

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2018 - * 021	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 * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input checked="" type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *).  A proposal to amend the Exchanges transaction fees at Rule 7018 to charge no transaction fee for execution of Midpoint Extended Life Orders					
<b>Contact Information</b> Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.  First Name * Sean Last Name * Bennett Title * Principal Associate General Counsel E-mail * sean.bennett@nasdaq.com Telephone * (301) 978-8499 Fax					
<b>Signature</b> Pursuant to the requirements of the Securities Exchange Act of 1934,  has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. (Title *)  Date 03/09/2018 By Edward S. Knight (Name *) Executive Vice President and General Counsel  edward.knight@nasdaq.com					
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.					

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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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**

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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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s transaction fees at Rule 7018 to charge no transaction fee for execution of Midpoint Extended Life Orders.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on March 12, 2018.

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:

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 the Exchange's transaction fees at Rule 7018 to charge no transaction fee for execution of Midpoint Extended Life Orders. On March 7, 2018, the Commission approved the Exchange's proposal to adopt a new Order Type, the Midpoint Extended Life Order.<sup>3</sup> The Midpoint Extended Life Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until the Holding Period of one half of a second has passed after acceptance of the Order by the System. Once a Midpoint Extended Life Order becomes eligible to execute by existing unchanged for the Holding Period, the Order may only execute against other eligible Midpoint Extended Life Orders. The Exchange will begin offer Midpoint Extended Life Orders on March 12, 2018.<sup>4</sup>

Under Rule 7018, the Exchange assesses fees for Orders entered into the Nasdaq System. The fees cover Orders in all three tapes and in securities both priced \$1 and above (Rule 7018(a)), and below \$1 (Rule 7018(b)). The Exchange is proposing initially to not charge a transaction fee for execution of Midpoint Extended Life Orders.

Allowing transactions to occur at no cost will promote use of the Midpoint Extended Life Order, which will help bring liquidity in Midpoint Extended Life Orders to the Exchange and promote market quality. The Exchange plans to adopt fees for Midpoint Extended

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<sup>3</sup> See Securities Exchange Act Release No. 82825 (March 7, 2018) (SR-NASDAQ-2017-074) (pending publication in the Federal Register).

<sup>4</sup> See <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2018-20>.

Life Orders in the future and will do so through the SEC rulemaking process.<sup>5</sup>

Accordingly, the Exchange is proposing to amend Rule 7018(a)(1) – (3) to note that members executing a Midpoint Extended Life Order will be assessed a charge of \$0.0000 per share executed. The Exchange is amending Rule 7018(b) to note that members executing a Midpoint Extended Life Order will be assessed a charge of 0.0% of the total transaction cost.<sup>6</sup> The Exchange is also adding rule text to an existing fee under Rule 7018(b) to make it clear that Midpoint Extended Life Orders are excluded from the fee.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>8</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that not charging a fee for executions in Midpoint Extended Life Orders is reasonable because the Exchange does not currently charge for transactions in other Orders under Rule 7018. Specifically, the exchange does not charge a fee for transactions in Orders with a RTFY routing Order Attribute.<sup>9</sup> Such an Order

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<sup>5</sup> Id.

<sup>6</sup> Unlike fees for transactions in securities price at \$1 or greater, which are assessed on a per share executed basis, fees for transactions in securities less than \$1 are assessed fees based on a percentage of the total transaction cost.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>9</sup> RTFY is a routing option available for an order that qualifies as a Designated Retail Order under which orders check the System for available shares only if so

must meet the definition of Designated Retail Order, which requires, among other things, that the Order not originate from a trading algorithm or any other computerized methodology.<sup>10</sup> Thus, allowing transactions of the RTFY Order Attribute at no cost is designed to promote the Exchange as a venue for retail investor Orders. Likewise, the Exchange is proposing to allow transactions in Midpoint Extended Life Orders at no cost to promote use of such Orders and consequently the quality of the market in Midpoint Extended Life Orders. As discussed extensively in its proposal,<sup>11</sup> the Exchange believes that the Midpoint Extended Life Order is consistent with the Act because it is emblematic of a core function of a national securities exchange, namely matching buyers and sellers of securities on a transparent and well-regulated market, and helping these buyers and sellers come together to receive the best execution possible. The Exchange achieves this by permitting Midpoint Extended Life Orders to execute solely against other Midpoint Extended Life Orders at the midpoint of the NBBO in return for providing market-improving behavior in the form of a longer-lived midpoint order. Accordingly, the Exchange believes that allowing transactions of Midpoint Extended Life Orders at no cost is reasonable.

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instructed by the entering firm and are thereafter routed to destinations on the System routing table. If shares remain unexecuted after routing, they are posted to the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. RTFY is designed to allow orders to participate in the opening, reopening and closing process of the primary listing market for a security. See Rule 4758(a)(1)(A)(v)b.

<sup>10</sup> See Rule 7018.

<sup>11</sup> See note 3, supra.

The Exchange also believes that not charging a fee for executions in Midpoint Extended Life Order is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members. The Midpoint Extended Life Order may be used by any market participant that is willing to satisfy the requirements of the Order Type and therefore qualify for the proposed zero fee tiers. Moreover, members not interested in using Midpoint Extended Life Orders will continue to have the ability to enter midpoint Orders in the Nasdaq System, which have both fees and credits associated with their execution.<sup>12</sup> As noted above, the Exchange intends to assess fees for transactions in Midpoint Extended Life Orders in the near future,<sup>13</sup> once it has had time to assess the nature of the market in Midpoint Extended Life Orders to determine the appropriate fee. Accordingly, the proposed fee does not discriminate in any way.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with

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<sup>12</sup> Based on whether the member is removing or adding liquidity. See Rule 7018(a)(b).

<sup>13</sup> Any fee change will be made by the rule change filing process with the Commission.

alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposal to assess no fee for executions of Midpoint Extended Life Orders will not place any burden on competition, but rather will help launch the proposed new Order Type by making it attractive to members that seek to execute at the midpoint with like-minded members. To the extent the proposal is successful in promoting liquidity in Midpoint Extended Life Orders, other markets may be incented to provide a competitive response by innovating like the Exchange has done in this instance. To the extent the proposal is not successful in promoting liquidity in Midpoint Extended Life Orders, it would have no meaningful impact on competition as few transactions in Midpoint Extended Life Orders would occur. In sum, if the proposal to assess no fees for executions of Midpoint Extended Life Orders is unattractive to market participants, it is likely that the Exchange will not gain any market share as a result and therefore no competitive impact. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.



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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>14</sup> 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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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2018-021)

March \_\_, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to amend Transaction Fees at Rule 7018 to Charge no Transaction Fee for Execution of Midpoint Extended Life Orders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 9, 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 Rule 7018 to charge no transaction fee for execution of Midpoint Extended Life Orders. While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on March 12, 2018.

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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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 the Exchange's transaction fees at Rule 7018 to charge no transaction fee for execution of Midpoint Extended Life Orders. On March 7, 2018, the Commission approved the Exchange's proposal to adopt a new Order Type, the Midpoint Extended Life Order.<sup>3</sup> The Midpoint Extended Life Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until the Holding Period of one half of a second has passed after acceptance of the Order by the System. Once a Midpoint Extended Life Order becomes eligible to execute by existing unchanged for the Holding Period, the Order may only execute against other eligible Midpoint Extended Life Orders. The Exchange will begin offer Midpoint Extended Life Orders on March 12, 2018.<sup>4</sup>

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<sup>3</sup> See Securities Exchange Act Release No. 82825 (March 7, 2018) (SR-NASDAQ-2017-074) (pending publication in the Federal Register).

<sup>4</sup> See <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2018-20>.

Under Rule 7018, the Exchange assesses fees for Orders entered into the Nasdaq System. The fees cover Orders in all three tapes and in securities both priced \$1 and above (Rule 7018(a)), and below \$1 (Rule 7018(b)). The Exchange is proposing initially to not charge a transaction fee for execution of Midpoint Extended Life Orders.

Allowing transactions to occur at no cost will promote use of the Midpoint Extended Life Order, which will help bring liquidity in Midpoint Extended Life Orders to the Exchange and promote market quality. The Exchange plans to adopt fees for Midpoint Extended Life Orders in the future and will do so through the SEC rulemaking process.<sup>5</sup>

Accordingly, the Exchange is proposing to amend Rule 7018(a)(1) – (3) to note that members executing a Midpoint Extended Life Order will be assessed a charge of \$0.0000 per share executed. The Exchange is amending Rule 7018(b) to note that members executing a Midpoint Extended Life Order will be assessed a charge of 0.0% of the total transaction cost.<sup>6</sup> The Exchange is also adding rule text to an existing fee under Rule 7018(b) to make it clear that Midpoint Extended Life Orders are excluded from the fee.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>8</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and

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<sup>5</sup> Id.

<sup>6</sup> Unlike fees for transactions in securities price at \$1 or greater, which are assessed on a per share executed basis, fees for transactions in securities less than \$1 are assessed fees based on a percentage of the total transaction cost.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that not charging a fee for executions in Midpoint Extended Life Orders is reasonable because the Exchange does not currently charge for transactions in other Orders under Rule 7018. Specifically, the exchange does not charge a fee for transactions in Orders with a RTFY routing Order Attribute.<sup>9</sup> Such an Order must meet the definition of Designated Retail Order, which requires, among other things, that the Order not originate from a trading algorithm or any other computerized methodology.<sup>10</sup> Thus, allowing transactions of the RTFY Order Attribute at no cost is designed to promote the Exchange as a venue for retail investor Orders. Likewise, the Exchange is proposing to allow transactions in Midpoint Extended Life Orders at no cost to promote use of such Orders and consequently the quality of the market in Midpoint Extended Life Orders. As discussed extensively in its proposal,<sup>11</sup> the Exchange believes that the Midpoint Extended Life Order is consistent with the Act because it is emblematic of a core function of a national securities exchange, namely matching buyers and sellers of securities on a transparent and well-regulated market, and helping these buyers and sellers come together to receive the best execution possible. The Exchange achieves this

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<sup>9</sup> RTFY is a routing option available for an order that qualifies as a Designated Retail Order under which orders check the System for available shares only if so instructed by the entering firm and are thereafter routed to destinations on the System routing table. If shares remain unexecuted after routing, they are posted to the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. RTFY is designed to allow orders to participate in the opening, reopening and closing process of the primary listing market for a security. See Rule 4758(a)(1)(A)(v)b.

<sup>10</sup> See Rule 7018.

<sup>11</sup> See note 3, supra.

by permitting Midpoint Extended Life Orders to execute solely against other Midpoint Extended Life Orders at the midpoint of the NBBO in return for providing market-improving behavior in the form of a longer-lived midpoint order. Accordingly, the Exchange believes that allowing transactions of Midpoint Extended Life Orders at no cost is reasonable.

The Exchange also believes that not charging a fee for executions in Midpoint Extended Life Order is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members. The Midpoint Extended Life Order may be used by any market participant that is willing to satisfy the requirements of the Order Type and therefore qualify for the proposed zero fee tiers. Moreover, members not interested in using Midpoint Extended Life Orders will continue to have the ability to enter midpoint Orders in the Nasdaq System, which have both fees and credits associated with their execution.<sup>12</sup> As noted above, the Exchange intends to assess fees for transactions in Midpoint Extended Life Orders in the near future,<sup>13</sup> once it has had time to assess the nature of the market in Midpoint Extended Life Orders to determine the appropriate fee. Accordingly, the proposed fee does not discriminate in any way.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly

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<sup>12</sup> Based on whether the member is removing or adding liquidity. See Rule 7018(a)(b).

<sup>13</sup> Any fee change will be made by the rule change filing process with the Commission.

competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposal to assess no fee for executions of Midpoint Extended Life Orders will not place any burden on competition, but rather will help launch the proposed new Order Type by making it attractive to members that seek to execute at the midpoint with like-minded members. To the extent the proposal is successful in promoting liquidity in Midpoint Extended Life Orders, other markets may be incented to provide a competitive response by innovating like the Exchange has done in this instance. To the extent the proposal is not successful in promoting liquidity in Midpoint Extended Life Orders, it would have no meaningful impact on competition as few transactions in Midpoint Extended Life Orders would occur. In sum, if the proposal to assess no fees for executions of Midpoint Extended Life Orders is unattractive to market participants, it is likely that the Exchange will not gain any market share as a result and therefore no competitive impact. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>14</sup>

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2018-021 on the subject line.

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(ii).



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-2018-021. 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-2018-021 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.<sup>15</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

New text is underlined.

**The Nasdaq Stock Market Rules**

\* \* \* \* \*

**7018. Nasdaq Market Center Order Execution and Routing**

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

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

Charge to enter orders that execute in the Nasdaq Market Center:

member that executes against resting midpoint liquidity: \$0.0030 per share executed

member that executes a Midpoint Extended Life Order \$0.0000 per share executed

all other orders that execute in the Nasdaq Market Center: \$0.0030 per share executed

Charge to member entering RTFY order that executes in the Nasdaq Market Center: \$0.0000 per share executed

Charge to member entering RTFY order that executes in a venue other than the Nasdaq Market Center: \$0.0000 per share executed

Charge to member entering STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center and charge to member entering a LIST order that executes in a venue other than the

Nasdaq Market Center, but not in an opening, re-opening, or closing process:

Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a venue other than the Nasdaq Market Center:	Charge of \$0.0035 per share executed for directed orders Charge of \$0.0030 per share executed for TFTY orders that execute at Nasdaq PSX Charge of \$0.0030 per share executed for CART orders that execute at Nasdaq PSX No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at Nasdaq BX Charge of \$0.0030 per share executed for SAVE or SOLV orders that execute at venues other than Nasdaq BX Charge of \$0.0035 per share executed for a MOPB or MOPP order Charge of \$0.0007 per share executed for TFTY orders that execute on venues other than Nasdaq BX or Nasdaq PSX Charge of \$0.0007 per share executed for QCST and QDRK orders, except no charge or credit for QCST orders that execute on Nasdaq BX
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## (2) Fees for Execution and Routing of Securities Listed on NYSE

Charge to enter orders that execute in the Nasdaq Market Center:

all other orders that execute in the Nasdaq Market Center: \$0.0030 per share executed

firms that execute against resting midpoint liquidity: \$0.0030 per share executed

member that executes a Midpoint Extended Life Order \$0.0000 per share executed

Charge to member entering RTFY order that executes in the Nasdaq Market Center: \$0.0000 per share executed

Charge to member entering RTFY order that executes in a venue other than the Nasdaq Market Center: \$0.0000 per share executed

Charge to member entering STGY, SCAN, SKNY, or SKIP order that \$0.0030 per share executed

executes in a venue other than the Nasdaq Market Center and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, re-opening, or closing process:

Charge or credit to member entering DOTI, STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center, and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, closing, or reopening process:	No charge or credit for DOTI orders that execute in Nasdaq BX \$0.0015 per share executed credit for orders that add liquidity at the NYSE after routing \$0.0030 fee per share executed for other orders
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Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QCST, QDRK or directed order that executes in a venue other than the Nasdaq Market Center:	Charge of \$0.0035 per share executed for directed orders Charge of \$0.0030 per share executed for CART orders that executed at Nasdaq PSX No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at Nasdaq BX Charge of \$0.0035 per share executed for a MOPB or MOPP order For TFTY orders that execute: (i) at venues other than NYSE, Nasdaq BX or Nasdaq PSX, charge of \$0.0007 per share executed; or (ii) at the NYSE or Nasdaq PSX, charge of \$0.0030 per share executed For SAVE or SOLV orders that execute: (i) at venues other than Nasdaq BX, charge of \$0.0030 per share executed Charge of \$0.0007 per share executed for QCST and QDRK orders, except no charge or credit for QCST orders that execute on Nasdaq BX
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**(3) Fees for Execution and Routing of Orders in Securities Listed on Exchanges other than Nasdaq and NYSE (“Tape B Securities”)**

Charge to member entering order that executes in the Nasdaq Market Center:

all other orders that execute in the Nasdaq Market Center:	\$0.0030 per share executed
firms that execute against resting midpoint liquidity:	\$0.0030 per share executed
<u>member that executes a Midpoint Extended Life Order</u>	<u>\$0.0000 per share executed</u>
Charge to member entering RTFY order that executes in the Nasdaq Market Center:	\$0.0000 per share executed
Charge to member entering RTFY order that executes in a venue other than the Nasdaq Market Center:	\$0.0000 per share executed
Charge or credit to member entering DOTI, STGY, SCAN, SKNY, or SKIP order that executes in a venue other than the Nasdaq Market Center, and charge to member entering a LIST order that executes in a venue other than the Nasdaq Market Center, but not in an opening, closing or re-opening process:	No charge or credit for DOTI orders that execute in Nasdaq BX For other orders, charge of \$0.0030 per share executed
Charge or credit to member entering TFTY, MOPB, MOPP, SAVE, SOLV, CART, QDRK, QCST or directed order that executes in a venue other than the Nasdaq Market Center:	Charge of \$0.0035 per share executed for directed orders Charge of \$0.0030 per share executed for TFYY orders that execute at Nasdaq PSX Charge of \$0.0030 per share executed for CART orders that execute at Nasdaq PSX No charge or credit for TFTY, SOLV, CART, or SAVE orders that execute at Nasdaq BX Charge of \$0.0030 per share executed for SAVE or SOLV orders that execute at venues other than Nasdaq BX Charge of \$0.0035 per share executed for a MOPB or MOPP order Charge of \$0.0007 per share executed for TFTY orders that execute in venues other than Nasdaq BX or Nasdaq PSX Charge of \$0.0007 per share executed for QCST and QDRK, except no charge or credit for QCST orders that execute on Nasdaq BX

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(b) The following charges shall apply to the use of the order execution and routing

services of the Nasdaq Market Center by members for all orders at all times for all securities priced at less than \$1.

Charge to member entering order that executes in the Nasdaq Market Center (other than a Midpoint Extended Life Order): 0.3% of the total transaction cost

Charge to member entering Midpoint Extended Life Order that executes in the Nasdaq Market Center: 0.0% of the total transaction cost

Charge to member entering order that routes and executes at an away market: 0.3% of the total transaction cost

**(c) – (m)** No change.

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