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

Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2018 - * 013
Amendment No. (req. for Amendments *)

Filing by The Nasdaq Stock Market LLC

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 the Exchange transaction fees to modify the credits provided for displayed Designated Retail Orders under Rules 7018(a)(1) through (3).

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 02/13/2018

By Edward S. Knight

(Name *)

(Title *)

Executive Vice President and General Counsel

edward.knight@nasdaq.com

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

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of 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 to modify the credits provided for displayed Designated Retail Orders under Rules 7018(a)(1)-(3).

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on February 1, 2018.[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 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:

---

[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 February 1, 2018. See SR-NASDAQ-2018-009. The Exchange is withdrawing SR-NASDAQ-2018-009 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 the credits provided for displayed Designated Retail Orders[4] under Rules 7018(a)(1)-(3) by: (1) reducing the $0.0034 per share executed credit to $0.0033 per share executed; (2) requiring members to have a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs during the month to qualify for the proposed $0.0033 per share executed credit; and (3) adding a new $0.00325 per share executed credit tier.

Rule 7018 sets forth the fees and credits for use of the order execution and routing services of Nasdaq for securities priced at $1 or more. Rule 7018(a)(1) sets forth the fees and credits for the execution and routing of orders in Nasdaq-listed securities ("Tape C Securities"); Rule 7018(a)(2) sets forth the fees and credits for the execution and routing of securities listed on the New York Stock Exchange LLC ("NYSE")("Tape A Securities"), and Rule 7018(a)(3) sets forth the fees and credits for the execution and routing of securities listed on exchanges other than Nasdaq and NYSE ("Tape B Securities").

4 As defined by Rule 7018.

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 as such, 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.

Currently, under Rules 7018(a)(1)-(3) the Exchange provides a $0.0034 per share executed credit to members for displayed Designated Retail Orders in securities of all three Tapes. There is no qualification criteria that must be met to receive the credit under Rules 7018(a)(1)-(3). The Exchange is proposing to lower the $0.0034 per share executed credit to $0.0033 per share executed for displayed Designated Retail Orders under Rules 7018(a)(1)-(3). The Exchange is also proposing to adopt new qualification criteria for each of the proposed $0.0033 per share executed credits under Rules 7018(a)(1)-(3). Specifically, the Exchange is proposing to require a member to have a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center

MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs during the month to qualify for the $0.0033 per share executed credit under Rules 7018(a)(1)-(3). Last, the Exchange is proposing to add a new credit of $0.00325 per share executed for displayed Designated Retail Orders in securities of all three Tapes under Rules 7018(a)(1)-(3). Like the current $0.0034 per share executed credit, the Exchange is not proposing any qualification criteria that must be met to receive the proposed $0.00325 per share executed credit under Rules 7018(a)(1)-(3).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[6] 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 $0.0033 per share executed credit is reasonable because it is competitive with the credits of other exchanges. For example, NYSE Arca provides a $0.0033 per share credit for Retail Orders that provide liquidity to the NYSE Arca book.[7] Currently, members are provided a credit of $0.0034 per share executed; under the proposal, the credit will be $0.0033 per share executed.

---

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

[6] 15 U.S.C. 78f(b)(4) and (5).

[7] The credit is available to ETP Holders, including Market Makers that execute an Average Daily Volume of Retail Orders that provide liquidity during the month that is 0.15% or more of the US CADV. US CADV is defined as “US CADV means United States Consolidated Average Daily Volume for transactions reported to the Consolidated Tape, excluding odd lots through January 31, 2014 (except for purposes of Lead Market Maker pricing), and excludes volume on

The Exchange believes that the proposed $0.0033 per share executed credit and the proposed qualification criteria required to receive the credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members that meet the qualification criteria. The proposed $0.0033 per share executed credit and the proposed qualification criteria will reduce the cost of the incentive to the Exchange while also improving market quality by applying a qualification requirement that a member provide a significant share of its volume in providing liquidity on the Exchange, namely, a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs. The Exchange has limited funds to apply in the form of incentives, and thus must deploy those limited funds to incentives that it believes will be the most effective at improving market quality in areas that the Exchange determines are in need of improvement. In this instance, reducing the amount of credit provided and applying new qualification criteria, which not all members that currently qualify for the $0.0034 per share executed credit will likely satisfy, should reduce the cost of providing credits for Designated Retail Orders. In turn, the Exchange would be able to apply any funds realized by the proposed changes to other incentives that may improve market quality.

The Exchange believes that the proposed $0.00325 per share executed credit is reasonable because it is competitive with the credits of other exchanges. As noted above,

---

days when the market closes early and on the date of the annual reconstitution of the Russell Investments Indexes. Transactions that are not reported to the Consolidated Tape are not included in US CADV." See https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf.

NYSE Arca provides a $0.0033 per share credit for Retail Orders that provide liquidity to the NYSE Arca book.[8] Like the Exchange's proposed $0.0033 per share executed credit, NYSE Arca has qualification criteria required of its participants to receive its Retail Order credit. The proposed $0.00325 per share executed credit will not have any such requirements. Thus, the lower credit reflects the absence of additional market-improving behavior required to receive the credit.

The Exchange believes that $0.00325 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit and criteria to all similarly situated members. Like the current credit, the Exchange will not require a member to meet any qualification criteria to receive the credit. As a consequence, members will continue to have the opportunity to receive a significant credit for such orders, which the Exchange believes will also continue to provide incentive to members to enter such beneficial orders. In this regard, the Exchange notes that displayed liquidity promotes price discovery and retail orders often represent investors with long-term investment horizons.

Last, the Exchange notes that the proposed credits, like the current credits provided for Designated Retail Orders, are available for orders that have originated from natural persons only. The Exchange believes that limiting the credit to Designated Retail Orders is an equitable allocation and is not unfairly discriminatory because the credit is designed to attract retail order flow to the Exchange, which also benefits other market participants (including non-natural persons) by providing additional liquidity to the Exchange with which such other market participants may interact. As noted above,

---

8 Id.

displayed liquidity promotes price discovery and retail orders often represent investors with long-term investment horizons, both of which benefit all market participants by providing more liquid markets and a more diverse group of market 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. 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 credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits 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 and credits 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 proposed changes to the credits available to members for execution of securities in securities of all three Tapes do not impose a burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The proposed credits are reflective of the Exchange's desire to allocate credits and rebates to their most efficient use. The Exchange does not believe that proposed changes will reduce the level of Designated Retail Orders provided to the Exchange, but may reduce costs incurred by the Exchange in supporting the incentive. Thus, the proposed changes reflect a balance of targeting the correct level of incentive for the behavior sought. As discussed above, the proposed credits are consistent the credits provided by other exchanges for retail orders. In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[9] 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

[9] 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

Based, in part, on the credit provided by NYSE Arca for Retail Orders.[10]

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.

---

10 See note 7, supra.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2018-013)

February __, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7018(a)

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 February 13, 2018, 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 to modify the credits provided for displayed Designated Retail Orders under Rules 7018(a)(1)-(3).

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on February 1, 2018.[3]

---

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 February 1, 2018. See SR-NASDAQ-2018-009. The Exchange is withdrawing SR-NASDAQ-2018-009 and replacing it with this filing, which makes a technical correction and descriptive changes to the proposal.

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 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 the credits provided for displayed Designated Retail Orders[4] under Rules 7018(a)(1)-(3) by: (1) reducing the \$0.0034 per share executed credit to \$0.0033 per share executed; (2) requiring members to have a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs during the month to qualify for the proposed \$0.0033 per share executed credit; and (3) adding a new \$0.00325 per share executed credit tier.

Rule 7018 sets forth the fees and credits for use of the order execution and routing services of Nasdaq for securities priced at \$1 or more. Rule 7018(a)(1) sets forth the fees

---

[4] As defined by Rule 7018.

and credits for the execution and routing of orders in Nasdaq-listed securities (“Tape C Securities”); Rule 7018(a)(2) sets forth the fees and credits for the execution and routing of securities listed on the New York Stock Exchange LLC (“NYSE”)(“Tape A Securities”), and Rule 7018(a)(3) sets forth the fees and credits for the execution and routing of securities listed on exchanges other than Nasdaq and NYSE (“Tape B Securities”).

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 as such, 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.

Currently, under Rules 7018(a)(1)-(3) the Exchange provides a $0.0034 per share executed credit to members for displayed Designated Retail Orders in securities of all three Tapes. There is no qualification criteria that must be met to receive the credit under

Rules 7018(a)(1)-(3). The Exchange is proposing to lower the $0.0034 per share executed credit to $0.0033 per share executed for displayed Designated Retail Orders under Rules 7018(a)(1)-(3). The Exchange is also proposing to adopt new qualification criteria for each of the proposed $0.0033 per share executed credits under Rules 7018(a)(1)-(3). Specifically, the Exchange is proposing to require a member to have a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs during the month to qualify for the $0.0033 per share executed credit under Rules 7018(a)(1)-(3). Last, the Exchange is proposing to add a new credit of $0.00325 per share executed for displayed Designated Retail Orders in securities of all three Tapes under Rules 7018(a)(1)-(3). Like the current $0.0034 per share executed credit, the Exchange is not proposing any qualification criteria that must be met to receive the proposed $0.00325 per share executed credit under Rules 7018(a)(1)-(3).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[6] 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 $0.0033 per share executed credit is reasonable because it is competitive with the credits of other exchanges. For example,

---

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

6 15 U.S.C. 78f(b)(4) and (5).

NYSE Arca provides a $0.0033 per share credit for Retail Orders that provide liquidity to the NYSE Arca book.[7] Currently, members are provided a credit of $0.0034 per share executed; under the proposal, the credit will be $0.0033 per share executed.

The Exchange believes that the proposed $0.0033 per share executed credit and the proposed qualification criteria required to receive the credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members that meet the qualification criteria. The proposed $0.0033 per share executed credit and the proposed qualification criteria will reduce the cost of the incentive to the Exchange while also improving market quality by applying a qualification requirement that a member provide a significant share of its volume in providing liquidity on the Exchange, namely, a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs. The Exchange has limited funds to apply in the form of incentives, and thus must deploy those limited funds to incentives that it believes will be the most effective at improving market quality in areas that the Exchange determines are in need of improvement. In this instance, reducing the amount of credit provided and applying new qualification criteria,

---

7 The credit is available to ETP Holders, including Market Makers that execute an Average Daily Volume of Retail Orders that provide liquidity during the month that is 0.15% or more of the US CADV. US CADV is defined as "US CADV means United States Consolidated Average Daily Volume for transactions reported to the Consolidated Tape, excluding odd lots through January 31, 2014 (except for purposes of Lead Market Maker pricing), and excludes volume on days when the market closes early and on the date of the annual reconstitution of the Russell Investments Indexes. Transactions that are not reported to the Consolidated Tape are not included in US CADV." See https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf.

which not all members that currently qualify for the $0.0034 per share executed credit will likely satisfy, should reduce the cost of providing credits for Designated Retail Orders. In turn, the Exchange would be able to apply any funds realized by the proposed changes to other incentives that may improve market quality.

The Exchange believes that the proposed $0.00325 per share executed credit is reasonable because it is competitive with the credits of other exchanges. As noted above, NYSE Arca provides a $0.0033 per share credit for Retail Orders that provide liquidity to the NYSE Arca book.[8] Like the Exchange's proposed $0.0033 per share executed credit, NYSE Arca has qualification criteria required of its participants to receive its Retail Order credit. The proposed $0.00325 per share executed credit will not have any such requirements. Thus, the lower credit reflects the absence of additional market-improving behavior required to receive the credit.

The Exchange believes that $0.00325 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit and criteria to all similarly situated members. Like the current credit, the Exchange will not require a member to meet any qualification criteria to receive the credit. As a consequence, members will continue to have the opportunity to receive a significant credit for such orders, which the Exchange believes will also continue to provide incentive to members to enter such beneficial orders. In this regard, the Exchange notes that displayed liquidity promotes price discovery and retail orders often represent investors with long-term investment horizons.

---

[8] Id.

Last, the Exchange notes that the proposed credits, like the current credits provided for Designated Retail Orders, are available for orders that have originated from natural persons only. The Exchange believes that limiting the credit to Designated Retail Orders is an equitable allocation and is not unfairly discriminatory because the credit is designed to attract retail order flow to the Exchange, which also benefits other market participants (including non-natural persons) by providing additional liquidity to the Exchange with which such other market participants may interact. As noted above, displayed liquidity promotes price discovery and retail orders often represent investors with long-term investment horizons, both of which benefit all market participants by providing more liquid markets and a more diverse group of market 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. 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 credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits 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 and credits 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 proposed changes to the credits available to members for execution of securities in securities of all three Tapes do not impose a burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The proposed credits are reflective of the Exchange's desire to allocate credits and rebates to their most efficient use. The Exchange does not believe that proposed changes will reduce the level of Designated Retail Orders provided to the Exchange, but may reduce costs incurred by the Exchange in supporting the incentive. Thus, the proposed changes reflect a balance of targeting the correct level of incentive for the behavior sought. As discussed above, the proposed credits are consistent the credits provided by other exchanges for retail orders. In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[9]

---

9 15 U.S.C. 78s(b)(3)(A)(ii).

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-2018-013 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-2018-013. 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-2018-013 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.[10]

Eduardo A. Aleman
Assistant Secretary

---

[10] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

* * * * *

7018. Nasdaq Market Center Order Execution and Routing
(a) The following charges shall apply to the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades. For purposes of determining a member's shares of liquidity routed, TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST and directed orders are not counted. As used in this rule, the term "Consolidated Volume" shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.

(1) Fees for Execution and Routing of Orders in Nasdaq-Listed Securities

* * * * *

Credit for displayed Designated Retail Orders[:]* to a member that has a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0033[4] per share executed
Credit for displayed Designated Retail Orders:*	$0.00325 per share executed

* * * * *

(2) Fees for Execution and Routing of Securities Listed on NYSE

* * * * *

Credit for displayed Designated Retail Orders[:]* to a member that has a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing	$0.0033[4] per share executed

liquidity) through one or more of its Nasdaq Market Center MPIDs during the month:

Credit for displayed Designated Retail Orders:*	$0.00325 per share executed

* * * * *

(3) Fees for Execution and Routing of Orders in Securities Listed on Exchanges other than Nasdaq and NYSE ("Tape B Securities")

* * * * *

Credit for displayed Designated Retail Orders[:]* to a member that has a ratio of at least 85% liquidity provided through one or more of its Nasdaq Market Center MPIDs to all volume (adding and removing liquidity) through one or more of its Nasdaq Market Center MPIDs during the month:	$0.0033[4] per share executed
Credit for displayed Designated Retail Orders:*	$0.00325 per share executed

* * * * *

(b) – (m) No Change.

* 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 this rule, 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.

* * * * *