold and describe how the \$0.35 fee will apply are equitable and not unfairly discriminatory because the changes will apply to all qualifying Participants.

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. The proposed rebate and corresponding changes to the volume-based thresholds described above are all designed to increase competition by encouraging NOM Maker Makers to provide greater liquidity and maintain tight markets in Non-Penny Pilot Options. The Exchange 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. 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.

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.¹⁰

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2017-127 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.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-NASDAQ-2017-127. 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-2017-127 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.¹¹

Eduardo A. Aleman
Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

* * * * *

Chapter XV Options Pricing

* * * * *

Sec. 2 Nasdaq Options Market—Fees and Rebates

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

(1) Fees for Execution of Contracts on The Nasdaq Options Market

Fees and Rebates (per executed contract)

	Customer	Professional Firm	Non-NOM Market Maker	NOM Market Maker	Broker-Dealer
Penny Pilot Options:					
Rebate to Add Liquidity	*** d, e, f	*** d, e, f	\$0.10	\$0.10	# \$0.10
Fee for Removing Liquidity	\$0.50 ^{3, 4}	\$0.50 ^{3, 4}	\$0.50	\$0.50 ²	\$0.50 ² \$0.50
Non-Penny Pilot Options:					
Fee for Adding Liquidity	N/A	N/A	\$0.45	\$0.45	\$0.35 ⁵ \$0.45
Fee for Removing Liquidity	\$0.85	\$0.85	\$1.10	\$1.10	\$1.10 \$1.10
Rebate to Add Liquidity	\$0.80 ^{1, e, f}	\$0.80 ^{1, e, f}	N/A	N/A	<u>\$0.30</u> ⁵ [N/A] N/A

¹A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tiers 2, 3, 4, 5 or 6 in a month will receive an additional \$0.10 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tiers 7 or 8 in a month will receive an additional \$0.20 per contract Non-Penny Pilot

Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month.

²Participants that add 1.30% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month will be subject to the following pricing applicable to executions: a \$0.48 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and the seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

Participants that add 1.50% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month and meet or exceed the cap for The Nasdaq Stock Market Opening Cross during the month will be subject to the following pricing applicable to executions less than 10,000 contracts: a \$0.32 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

Participants that add 1.75% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month will be subject to the following pricing applicable to executions less than 10,000 contracts: a \$0.32 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

³A Customer or Professional that removes liquidity in SPY Options will be assessed a fee of \$0.48 per contract.

⁴ NOM Participants that qualify for any MARS Payment Tier in Section (6) will be assessed a Customer or Professional Penny Pilot Options Fee for Removing Liquidity of \$0.48 per contract, excluding SPY.

⁵ The NOM Market Maker Fee for Adding Liquidity in Non-Penny Pilot Options will apply unless Participants meet the volume thresholds set forth in this note. Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 [or more] to 9,999 ADV contracts per day in a month will be assessed a \$0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month will receive the Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

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