

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 074 Amendment No. (req. for Amendments *)
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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"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires * <input type="text"/>			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

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

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

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

A proposal to eliminate the Market Quality Program at Rule 5950

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 * Brett Last Name * Kitt
 Title * Senior Associate General Counsel
 E-mail * brett.kitt@nasdaq.com
 Telephone * (301) 978-8132 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 09/07/2018
 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 *

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 *

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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 eliminate the Market Quality Program at Rule 5950.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).³

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 19, 2017. Exchange staff will advise the Board of any action taken pursuant to delegated authority.

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

Brett Kitt
Senior Associate General Counsel
Nasdaq, Inc.
(301) 978-8132

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

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

a. Purpose

The Exchange proposes to eliminate its Market Quality Program (“MQP”) and delete corresponding Rule 5950. The Exchange established the MQP in 2013⁴ to promote market quality in certain securities listed on Nasdaq (“MQP Securities”), including by providing financial incentives to market makers in MQP Securities (“MQP Market Makers”) to maintain certain quoting and liquidity standards for them.

The MQP is designed to be a one year pilot program that is set to commence if and when certain conditions are satisfied: (i) the Exchange’s acceptance of an MQP Company,⁵ on behalf of an MQP Security; and (ii) the entry of a relevant MQP Market Maker into the Program. To date, however, neither of these conditions for the commencement of the MQP have occurred despite efforts by the Exchange over time to make the MQP more enticing to market makers.⁶ Because the MQP has yet to even satisfy the necessary pre-conditions for launching its pilot period, neither the Exchange

⁴ See Securities Exchange Act Release No. 74580 (March 25, 2015), 80 FR 17126 (March 31, 2015) (SR-NASDAQ-2015-025) (reducing MQP fees to MQP Market Makers).

⁵ The term “MQP Company” is defined in Rule 5950(e)(5) as the trust or company housing the Exchange Traded Fund (“ETF”) or, if the ETF is not a series of a trust or company, then the ETF itself.

⁶ See Securities Exchange Act Release No. 69195 (March 20, 2013), 78 FR 18393 (March 26, 2013) (SR-NASDAQ-2012-137) (order granting approval of Market Quality Program) (SR-NASDAQ-2012-137) (“MQP order”). See also Securities Exchange Act Release No. 68515 (December 21, 2012), 77 FR 77141 (December 31, 2012) (SR-NASDAQ-2012-137) (notice of filing Market Quality Program as pilot, with extensive description of program) (“MQP proposal”).

nor the Commission has been able to assess whether or to what extent the Program is successful.

At the Commission's suggestion and pursuant to its general initiative to end pilot programs that have failed to achieve their stated objectives, the Exchange is now proposing to eliminate the MQP and delete Rule 5950, which comprises the Program. The Exchange notes that it plans to develop a replacement market quality program in the future that it hopes will be more successful in attracting market maker interest than the existing Program.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that it is consistent with the Act to eliminate the MQP because the Exchange has limited resources available to it to devote to the operation of special programs like MQP and as such, it is reasonable and equitable for the Exchange to allocate those resources to those programs that are effective and away from those programs that are ineffective. The Exchange believes that the objectives of the MQP would best be served through a re-design of the program at a future date.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the MQP is not and has not ever been utilized and, as such, the elimination of the Program will have no impact on competition whatsoever.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁹ of the Act and Rule 19b-4(f)(6) thereunder¹⁰ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange's proposal to eliminate the MQP does not impact investors or the public interest or burden competition because the MQP is not and has never been utilized.

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6).

It exists only on paper and its elimination from the Exchange's Rulebook will have no effect.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) because there is no reason for such a delay with respect to the MQP program, which is not and has never been utilized.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2018-074)

September __, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Eliminate the Market Quality Program at Rule 5950

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 September 7, 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 eliminate the Market Quality Program at Rule 5950.

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to eliminate its Market Quality Program (“MQP”) and delete corresponding Rule 5950. The Exchange established the MQP in 2013³ to promote market quality in certain securities listed on Nasdaq (“MQP Securities”), including by providing financial incentives to market makers in MQP Securities (“MQP Market Makers”) to maintain certain quoting and liquidity standards for them.

The MQP is designed to be a one year pilot program that is set to commence if and when certain conditions are satisfied: (i) the Exchange’s acceptance of an MQP Company,⁴ on behalf of an MQP Security; and (ii) the entry of a relevant MQP Market Maker into the Program. To date, however, neither of these conditions for the commencement of the MQP have occurred despite efforts by the Exchange over time to make the MQP more enticing to market makers.⁵ Because the MQP has yet to even

³ See Securities Exchange Act Release No. 74580 (March 25, 2015), 80 FR 17126 (March 31, 2015) (SR-NASDAQ-2015-025) (reducing MQP fees to MQP Market Makers).

⁴ The term “MQP Company” is defined in Rule 5950(e)(5) as the trust or company housing the Exchange Traded Fund (“ETF”) or, if the ETF is not a series of a trust or company, then the ETF itself.

⁵ See Securities Exchange Act Release No. 69195 (March 20, 2013), 78 FR 18393 (March 26, 2013) (SR-NASDAQ-2012-137) (order granting approval of Market Quality Program) (SR-NASDAQ-2012-137) (“MQP order”). See also Securities Exchange Act Release No. 68515 (December 21, 2012), 77 FR 77141 (December

satisfy the necessary pre-conditions for launching its pilot period, neither the Exchange nor the Commission has been able to assess whether or to what extent the Program is successful.

At the Commission's suggestion and pursuant to its general initiative to end pilot programs that have failed to achieve their stated objectives, the Exchange is now proposing to eliminate the MQP and delete Rule 5950, which comprises the Program. The Exchange notes that it plans to develop a replacement market quality program in the future that it hopes will be more successful in attracting market maker interest than the existing Program.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁷ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that it is consistent with the Act to eliminate the MQP because the Exchange has limited resources available to it to devote to the operation of special programs like MQP and as such, it is reasonable and equitable for the Exchange to allocate those resources to those programs that are effective and away from those programs that are ineffective. The

31, 2012) (SR-NASDAQ-2012-137) (notice of filing Market Quality Program as pilot, with extensive description of program) ("MQP proposal").

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

Exchange believes that the objectives of the MQP would best be served through a re-design of the program at a future date.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the MQP is not and has not ever been utilized and, as such, the elimination of the Program will have no impact on competition whatsoever.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁹

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

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2018-074 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-2018-074. 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-2018-074 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Eduardo A. Aleman
Assistant Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

* * * * *

5950. [Market Quality Program]Reserved.

[Preamble. The Market Quality Program ("MQP" or "Program") is a voluntary program designed to promote market quality in certain securities listed on Nasdaq. An MQP Company may list an eligible MQP Security on Nasdaq and in addition to the standard (non-MQP) Nasdaq listing fee set forth in the Rule 5000 Series (consisting of Rules 5000-5999), a Sponsor may pay a fee ("MQP Fee") in order for the MQP Company, on behalf of an MQP Security, to participate in the Program. An MQP Fee will be used for the purpose of incentivizing one or more Market Makers in the MQP Security ("MQP Market Maker") to enhance the market quality of the MQP Security. Subject to the conditions set forth in this rule, this incentive will be credited ("MQP Credit") to one or more MQP Market Makers that make a quality market in the MQP Security pursuant to the Program.

(a) Application and Withdrawal.

(1) An entity or Market Maker wishing to participate in the MQP must each submit an application in the form prescribed by Nasdaq ("MQP application").

(A) Nasdaq may, on a Program-wide basis, limit the number of MQP Securities that any one MQP Company may have in the MQP.

(B) In determining whether to limit the number of MQP Securities per MQP Company, Nasdaq will consider all relevant information, including whether a restriction, if any, is in the best interest of Nasdaq, the MQP Company and the goals of the MQP, and investors.

(i) Factors that may be considered include, but are not limited to, the following: the current and expected liquidity characteristics of MQP Securities; the projected initial and continuing market quality needs of MQP Securities; and the trading characteristics of MQP Securities (e.g. quoting, trading, and volume).

(C) Nasdaq will provide notification on its website regarding the following:

(i) acceptance of an MQP Company, on behalf of an MQP Security, and an MQP Market Maker into the Program;

(ii) the total number of MQP Securities that any one MQP Company may have in the Program;

- (iii) the names of MQP Securities and the MQP Market Maker(s) in each MQP Security, and the dates that an MQP Company, on behalf of an MQP Security, commences participation in and withdraws or is terminated from the Program; and
 - (iv) a statement about the MQP that sets forth a general description of the Program as implemented on a pilot basis and a fair and balanced summation of the potentially positive aspects of the Program (e.g. enhancement of liquidity and market quality in MQP Securities) as well as the potentially negative aspects and risks of the Program (e.g. possible lack of liquidity and negative price impact on MQP Securities that withdraw or are terminated from the Program), and indicates how interested parties can get additional information about products in the Program.
- (2) An MQP Company, on behalf of an MQP Security, or MQP Market Maker may withdraw from the Program as follows:
- (A) After an MQP Company, on behalf of an MQP Security, is in the MQP for not less than two consecutive quarters but less than one year, it may voluntarily withdraw from the MQP on a quarterly basis. The MQP Company must notify Nasdaq in writing not less than one month prior to withdrawing from the MQP. Notwithstanding, Nasdaq may determine to allow an MQP Company to withdraw from the MQP earlier. In making this determination, Nasdaq may take into account the volume and price movements in the MQP Security; the liquidity, size quoted, and quality of the market in the MQP Security; and any other relevant factors.
 - (B) After an MQP Company, on behalf of an MQP Security, is in the MQP for one year or more, it may voluntarily withdraw from the MQP on a monthly basis. The MQP Company must notify Nasdaq in writing not less than one month prior to withdrawing from the MQP.
 - (C) After an MQP Market Maker is in the MQP for not less than one quarter, he may withdraw from the MQP on a quarterly basis. The MQP Market Maker must notify Nasdaq in writing one month prior to withdrawing from the MQP.
 - (D) Nasdaq will provide notification on its website when it receives notification that an MQP Company, on behalf of an MQP Security, or Market Maker intends to withdraw from the Program, and the date of actual withdrawal or termination from the Program.
- (3) After an MQP Company, on behalf of an MQP Security, is in the MQP for one year, the MQP and all obligations and requirements of the Program will automatically continue on an annual basis unless Nasdaq terminates the Program by providing not less than one month prior notice of intent to terminate or the pilot Program is not extended or made permanent pursuant to a proposed rule

change subject to filing with or approval by the Securities and Exchange Commission ("Commission") under Section 19(b) of the Exchange Act; the MQP Company withdraws from the Program pursuant to subsection (a)(2) of this rule; or the MQP Company is terminated from the Program pursuant to subsection (d) of this rule.

(b) MQP Company Participation and Fee Liability.

(1) For an MQP Company, on behalf of an MQP Security, to be eligible to participate in the MQP, the following conditions must be satisfied:

- (A) Nasdaq must have accepted the MQP application of the MQP Company in respect of an MQP Security, and must have accepted the MQP application of at least one MQP Market Maker in the same MQP Security;
- (B) The MQP Security must meet all requirements to be listed on Nasdaq as an Exchange Traded Fund ("ETF");
- (C) The MQP Security must meet all Nasdaq requirements for continued listing at all times the MQP Security participates in the MQP; and
- (D) During such time that an MQP Company lists an MQP Security, the MQP Company must, on a product-specific website for each product, indicate that the product is in the MQP and provide the link to the Exchange's MQP website.

(2) MQP Fees.

- (A) An MQP Company participating in the MQP shall incur an annual basic MQP Fee of \$35,000 per MQP Security. The basic MQP Fee must be paid to Nasdaq prospectively on a quarterly basis.
- (B) An MQP Company may also incur an annual supplemental MQP Fee per MQP Security. The basic MQP Fee and supplemental MQP Fee when combined may not exceed \$70,000 per year. The supplemental MQP Fee is a fee selected by an MQP Company on an annual basis, if at all. The supplemental MQP Fee must be paid to Nasdaq prospectively on a quarterly basis.
 - (i) The amount of the supplemental MQP Fee, if any, will be determined by the MQP Company initially per MQP Security and will remain the same for the period of a year.
 - (ii) Nasdaq will provide notification on its website regarding the amount, if any, of any supplemental MQP Fee determined by an MQP Company per MQP Security.

- (C) The MQP Fee is in addition to the standard (non-MQP) Nasdaq listing fee applicable to the MQP Security and does not offset such standard listing fee.
 - (i) The MQP Fee in respect of an ETF shall be paid by the Sponsor(s) of such ETF.
 - (D) Nasdaq will prospectively bill each MQP Company for the quarterly MQP Fee for each MQP Security.
 - (E) MQP Fees (basic and supplemental) will be credited to the Nasdaq General Fund.
- (c) MQP Market Maker Participation and MQP Credit.
- (1) For a Market Maker to be eligible to participate in the MQP and receive a periodic MQP Credit out of the Nasdaq General Fund, the following conditions must be satisfied:
 - (A) Nasdaq must have accepted the MQP application of an MQP Market Maker in respect of an MQP Security, and must have accepted the application of the MQP Company in respect of the same MQP Security. Nasdaq may also accept the MQP applications of multiple MQP Market Makers in the same MQP Security, subject to any limitation on the number of MQP Market Makers established pursuant to this rule; and
 - (B) When making markets in MQP Securities, MQP Market Makers must meet the applicable Market Maker obligations pursuant to Rule 4613, and also meet or exceed the following requirements on a monthly basis:
 - (i) For at least 25% of the time when quotes can be entered in the Regular Market Session as averaged over the course of a month, must maintain: a) at least 500 shares of attributable, displayed quotes or orders at the NBBO or better on the bid side of an MQP Security; and b) at least 500 shares of attributable, displayed quotes or orders at the NBBO or better on the offer side of an MQP Security; and
 - (ii) For at least 90% of the time when quotes can be entered in the Regular Market Session as averaged over the course of a month, must maintain: a) at least 2,500 shares of attributable, displayed posted liquidity on the Nasdaq Market Center that are priced no wider than 2% away from the NBBO on the bid side of an MQP Security; and b) at least 2,500 shares of attributable, displayed posted liquidity on the Nasdaq Market Center that are priced no wider than 2% away from the NBBO on the offer side of an MQP Security.

(2) MQP Credits for each MQP Security will be calculated monthly and credited out of the Nasdaq General Fund quarterly on a pro rata basis to one or more eligible MQP Market Makers as follows:

(A) Each MQP Credit will be allocated 50% to a Quote Share Payment that is based on Qualified Quotes, and 50% to a Trade Share Payment that is based on Qualified Trades.

(i) A Qualified Quote represents attributable and displayed liquidity (either quotes or orders) in an MQP Security. Further, a quote or order entered by an MQP Market Maker in an MQP Security is only a Qualified Quote if it is posted within 2% of the NBBO.

(ii) A Qualified Trade in an MQP Security represents a liquidity-providing execution of a Qualified Quote on the Nasdaq Market Center.

(B) Trade Share Payments and Quote Share Payments.

(i) Trade Share Payments will be based upon each MQP Market Maker's share of total Qualified Trades in an MQP Security executed on the Nasdaq Market Center.

(ii) Quote Share Payments will be based in equal proportions on: a) average quoted size at or better than NBBO, and b) average time spent quoting at or better than NBBO.

(iii) Trade Share Payments and Quote Share Payments are comprised of basic MQP Fees and supplemental MQP Fees, if any.

(C) An MQP Credit will be credited quarterly to an MQP Market Maker on a pro rata basis for each month during such quarter that an MQP Market Maker is eligible to receive a credit pursuant to this rule. The calculation to establish the eligibility of an MQP Market Maker will be done on a monthly basis. For example, if during a quarter an MQP Market Maker was eligible to receive a credit for two out of three months, he would receive a quarterly pro rata MQP Credit for those two months.

(3) Nasdaq may, on a Program-wide basis, limit the number of MQP Market Makers permitted to register in an MQP Security. Nasdaq will provide notification on its website of any such limit.

(A) If a limit is established, Nasdaq will allocate available MQP Market Maker registrations in a first-come-first-served fashion based on successful completion of an MPQ Market Maker application.

(d) Termination of MQP.

- (1) The MQP will terminate in respect of an MQP Security under the following circumstances:
 - (A) An MQP Security sustains an average daily trading volume (consolidated trades in all U.S. markets) ("ATV") of one million shares or more for three consecutive months;
 - (B) An MQP Company, on behalf of an MQP Security, withdraws from the MQP, is no longer eligible to be in the MQP pursuant to this rule, or its Sponsor ceases to make MQP Fee payments to Nasdaq;
 - (C) An MQP Security is delisted or is no longer eligible for the MQP;
 - (D) An MQP Security does not have at least one MQP Market Maker for more than one quarter; or
 - (E) An MQP Security does not, for two consecutive quarters, have at least one MQP Market Maker that is eligible for MQP Credit.
 - (2) MQP Credits remaining upon termination of the MQP in respect of an MQP Security will be distributed on a pro rata basis to the MQP Market Makers that made a market in such MQP Security and were eligible to receive MQP Credit pursuant to this rule.
 - (3) Termination of an MQP Company, MQP Security, or MQP Market Maker does not preclude the Exchange from allowing re-entry into the Program where the Exchange deems proper.
- (e) Definitions. For purposes of this Rule, the terms set forth below shall have the following meanings:
- (1) The term "MQP Security" means an Exchange Traded Fund security issued by an MQP Company that meets all of the requirements to be listed on Nasdaq pursuant to Rule 5705.
 - (2) The term "Exchange Traded Fund" includes Portfolio Depository Receipts and Index Fund Shares, which are defined in Rule 5705.
 - (3) The term "Market Maker" shall have the meaning given in Rule 5005(a).
 - (4) The term "Nasdaq Market Center" shall have the meaning given in Rule 4751(a).
 - (5) The term "MQP Company" means the trust or company housing the Exchange Traded Fund or, if the Exchange Traded Fund is not a series of a trust or company, then the Exchange Traded Fund itself. MQP Fees for MQP Securities will be paid by the Sponsors associated with the MQP Companies. The term

Sponsor means the registered investment adviser that provides investment management services to an MQP Company or any of such adviser's parents or subsidiaries.

(6) The term "Regular Market Session" shall have the meaning given in Rule 4120(b)(4)(D).

(f) The MQP will be effective for a one year pilot period that will commence when the Program is implemented by Exchange acceptance of an MQP Company, on behalf of an MQP Security, and relevant MQP Market Maker into the Program and will end one year after implementation.]

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