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

File No.* SR - 2018 - * 019
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 *).

A proposal to amend the Exchange transaction fees at Chapter XV, Section 2, which governs the pricing for Nasdaq Participants using The Nasdaq Options Market.

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.

Date 03/13/2018

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.

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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 at Chapter XV, Section 2, 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

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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 purpose of the proposed rule change is to amend NOM pricing at Chapter XV, Section 2 to modify the NOM Market Maker,[3] Customer[4] and Professional[5] Rebates to Add Liquidity in Penny and Non-Penny Pilot Options. The Exchange also proposes to increase the Customer and Professional Fee for Removing Liquidity in SPY Options. Each change is discussed below.

NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options

The Exchange proposes to amend the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options by modifying the criteria to qualify for this tier and by increasing the rebate amount. Today, the Exchange has a six tier rebate structure for paying the NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options as follows:

Monthly Volume	Rebate to

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.

4 The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)).

5 The term "Professional" or ("P") means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

		Add Liquidity
Tier 1	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	$0.20
Tier 2	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.25% of total industry customer equity and ETF option ADV contracts per day in a month	$0.25
Tier 3	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.25% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month	$0.30 or $0.40 in the following symbols AAPL, QQQ, IWM, SPY and VXX
Tier 4	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month	$0.32 or $0.40 in the following symbols AAPL, QQQ, IWM, VXX and SPY
Tier 5	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.30% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options	$0.40
Tier 6	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options or Participant adds NOM Market Maker liquidity in	$0.42

Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month

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The Exchange proposes to amend the criteria to qualify for Tier 6, which currently offers two alternative methods of qualifying for the $0.42 per contract rebate in that tier. The first method is a two-pronged requirement that the Participant (i) add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month and (ii) qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options. The alternative is a requirement that the Participant add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month. The Exchange is proposing to eliminate the first method, and to amend the alternative by increasing the 0.90% total industry customer equity and ETF option ADV threshold to **0.95%** and adding two new requirements to qualify for the Tier 6 rebate. As such, the proposed Tier 6 criteria will have three prongs and require that the Participant (i) add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (ii) execute Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (iii) add Firm,[6] Broker-

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[6] The term "Firm" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

Dealer[7] and Non-NOM Market Maker[8] liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month. "Total Volume" will have the same meaning as the definition currently in note b of Section 2(1), specifically as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM. Lastly, the Exchange proposes to increase the current Tier 6 rebate amount from $0.42 to $0.48 per contract.

NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options

The Exchange proposes to create an alternative method for Participants to earn a rebate for adding NOM Market Maker 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. To encourage Participants to add NOM Market Maker liquidity in Non-Penny Pilot Options, the Exchange currently offers incentives to reduce this fee or earn a rebate, provided the Participants meet the volume-based requirements in note "5," Section 2(1). Specifically, Participants who add NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 to 9,999 ADV contracts per day in a month would be assessed a $0.00 per contract Non- Penny Options Fee for Adding Liquidity in that month. In addition, Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month would

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7 The term "Broker-Dealer" or ("B") applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

8 The term "Non-NOM Market Maker" or ("O") is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

receive a $0.30 per contract Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

The Exchange now proposes an additional rebate in new note “6” for NOM Market Makers that add liquidity in Non-Penny Pilot Options. Specifically, Participants that qualify for the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options, as discussed above, will receive a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options. Participants that qualify for a note “5” incentive will receive the greater of the note “5” or note “6” incentive.

Customer and Professional Rebate to Add Liquidity in Penny Pilot Options

The Exchange proposes a number of changes to the Rebates to Add Customer and Professional Liquidity in Penny Pilot Options set forth in Section 2(1). First, the Exchange is proposing to modify the eight tier rebate structure to a six tier rebate structure. The Exchange currently pays a volume-based tiered Customer and Professional Rebate to Add Liquidity in Penny Pilot Options as follows:

Monthly Volume		**Rebate to Add Liquidity**
Tier 1	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	$0.20
Tier 2	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month	$0.25
Tier 3	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.30% of total industry customer equity and ETF option ADV contracts per day in a month	$0.42
Tier 4	Participant adds Customer, Professional, Firm, Non-NOM Market	$0.43

	Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.30% to 0.40% of total industry customer equity and ETF option ADV contracts per day in a month	
Tier 5	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.40% to 0.75% of total industry customer equity and ETF option ADV contracts per day in a month	$0.45
Tier 6	Participant has Total Volume of 100,000 or more contracts per day in a month, of which 25,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options	$0.45
Tier 7	Participant has Total Volume of 150,000 or more contracts per day in a month, of which 50,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options	$0.47
Tier 8	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.75% or more of total industry customer equity and ETF option ADV contracts per day in a month, or Participant adds: (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS (defined below)	$0.48

For purposes of Tiers 6 and 7, "Total Volume" is defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM. The Exchange now proposes to eliminate Tiers 6 and 7, and renumber current Tier 8 as Tier 6. The Exchange will also make a number of related clean-up changes to remove all references in Chapter XV to current Tier 6 or Tier 7, and renumber all references to Tier 8 to Tier 6. In particular, the proposed clean-ups are in notes "1," "d," "e" and "f" in Section 2(1), in the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options in Section 2(1), and in the qualifier for the additional $0.09 per contract rebate applicable to the Market Access and Routing Subsidy

Payment tiers in Section 2(6). Further, the Exchange would delete the portion of note "b" that states "For purposes of Tiers 6 and 7" and relocate the remaining rule text that contains the definition of "Total Volume" to a new corresponding note to the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. As discussed above, the second prong of the proposed Tier 6 rebate will contain a Total Volume qualifier.

Further, the Exchange proposes to decrease the Customer and Professional Rebate to Add Liquidity in Penny Pilot Options set forth in note "e" of Section 2(1). Today, a Participant may receive a $0.53 per contract Rebate to Add Liquidity in Penny Pilot Options as Customer or Professional if that Participant transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume[9] in the same month on The Nasdaq Stock Market. Participants that qualify for this rebate would not be eligible for any other Customer and Professional rebates in Tiers 1 through 8, or other rebate incentives for Customer and Professional order flow in Chapter XV, Section 2(1) of NOM Rules.[10] The Exchange now proposes to decrease this note "e" incentive from $0.53 to $0.52 per contract for Customers and Professionals transacting in Penny Pilot Options.

Customer and Professional Fee for Removing Liquidity in SPY Options

The Exchange currently charges NOM Participants a Penny Pilot Options Fee for Removing Customer or Professional Liquidity that is $0.50 per contract, excluding SPY.

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9 Consolidated Volume would be determined as set forth in Nasdaq Rule 7018(a).

10 In calculating total volume, the Exchange will add the NOM Participant's total volume transacted on the NASDAQ Stock Market in a given month across its Nasdaq Market Center MPIDs, and will divide this number by the total industry Consolidated Volume.

For NOM Participants that remove Customer or Professional liquidity in SPY, this fee is reduced to $0.48 per contract.[11] The Exchange now proposes to amend this fee so that the Penny Pilot Options Fee for Removing Customer or Professional Liquidity in SPY will be increased from $0.48 to $0.49 per contract.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[12] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[13] 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.

NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options

The Exchange believes that the proposed changes to the criteria to qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options and the proposed increase in the rebate amount from $0.42 to $0.48 per contract are reasonable, equitable and not unfairly discriminatory.

As discussed above, the Exchange is proposing to eliminate the first method to qualify for Tier 6, and amend the alternative method by increasing the total industry customer equity and ETF option ADV threshold from 0.90% to **0.95%** and adding two new volume-based requirements to qualify for Tier 6. Accordingly, the proposed three-

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11 See Chapter XV, Section 2(1), note 3. Firms, Non-NOM Market Makers, NOM Market Makers and Broker-Dealers are assessed a $0.50 per contract Penny Pilot Options Fee for Removing Liquidity in SPY, similar to other Penny Pilot Options.

12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(4) and (5).

pronged criteria to qualify for Tier 6 will require that Participants (1) add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) execute Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) add Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month. The Exchange notes that the proposed $0.48 per contract Tier 6 rebate will be the highest available NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. The Exchange believes that the proposed $0.48 per contract Tier 6 rebate is reasonable because it will require three components to be met by Participants in order to qualify for that rebate. These requirements require more volume to be submitted on NOM than the current highest rebate (i.e., the current Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options) requires today.

The Exchange believes that the first prong (add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month) is reasonable because the Exchange already allows Participants to earn rebates today based on percentages of total industry customer equity and ETF option ADV. While the percentage threshold has increased from 0.90% to 0.95%, the Exchange is offering to pay a rebate of $0.48 per contract, the highest rebate, for Participants that meet this higher threshold. The second prong (execute Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity) is reasonable because the Exchange already allows Participants to obtain rebates today based on Total Volume, and requiring a certain amount of the Total Volume to consist of volume that removes liquidity will attract both liquidity providers and removers to NOM. The third prong (add Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month) is reasonable because the Exchange is incentivizing Participants to send Non-Penny Pilot Firm, Broker-Dealer and Non-NOM Market Maker order flow to NOM. Overall, the Exchange believes that the proposed Tier 6 rebate will continue to encourage Participants to send additional order flow to NOM in either Penny or Non-Penny Pilot Options to qualify for the higher Tier 6 rebate. All market participants benefit from the increased order interaction when more order flow is available on NOM.

The Exchange believes that the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options is equitable and not unfairly discriminatory because all similarly-situated Participants are equally capable of qualifying for the proposed rebate, and the rebate will be uniformly paid to all qualifying Participants. Further, the Exchange believes that it is equitable and not unfairly discriminatory to only offer this rebate to Participants that transact as NOM Marker Makers because NOM Market Makers, unlike other market participants, add value through continuous quoting[14] and the commitment of capital. In addition, encouraging NOM Market Makers to add greater

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14 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.

liquidity benefits all Participants in the quality of order interaction. The Exchange believes it is equitable and not unfairly discriminatory to offer only NOM Market Makers the opportunity to earn the Tier 6 rebate described above because of the obligations borne by these market participants, as noted herein.

NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options

The Exchange believes that the proposed $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options offered to Participants if they qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options is reasonable, equitable and not unfairly discriminatory. The Exchange notes that the proposed $0.86 per contract rebate set forth in new note "6" will be the highest available incentive provided to Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options.[15] The Exchange believes that the proposed incentive of $0.86 per contract is reasonable because it will require Participants to meet the stringent volume requirements set forth in the Tier 6 Penny Pilot Options Rebate to Add NOM Market Maker Liquidity, as described above. The incentives currently offered to Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options as set forth in note "5"

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[15] Today, the Exchange offers Participants a reduced fee of $0.00 or a rebate of $0.30, provided the Participant meets the volume qualifications in note 5 of Section 2(1). Specifically, 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 would be assessed a $0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. In addition, Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month would receive a $0.30 per contract Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

have significantly lower volume-based qualification requirements than the requirements for the Tier 6 Penny Pilot Options Rebate.[16]

Further, the new note "6" incentive is intended to encourage Participants who transact as NOM Market Makers to continue to send more order flow to the Exchange in either Penny or Non-Penny Pilot Options in order to qualify for the proposed Tier 6 Penny Pilot Rebate to Add NOM Market Maker Liquidity to earn the additional $0.86 Non-Penny Rebate to Add NOM Market Maker Liquidity. All market participants benefit from the increased order interaction when more order flow is available on NOM. The Exchange also believes that it is reasonable to offer Participants that qualify for a note "5" incentive the greater of the current note "5" or new note "6" incentive because the Participant will be able to receive the greater of the two rebates with this proposal.

The Exchange believes that the proposed NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options is equitable and not unfairly discriminatory because all similarly-situated Participants are equally capable of qualifying for the proposed rebates, and the rebate will be uniformly paid to all qualifying Participants. Further, the Exchange believes that offering only Participants that transact as NOM Market Makers the opportunity to qualify for the proposed $0.86 per contract Rebate to Add Liquidity in Non-Penny Pilot Options is equitable and not unfairly discriminatory for the same reasons discussed above for the proposed Tier 6 Penny Pilot Options Rebate to Add NOM Market Maker Liquidity. It should also be noted that while the proposed $0.86 per contract rebate will be the highest available incentive provided to Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options, the Exchange

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16 See note 15 above.

currently offers eligible Participants that transact as Customers and/or Professionals rebates up to $1.05 per contract for adding liquidity in Non-Penny Pilot Options.[17] Accordingly, the Exchange believes the $0.86 per contract rebate proposed to be offered to Participants that transact as NOM Market Makers is equitable and not unfairly discriminatory because the proposed incentive is within the range of rebates currently offered to all Participants that transact on NOM and add liquidity in Non-Penny Pilot Options.

Customer and Professional Rebate to Add Liquidity in Penny Pilot Options

The Exchange believes that its proposal to modify the eight tier rebate structure to a six tier rebate structure by deleting the current Tier 6 and Tier 7 Customer and Professional Rebates to Add Liquidity, which currently contain Total Volume qualification requirements, is reasonable, equitable and not unfairly discriminatory. Participants will still have the opportunity to qualify for the other tiered Customer and Professional Rebates to Add Liquidity in Penny Pilot Options, which will remain unchanged, as well as the other incentives currently provided to Participants that add Customer and Professional liquidity in Penny Pilot Options.[18]

Further, the Exchange believes it is reasonable, equitable and not unfairly discriminatory to make the related clean-up changes to remove all references in Chapter XV to current Tier 6 or Tier 7, renumber all references to Tier 8 to Tier 6, and relocate

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17 Participants must meet the requirements in note "f" of Section 2(1) in order to qualify for this $1.05 per contract incentive.

18 In addition to the tiered rebates, the Exchange currently offers eligible Participants that add Customer and Professional liquidity in Penny Pilot Options rebate incentives that go up to $0.55 per contract if the Participant meets the relevant requirements. See Chapter XV, Section 2(1), notes "c" – "f."

the definition of "Total Volume" in note "b" to a new corresponding note to the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. The proposed changes will make NOM's pricing schedule easier to read and eliminate any potential confusion to the benefit of members and investors.

In addition, the proposed change to note "e" in Section 2(1) to decrease the Customer and Professional Rebate to Add Liquidity in Penny Pilot Options provided to eligible Participants that transact 3.00% or more in Consolidated Volume on The Nasdaq Stock Market from $0.53 to $0.52 per contract is reasonable because the proposed change is a modest reduction, and the Exchange believes that its rebate program will continue to incentivize Participants to transact greater volume on The Nasdaq Stock Market in order to qualify for a higher rebate on NOM.

The Exchange also believes that the proposed reduction in the note "e" incentive as discussed above is equitable and not unfairly discriminatory because any Participant that qualifies for this rebate will be uniformly paid the $0.52 per contract incentive for Penny Pilot Options. The requirements for earning this rebate will be applied uniformly to all market participants. Furthermore, the Exchange believes that it is equitable and not unfairly discriminatory to only offer the proposed $0.52 per contract incentive in note "e" to eligible Participants that add Customer and Professional liquidity in Penny Pilot Options. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that offering a lower fee to Professionals is similarly beneficial, as the lower fees may cause market participants to select NOM as a venue to send Professional order flow, increasing competition among the exchanges. As with Customer liquidity, the Exchange believes that increased Professional order flow should benefit other market participants.

Customer and Professional Fee for Removing Liquidity in SPY Options

The proposal to amend note 3 of Chapter XV, Section 2(1) to increase the Penny Pilot Options Fee for Removing Customer or Professional Liquidity in SPY from $0.48 to $0.49 per contract is reasonable and equitable because the proposed fee remains lower for SPY as compared to other Penny Pilot Options. The Exchange believes that the lower fee of $0.49 per contract in SPY, as compared to $0.50 per contract in other Penny Pilot Options, will continue to incentivize Participants to send Customer and Professional order flow in SPY.[19] The Exchange notes that the proposed pricing for the reduced SPY fee in note 3 remains competitive with another options exchange.[20]

The Exchange does not believe that only offering this lower fee to Participants that remove Customer and Professional liquidity in SPY is inequitable and unfairly discriminatory. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that offering a lower fee to Professionals is similarly beneficial, as the lower fees may cause market participants to select NOM as a venue to send Professional order flow,

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19 SPY options are the largest volume Penny Pilot Options traded on the Exchange.

20 CBOE C2 Exchange ("C2") charges public customers a $0.49 per contract taker fee and professional customers a $0.50 per contract taker fee, both in all penny classes except RUT. See C2 Fees Schedule, Section 1.

increasing competition among the exchanges. As with Customer liquidity, the Exchange believes that increased Professional order flow should benefit other 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. All of the proposed changes to the NOM Market Maker, Customer and Professional Rebates to Add Liquidity in Penny and Non-Penny Pilot Options, as well as the Customer and Professional Fee for Removing Liquidity in SPY Options, are designed to attract additional order flow to NOM, and the Exchange believes that its pricing remains attractive to market participants. 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,[21] 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 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.

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[21] 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2018-019)

March __, 2018

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, Which Governs the Pricing for Nasdaq Participants Using The Nasdaq Options Market

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 March 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 at Chapter XV, Section 2, 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.

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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 NOM pricing at Chapter XV, Section 2 to modify the NOM Market Maker,[3] Customer[4] and Professional[5] Rebates to Add Liquidity in Penny and Non-Penny Pilot Options. The Exchange also proposes to increase the Customer and Professional Fee for Removing Liquidity in SPY Options. Each change is discussed below.

NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options

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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.

4 The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)).

5 The term "Professional" or ("P") means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

The Exchange proposes to amend the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options by modifying the criteria to qualify for this tier and by increasing the rebate amount. Today, the Exchange has a six tier rebate structure for paying the NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options as follows:

Monthly Volume		**Rebate to Add Liquidity**
Tier 1	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	$0.20
Tier 2	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.25% of total industry customer equity and ETF option ADV contracts per day in a month	$0.25
Tier 3	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.25% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month	$0.30 or $0.40 in the following symbols AAPL, QQQ, IWM, SPY and VXX
Tier 4	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month	$0.32 or $0.40 in the following symbols AAPL, QQQ, IWM, VXX and SPY
Tier 5	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options	$0.40

	of above 0.30% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options	
Tier 6	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options or Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month	$0.42

The Exchange proposes to amend the criteria to qualify for Tier 6, which currently offers two alternative methods of qualifying for the $0.42 per contract rebate in that tier. The first method is a two-pronged requirement that the Participant (i) add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month and (ii) qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options. The alternative is a requirement that the Participant add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month. The Exchange is proposing to eliminate the first method, and to amend the alternative by increasing the 0.90% total industry customer equity and ETF option ADV threshold to **0.95%** and adding two new requirements to qualify for the Tier 6 rebate. As such, the proposed Tier 6 criteria will have three prongs and require that the Participant (i) add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (ii) execute Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (iii) add Firm,[6] Broker-Dealer[7] and Non-NOM Market Maker[8] liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month. "Total Volume" will have the same meaning as the definition currently in note b of Section 2(1), specifically as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM. Lastly, the Exchange proposes to increase the current Tier 6 rebate amount from $0.42 to $0.48 per contract.

NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options

The Exchange proposes to create an alternative method for Participants to earn a rebate for adding NOM Market Maker 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. To encourage Participants to add NOM Market Maker liquidity in Non-Penny Pilot Options, the Exchange currently offers incentives to reduce this fee or earn a rebate, provided the Participants meet the volume-based requirements in note "5," Section 2(1). Specifically, Participants who add NOM Market

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6 The term "Firm" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

7 The term "Broker-Dealer" or ("B") applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

8 The term "Non-NOM Market Maker" or ("O") is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

Maker liquidity in Non-Penny Pilot Options of 7,500 to 9,999 ADV contracts per day in a month would be assessed a $0.00 per contract Non- Penny Options Fee for Adding Liquidity in that month. In addition, Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month would receive a $0.30 per contract Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

The Exchange now proposes an additional rebate in new note "6" for NOM Market Makers that add liquidity in Non-Penny Pilot Options. Specifically, Participants that qualify for the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options, as discussed above, will receive a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options. Participants that qualify for a note "5" incentive will receive the greater of the note "5" or note "6" incentive.

Customer and Professional Rebate to Add Liquidity in Penny Pilot Options

The Exchange proposes a number of changes to the Rebates to Add Customer and Professional Liquidity in Penny Pilot Options set forth in Section 2(1). First, the Exchange is proposing to modify the eight tier rebate structure to a six tier rebate structure. The Exchange currently pays a volume-based tiered Customer and Professional Rebate to Add Liquidity in Penny Pilot Options as follows:

Monthly Volume		Rebate to Add Liquidity
Tier 1	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	$0.20
Tier 2	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or	$0.25

	Non-Penny Pilot Options above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month	
Tier 3	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.30% of total industry customer equity and ETF option ADV contracts per day in a month	$0.42
Tier 4	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.30% to 0.40% of total industry customer equity and ETF option ADV contracts per day in a month	$0.43
Tier 5	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.40% to 0.75% of total industry customer equity and ETF option ADV contracts per day in a month	$0.45
Tier 6	Participant has Total Volume of 100,000 or more contracts per day in a month, of which 25,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options	$0.45
Tier 7	Participant has Total Volume of 150,000 or more contracts per day in a month, of which 50,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options	$0.47
Tier 8	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.75% or more of total industry customer equity and ETF option ADV contracts per day in a month, or Participant adds: (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS (defined below)	$0.48

For purposes of Tiers 6 and 7, “Total Volume” is defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM. The Exchange now proposes to eliminate Tiers 6 and 7, and renumber current Tier 8 as Tier 6. The Exchange will also make a number of related clean-up changes to remove all references in Chapter XV to current Tier 6 or Tier 7, and renumber all references to Tier 8 to Tier 6. In particular, the proposed clean-ups are in notes “1,” “d,” “e” and “f” in Section 2(1), in the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options in Section 2(1), and in the qualifier for the additional $0.09 per contract rebate applicable to the Market Access and Routing Subsidy Payment tiers in Section 2(6). Further, the Exchange would delete the portion of note “b” that states “For purposes of Tiers 6 and 7” and relocate the remaining rule text that contains the definition of “Total Volume” to a new corresponding note to the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. As discussed above, the second prong of the proposed Tier 6 rebate will contain a Total Volume qualifier.

Further, the Exchange proposes to decrease the Customer and Professional Rebate to Add Liquidity in Penny Pilot Options set forth in note “e” of Section 2(1). Today, a Participant may receive a $0.53 per contract Rebate to Add Liquidity in Penny Pilot Options as Customer or Professional if that Participant transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume[9] in the same month on The Nasdaq Stock Market. Participants that qualify for this rebate would not be eligible for any other Customer and Professional rebates in Tiers 1 through 8, or other rebate incentives for Customer and Professional order flow in Chapter XV, Section 2(1) of NOM Rules.[10] The Exchange now proposes to

[9] Consolidated Volume would be determined as set forth in Nasdaq Rule 7018(a).

[10] In calculating total volume, the Exchange will add the NOM Participant’s total volume transacted on the NASDAQ Stock Market in a given month across its Nasdaq Market Center MPIDs, and will divide this number by the total industry Consolidated Volume.

decrease this note "e" incentive from $0.53 to $0.52 per contract for Customers and Professionals transacting in Penny Pilot Options.

Customer and Professional Fee for Removing Liquidity in SPY Options

The Exchange currently charges NOM Participants a Penny Pilot Options Fee for Removing Customer or Professional Liquidity that is $0.50 per contract, excluding SPY. For NOM Participants that remove Customer or Professional liquidity in SPY, this fee is reduced to $0.48 per contract.[11] The Exchange now proposes to amend this fee so that the Penny Pilot Options Fee for Removing Customer or Professional Liquidity in SPY will be increased from $0.48 to $0.49 per contract.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[12] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[13] 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.

NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options

The Exchange believes that the proposed changes to the criteria to qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options and the

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11 See Chapter XV, Section 2(1), note 3. Firms, Non-NOM Market Makers, NOM Market Makers and Broker-Dealers are assessed a $0.50 per contract Penny Pilot Options Fee for Removing Liquidity in SPY, similar to other Penny Pilot Options.

12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(4) and (5).

proposed increase in the rebate amount from $0.42 to $0.48 per contract are reasonable, equitable and not unfairly discriminatory.

As discussed above, the Exchange is proposing to eliminate the first method to qualify for Tier 6, and amend the alternative method by increasing the total industry customer equity and ETF option ADV threshold from 0.90% to **0.95%** and adding two new volume-based requirements to qualify for Tier 6. Accordingly, the proposed three-pronged criteria to qualify for Tier 6 will require that Participants (1) add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) execute Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) add Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month. The Exchange notes that the proposed $0.48 per contract Tier 6 rebate will be the highest available NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. The Exchange believes that the proposed $0.48 per contract Tier 6 rebate is reasonable because it will require three components to be met by Participants in order to qualify for that rebate. These requirements require more volume to be submitted on NOM than the current highest rebate (i.e., the current Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options) requires today.

The Exchange believes that the first prong (add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month) is reasonable because the Exchange already allows Participants to earn rebates today based on percentages of total industry customer equity and ETF option ADV. While the percentage threshold has increased from 0.90% to 0.95%, the Exchange is offering to pay a rebate of $0.48 per contract, the highest rebate, for Participants that meet this higher threshold. The second prong (execute Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity) is reasonable because the Exchange already allows Participants to obtain rebates today based on Total Volume, and requiring a certain amount of the Total Volume to consist of volume that removes liquidity will attract both liquidity providers and removers to NOM. The third prong (add Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month) is reasonable because the Exchange is incentivizing Participants to send Non-Penny Pilot Firm, Broker-Dealer and Non-NOM Market Maker order flow to NOM. Overall, the Exchange believes that the proposed Tier 6 rebate will continue to encourage Participants to send additional order flow to NOM in either Penny or Non-Penny Pilot Options to qualify for the higher Tier 6 rebate. All market participants benefit from the increased order interaction when more order flow is available on NOM.

The Exchange believes that the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options is equitable and not unfairly discriminatory because all similarly-situated Participants are equally capable of qualifying for the proposed rebate, and the rebate will be uniformly paid to all qualifying Participants. Further, the Exchange believes that it is equitable and not unfairly discriminatory to only offer this rebate to Participants that transact as NOM Marker Makers because NOM Market

Makers, unlike other market participants, add value through continuous quoting[14] and the commitment of capital. In addition, encouraging NOM Market Makers to add greater liquidity benefits all Participants in the quality of order interaction. The Exchange believes it is equitable and not unfairly discriminatory to offer only NOM Market Makers the opportunity to earn the Tier 6 rebate described above because of the obligations borne by these market participants, as noted herein.

NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options

The Exchange believes that the proposed $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options offered to Participants if they qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options is reasonable, equitable and not unfairly discriminatory. The Exchange notes that the proposed $0.86 per contract rebate set forth in new note "6" will be the highest available incentive provided to Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options.[15] The Exchange believes that the proposed incentive of $0.86

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[14] 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.

[15] Today, the Exchange offers Participants a reduced fee of $0.00 or a rebate of $0.30, provided the Participant meets the volume qualifications in note 5 of Section 2(1). Specifically, 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 would be assessed a $0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. In addition, Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in

per contract is reasonable because it will require Participants to meet the stringent volume requirements set forth in the Tier 6 Penny Pilot Options Rebate to Add NOM Market Maker Liquidity, as described above. The incentives currently offered to Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options as set forth in note "5" have significantly lower volume-based qualification requirements than the requirements for the Tier 6 Penny Pilot Options Rebate.[16]

Further, the new note "6" incentive is intended to encourage Participants who transact as NOM Market Makers to continue to send more order flow to the Exchange in either Penny or Non-Penny Pilot Options in order to qualify for the proposed Tier 6 Penny Pilot Rebate to Add NOM Market Maker Liquidity to earn the additional $0.86 Non-Penny Rebate to Add NOM Market Maker Liquidity. All market participants benefit from the increased order interaction when more order flow is available on NOM. The Exchange also believes that it is reasonable to offer Participants that qualify for a note "5" incentive the greater of the current note "5" or new note "6" incentive because the Participant will be able to receive the greater of the two rebates with this proposal.

The Exchange believes that the proposed NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options is equitable and not unfairly discriminatory because all similarly-situated Participants are equally capable of qualifying for the proposed rebates, and the rebate will be uniformly paid to all qualifying Participants. Further, the Exchange believes that offering only Participants that transact as NOM Market Makers the opportunity to qualify for the proposed $0.86 per contract Rebate to

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a month would receive a $0.30 per contract Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

16 See note 15 above.

Add Liquidity in Non-Penny Pilot Options is equitable and not unfairly discriminatory for the same reasons discussed above for the proposed Tier 6 Penny Pilot Options Rebate to Add NOM Market Maker Liquidity. It should also be noted that while the proposed $0.86 per contract rebate will be the highest available incentive provided to Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options, the Exchange currently offers eligible Participants that transact as Customers and/or Professionals rebates up to $1.05 per contract for adding liquidity in Non-Penny Pilot Options.[17] Accordingly, the Exchange believes the $0.86 per contract rebate proposed to be offered to Participants that transact as NOM Market Makers is equitable and not unfairly discriminatory because the proposed incentive is within the range of rebates currently offered to all Participants that transact on NOM and add liquidity in Non-Penny Pilot Options.

Customer and Professional Rebate to Add Liquidity in Penny Pilot Options

The Exchange believes that its proposal to modify the eight tier rebate structure to a six tier rebate structure by deleting the current Tier 6 and Tier 7 Customer and Professional Rebates to Add Liquidity, which currently contain Total Volume qualification requirements, is reasonable, equitable and not unfairly discriminatory. Participants will still have the opportunity to qualify for the other tiered Customer and Professional Rebates to Add Liquidity in Penny Pilot Options, which will remain

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[17] Participants must meet the requirements in note "f" of Section 2(1) in order to qualify for this $1.05 per contract incentive.

unchanged, as well as the other incentives currently provided to Participants that add Customer and Professional liquidity in Penny Pilot Options.[18]

Further, the Exchange believes it is reasonable, equitable and not unfairly discriminatory to make the related clean-up changes to remove all references in Chapter XV to current Tier 6 or Tier 7, renumber all references to Tier 8 to Tier 6, and relocate the definition of "Total Volume" in note "b" to a new corresponding note to the proposed Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. The proposed changes will make NOM's pricing schedule easier to read and eliminate any potential confusion to the benefit of members and investors.

In addition, the proposed change to note "e" in Section 2(1) to decrease the Customer and Professional Rebate to Add Liquidity in Penny Pilot Options provided to eligible Participants that transact 3.00% or more in Consolidated Volume on The Nasdaq Stock Market from $0.53 to $0.52 per contract is reasonable because the proposed change is a modest reduction, and the Exchange believes that its rebate program will continue to incentivize Participants to transact greater volume on The Nasdaq Stock Market in order to qualify for a higher rebate on NOM.

The Exchange also believes that the proposed reduction in the note "e" incentive as discussed above is equitable and not unfairly discriminatory because any Participant that qualifies for this rebate will be uniformly paid the $0.52 per contract incentive for Penny Pilot Options. The requirements for earning this rebate will be applied uniformly to all market participants. Furthermore, the Exchange believes that it is equitable and not

18 In addition to the tiered rebates, the Exchange currently offers eligible Participants that add Customer and Professional liquidity in Penny Pilot Options rebate incentives that go up to $0.55 per contract if the Participant meets the relevant requirements. See Chapter XV, Section 2(1), notes "c" – "f."

unfairly discriminatory to only offer the proposed $0.52 per contract incentive in note "e" to eligible Participants that add Customer and Professional liquidity in Penny Pilot Options. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that offering a lower fee to Professionals is similarly beneficial, as the lower fees may cause market participants to select NOM as a venue to send Professional order flow, increasing competition among the exchanges. As with Customer liquidity, the Exchange believes that increased Professional order flow should benefit other market participants.

Customer and Professional Fee for Removing Liquidity in SPY Options

The proposal to amend note 3 of Chapter XV, Section 2(1) to increase the Penny Pilot Options Fee for Removing Customer or Professional Liquidity in SPY from $0.48 to $0.49 per contract is reasonable and equitable because the proposed fee remains lower for SPY as compared to other Penny Pilot Options. The Exchange believes that the lower fee of $0.49 per contract in SPY, as compared to $0.50 per contract in other Penny Pilot Options, will continue to incentivize Participants to send Customer and Professional order flow in SPY.[19] The Exchange notes that the proposed pricing for the reduced SPY fee in note 3 remains competitive with another options exchange.[20]

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19 SPY options are the largest volume Penny Pilot Options traded on the Exchange.

20 CBOE C2 Exchange ("C2") charges public customers a $0.49 per contract taker fee and professional customers a $0.50 per contract taker fee, both in all penny classes except RUT. See C2 Fees Schedule, Section 1.

The Exchange does not believe that only offering this lower fee to Participants that remove Customer and Professional liquidity in SPY is inequitable and unfairly discriminatory. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that offering a lower fee to Professionals is similarly beneficial, as the lower fees may cause market participants to select NOM as a venue to send Professional order flow, increasing competition among the exchanges. As with Customer liquidity, the Exchange believes that increased Professional order flow should benefit other 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. All of the proposed changes to the NOM Market Maker, Customer and Professional Rebates to Add Liquidity in Penny and Non-Penny Pilot Options, as well as the Customer and Professional Fee for Removing Liquidity in SPY Options, are designed to attract additional order flow to NOM, and the Exchange believes that its pricing remains attractive to market participants. 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.[21]

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

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[21] 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2018-019 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-2018-019. 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-2018-019 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.[22]

Eduardo A. Aleman
Assistant Secretary

[22] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

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Chapter XV Options Pricing

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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	$0.30 [5, 6]	N/A

[1] A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tiers 2, 3, 4, or 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 Tier[s 7 or 8]6 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.

[2] Participants 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.

[3] A Customer or Professional that removes liquidity in SPY Options will be assessed a fee of $0.49[8] 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 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.

[6] Participants that qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options will receive a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options. Participants that qualify for a note “5” incentive will receive the greater of the note “5” or note “6” incentive.

*** The Customer and Professional Rebate to Add Liquidity in Penny Pilot Options will be paid as noted below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Pilot and Non-Penny Pilot Customer and/or Professional volume that adds liquidity will be included.

Monthly Volume		**Rebate to Add Liquidity**
Tier 1	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	$0.20
Tier 2	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny	$0.25

	Pilot Options above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month	
Tier 3	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.30% of total industry customer equity and ETF option ADV contracts per day in a month	$0.42
Tier 4	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.30% to 0.40% of total industry customer equity and ETF option ADV contracts per day in a month	$0.43
Tier 5	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.40% to 0.75% of total industry customer equity and ETF option ADV contracts per day in a month	$0.45
[**Tier 6** [b]]	[Participant has Total Volume of 100,000 or more contracts per day in a month, of which 25,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options]	[$0.45]
[**Tier 7** [b]]	[Participant has Total Volume of 150,000 or more contracts per day in a month, of which 50,000 or more contracts per day in a month must be Customer and/or Professional liquidity in Penny Pilot Options]	[$0.47]
Tier 6[**8**]	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.75% or more of total industry customer equity and ETF option ADV contracts per day in a month, or Participant adds: (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS (defined below)	$0.48 [c]

[a] Reserved.

[b] [For purposes of Tiers 6 and 7, "Total Volume" shall be defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM]Reserved.

[c] Participants that: (1) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options of 1.15% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.02 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month; or (2) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.30% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month; or (3) (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month, (b) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Pilot Options above 0.15% of total industry customer equity and ETF option ADV contracts per day in a month,

and (c) execute greater than 0.04% of Consolidated Volume ("CV") via Market-on-Close/Limit-on-Close ("MOC/LOC") volume within The Nasdaq Stock Market Closing Cross within a month will receive an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in a month. 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 an equity member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, 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.

[d] NOM Participants that qualify for any MARS Payment Tier in Section (6) will receive an additional $0.04 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 1-<u>6</u>[8]. NOM Participants that qualify for a note "c" incentive will receive the greater of the note "c" or note "d" incentive.

[e] NOM Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a $0.5<u>2</u>[3] per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.00 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1-<u>6</u>[8] or other rebate incentives on NOM for Customer and Professional order flow in Chapter XV, Section 2(1).

[f] NOM Participants that (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) execute greater than 0.04% of Consolidated Volume ("CV") via Market-on-Close/Limit-on-Close ("MOC/LOC") volume within The Nasdaq Stock Market Closing Cross within a month, and (c) add greater than 1.5 million shares per day of nondisplayed volume within The Nasdaq Stock Market within a month will receive a $0.55 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.05 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1-<u>6</u>[8] or other rebate incentives on NOM for Customer and Professional order flow in Chapter XV, Section 2(1).

The NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options will be paid as noted below.

Monthly Volume		**Rebate to Add Liquidity**
Tier 1	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month	$0.20
Tier 2	Participant adds NOM Market Maker liquidity in Penny Pilot	$0.25

	Options and/or Non-Penny Pilot Options above 0.10% to 0.25% of total industry customer equity and ETF option ADV contracts per day in a month	
Tier 3	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.25% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month	$0.30 or $0.40 in the following symbols AAPL, QQQ, IWM, SPY and VXX
Tier 4	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month	$0.32 or $0.40 in the following symbols AAPL, QQQ, IWM, VXX and SPY
Tier 5	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.30% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 6[7 or Tier 8] Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options	$0.40
Tier 6	Participant [adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for the Tier 7 or Tier 8 Customer and/or Professional Rebate to Add Liquidity in Penny Pilot Options or Participant] (1) adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95[0]% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month	$0.48[2]*

* "Total Volume" shall be defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Pilot Options and/or Non-Penny Pilot Options which either adds or removes liquidity on NOM.

* * * * *

(6) Market Access and Routing Subsidy ("MARS")

MARS System Eligibility

To qualify for MARS, the Participant's routing system ("System") would be required to: (1) enable the electronic routing of orders to all of the U.S. options exchanges, including NOM; (2) provide current consolidated market data from the U.S. options exchanges; and (3) be capable of interfacing with NOM's API to access current NOM match engine functionality. Further, the Participant's System would also need to cause NOM to be the one of the top three default destination exchanges for (a) individually executed marketable orders if NOM is at the national best bid or offer ("NBBO"), regardless of size or time or (b) orders that establish a new NBBO on NOM's Order Book, but allow any user to manually override NOM as a default destination on an order-by-order basis. Any NOM Participant would be permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described above and satisfies NOM that it appears to be robust and reliable. The Participant remains solely responsible for implementing and operating its System.

MARS Eligible Contracts

MARS Payment would be made to NOM Participants that have System Eligibility and have routed the requisite number of Eligible Contracts daily in a month ("Average Daily Volume"), which were executed on NOM. For the purpose of qualifying for the MARS Payment, Eligible Contracts may include Firm, Non-NOM Market Maker, Broker-Dealer, or Joint Back Office or "JBO" equity option orders that add liquidity and are electronically delivered and executed. Eligible Contracts do not include Mini Option orders.

MARS Payment

NOM Participants that have System Eligibility and have executed the requisite number of Eligible Contracts in a month will be paid the following rebates:

Tiers	**Average Daily Volume ("ADV")**	**MARS Payment (Penny)**	**MARS Payment (Non- Penny)**
1	2,000	$0.07 *	$0.15 *
2	5,000	$0.09 *	$0.20 *
3	10,000	$0.11 *	$0.30 *
4	20,000	$0.15 *	$0.50 *
5	45,000	$0.17 *	$0.60 *

The specified MARS Payment will be paid on all executed Eligible Contracts that add liquidity, which are routed to NOM through a participating NOM Participant's System and meet the requisite Eligible Contracts ADV. No payment will be made with respect to orders that are routed to NOM, but not executed

A Participant will not be entitled to receive any other revenue from the Exchange for the use of its System specifically with respect to orders routed to NOM.

*NOM Participants that qualify for Customer and Professional Penny Pilot Options Rebate to Add Liquidity Tier 6[8] will receive $0.09 per contract in addition to any MARS Payment tier on MARS Eligible Contracts the NOM Participant qualifies for in a given month.

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