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

File No.* SR - 2018 - * 111
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) * ☐

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)

Pilot ☐ Extension of Time Period for Commission Action * ☐ Date Expires *

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 Equity 7, Section 118(a) to: (i) assess fees for the Midpoint Extended Life Order, and (ii) offer two new supplemental credits in all three tapes for midpoint orders.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Sean Last Name * Bennett
Title * Principal Associate General Counsel
E-mail * Sean.Bennett@nasdaq.com
Telephone * (301) 978-8499 Fax

Signature

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

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

Date 12/26/2018
By Edward S. Knight
(Name *)

(Title *)
Global Chief Legal and Policy Officer

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.

Digitally Sign and Lock Form

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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 Equity 7, Section 118(a) to: (i) assess fees for the Midpoint Extended Life Order; and (ii) offer two new supplemental credits in all three tapes for midpoint orders, as described further below.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on January 2, 2019.

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 26, 2018. 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

[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 the Exchange's transaction fees at Equity 7, Section 118(a) to: (i) assess fees for the Midpoint Extended Life Order; and (ii) establish two new supplemental credits in all three tapes for non-displayed midpoint orders that provide liquidity, as described further below.[3]

First Change

The Exchange is proposing to assess a $0.0004 per share executed fee for executions of Midpoint Extended Life Orders in securities priced at $1 or more. Currently, the Exchange does not assess a fee for executions of Midpoint Extended Life Orders. The proposed fee covers Orders in securities of any of the three tapes. The Exchange believes that the market in Midpoint Extended Life Orders has matured to the point that it can support the proposed $0.0004 per share executed fee.

Second Change

The Exchange is proposing to offer two new supplemental credits in all three tapes for non-displayed midpoint orders that provide liquidity if a member executes a requisite average daily volume of shares through Midpoint Extended Life Orders. These are supplemental credits because they will apply in addition to the credits otherwise available to members that add non-displayed liquidity to the Exchange. Specifically, the Exchange proposes to offer a member a $0.0001 supplemental credit per share executed

[3] The Exchange initially filed the proposed pricing changes on December 21, 2018 (SR-NASDAQ-2018-110). On December 26, 2018, the Exchange withdrew that filing and submitted this filing.

for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including, 4 million shares through Midpoint Extended Life Orders. Alternatively, the Exchange proposes to offer a member a $0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders. The purposes of the new credits are to provide members with a greater incentive to utilize Midpoint Extended Life Orders as well as to increase their provision of non-displayed midpoint liquidity on the Exchange.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[4] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[5] 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 Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the

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4 15 U.S.C. 78f(b).

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

market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[6]

Likewise, in NetCoalition v. Securities and Exchange Commission[7] ("NetCoalition") the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.[8] As the court emphasized, the Commission "intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost."[9]

Further, "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[10]

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6 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

7 NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

8 See NetCoalition, at 534 - 535.

9 Id. at 537.

10 Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

First Change

The proposed $0.0004 per share executed fee is reasonable because the Exchange has considered the nature of the market in Midpoint Extended Life Orders, the need to assess a fee to help cover the costs of supporting trading on Nasdaq, and the Exchange's desire to continue to promote use of Midpoint Extended Life Orders on the Exchange. Taking these factors into consideration, the Exchange has determined that $0.0004 per share executed is appropriate. The Exchange currently assess a fee of $0.0007 per share executed for certain TFTY Orders.[11] The Exchange also assesses $0.0007 per share executed for QCST and QDRK orders, except for QCST orders that execute on Nasdaq BX for which there is no charge or credit.[12] Thus, the lower fee is similar to existing fees for Orders that utilize the Exchange and may promote use of Midpoint Extended Life Orders and consequently the quality of the market in Midpoint Extended Life Orders. The Exchange also notes that a competitor exchange assesses a fee of $0.0009 per share executed for both adding and removing all non-displayed liquidity in securities priced $1 or more.[13]

As discussed extensively in its proposal,[14] 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

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11 See Rule 7018(a)(1)-(3).

12 Id.

13 See Investors Exchange Fee Schedule, available at: https://iextrading.com/trading/fees/.

14 See Securities Exchange Act Release No. 81311 (August 3, 2017), 82 FR 37248 (August 9, 2017) (SR-NASDAQ-2017-074).

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. Thus, the Exchange believes that it is important for participants using Midpoint Extended Life Orders to have a deep and liquid market. Applying a lower fee than the $0.0030 per share executed that the Exchange assesses for removing resting midpoint liquidity should provide incentive to market participants to use Midpoint Extended Life Orders while also allowing the Exchange to recoup some of the costs it incurs in offering the Order.

The Exchange believes that the proposed fees are an equitable allocation and are not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members. 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.[15] The proposed $0.0004 per share executed fee is lower than most other fees assessed for executions, which is reflective of the beneficial nature of the type of Order. Any member may take advantage of the lower fee by using the Order Type.

Last, the Exchange is not assessing a charge for executions in Midpoint Extended Life Orders in securities priced below $1 because there are very few executions in such Orders relative to transactions in Midpoint Extended Life Orders in securities priced at $1 or greater. Allowing such transactions at no cost will help promote a deeper market in

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15 Based on whether the member is removing or adding liquidity. See Equity 7, Section 118(a).

Midpoint Extended Life Orders in securities priced below $1. Thus, the Exchange believes that the no cost tier in Midpoint Extended Life Orders in securities priced below $1 remains an equitable allocation and is not unfairly discriminatory.

Second Change

The Exchange believes that it is reasonable to offer new supplemental credits to a member for non-displayed midpoint orders that add liquidity to the Exchange if the member executes a requisite average daily volume of shares through Midpoint Extended Life Orders. If effective, the Exchange believes that the new supplemental credits will improve market quality on the Exchange, including for Midpoint Extended Life Orders. The Exchange believes that the new credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members.

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 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 a modest fee of $0.0004 per share executed will not place any burden on competition, but rather will help ensure continued growth in the use of Midpoint Extended Life Orders by making such Orders attractive to members that seek to execute at the midpoint with like-minded members, while also allowing the Exchange to recoup some of the costs associated with offering the Order Type. 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.

Likewise, the Exchange believes that the new proposed supplemental credits will not place any burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. Moreover, the addition of the proposed credits may encourage other market venues to provide similar credits to improve their market quality. In that sense, the Exchange believes that the new credits may promote competition.

In sum, if the proposal to assess the new fee tiers for executions of Midpoint Extended Life Orders and to provide new supplemental credits for members that execute Midpoint Extended Life Orders are unattractive to market participants, it is likely that the Exchange will not gain any market share and may lose market share. 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,[16] 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.

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[16] 15 U.S.C. 78s(b)(3)(A)(ii).

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-2018-111)

December __, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 7, Section 118(a) of the Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1], and Rule 19b-4 thereunder,[2] notice is hereby given that on December 26, 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 Equity 7, Section 118(a) to: (i) assess fees for the Midpoint Extended Life Order; and (ii) offer new supplemental credits in all three tapes for non-displayed orders that add liquidity, as described further below.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on January 2, 2019.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend the Exchange's transaction fees at Equity 7, Section 118(a) to: (i) assess fees for the Midpoint Extended Life Order; and (ii) establish two new supplemental credits in all three tapes for non-displayed midpoint orders that provide liquidity, as described further below.[3]

First Change

The Exchange is proposing to assess a $0.0004 per share executed fee for executions of Midpoint Extended Life Orders in securities priced at $1 or more. Currently, the Exchange does not assess a fee for executions of Midpoint Extended Life Orders. The proposed fee covers Orders in securities of any of the three tapes. The

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3 The Exchange initially filed the proposed pricing changes on December 21, 2018 (SR-NASDAQ-2018-110). On December 26, 2018, the Exchange withdrew that filing and submitted this filing.

Exchange believes that the market in Midpoint Extended Life Orders has matured to the point that it can support the proposed $0.0004 per share executed fee.

Second Change

The Exchange is proposing to offer two new supplemental credits in all three tapes for non-displayed midpoint orders that provide liquidity if a member executes a requisite average daily volume of shares through Midpoint Extended Life Orders. These are supplemental credits because they will apply in addition to the credits otherwise available to members that add non-displayed liquidity to the Exchange. Specifically, the Exchange proposes to offer a member a $0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including, 4 million shares through Midpoint Extended Life Orders. Alternatively, the Exchange proposes to offer a member a $0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders. The purposes of the new credits are to provide members with a greater incentive to utilize Midpoint Extended Life Orders as well as to increase their provision of non-displayed midpoint liquidity on the Exchange.

2. Statutory Basis

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

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

[5] 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 Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[6]

Likewise, in NetCoalition v. Securities and Exchange Commission[7] ("NetCoalition") the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.[8] As the court emphasized, the Commission "intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost."[9]

Further, "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of

6 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

7 NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

8 See NetCoalition, at 534 - 535.

9 Id. at 537.

where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[10]

First Change

The proposed $0.0004 per share executed fee is reasonable because the Exchange has considered the nature of the market in Midpoint Extended Life Orders, the need to assess a fee to help cover the costs of supporting trading on Nasdaq, and the Exchange's desire to continue to promote use of Midpoint Extended Life Orders on the Exchange. Taking these factors into consideration, the Exchange has determined that $0.0004 per share executed is appropriate. The Exchange currently assess a fee of $0.0007 per share executed for certain TFTY Orders.[11] The Exchange also assesses $0.0007 per share executed for QCST and QDRK orders, except for QCST orders that execute on Nasdaq BX for which there is no charge or credit.[12] Thus, the lower fee is similar to existing fees for Orders that utilize the Exchange and may promote use of Midpoint Extended Life Orders and consequently the quality of the market in Midpoint Extended Life Orders. The Exchange also notes that a competitor exchange assesses a fee of $0.0009 per share executed for both adding and removing all non-displayed liquidity in securities priced $1 or more.[13]

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10 Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

11 See Rule 7018(a)(1)-(3).

12 Id.

13 See Investors Exchange Fee Schedule, available at: https://iextrading.com/trading/fees/.

As discussed extensively in its proposal,[14] 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. Thus, the Exchange believes that it is important for participants using Midpoint Extended Life Orders to have a deep and liquid market. Applying a lower fee than the $0.0030 per share executed that the Exchange assesses for removing resting midpoint liquidity should provide incentive to market participants to use Midpoint Extended Life Orders while also allowing the Exchange to recoup some of the costs it incurs in offering the Order.

The Exchange believes that the proposed fees are an equitable allocation and are not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members. 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.[15] The proposed $0.0004 per share executed fee is lower than most other fees assessed for executions,

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[14] See Securities Exchange Act Release No. 81311 (August 3, 2017), 82 FR 37248 (August 9, 2017) (SR-NASDAQ-2017-074).

[15] Based on whether the member is removing or adding liquidity. See Equity 7, Section 118(a).

which is reflective of the beneficial nature of the type of Order. Any member may take advantage of the lower fee by using the Order Type.

Last, the Exchange is not assessing a charge for executions in Midpoint Extended Life Orders in securities priced below $1 because there are very few executions in such Orders relative to transactions in Midpoint Extended Life Orders in securities priced at $1 or greater. Allowing such transactions at no cost will help promote a deeper market in Midpoint Extended Life Orders in securities priced below $1. Thus, the Exchange believes that the no cost tier in Midpoint Extended Life Orders in securities priced below $1 remains an equitable allocation and is not unfairly discriminatory.

Second Change

The Exchange believes that it is reasonable to offer new supplemental credits to a member for non-displayed midpoint orders that add liquidity to the Exchange if the member executes a requisite average daily volume of shares through Midpoint Extended Life Orders. If effective, the Exchange believes that the new supplemental credits will improve market quality on the Exchange, including for Midpoint Extended Life Orders. The Exchange believes that the new credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same fee to all similarly situated members.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or 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 a modest fee of $0.0004 per share executed will not place any burden on competition, but rather will help ensure continued growth in the use of Midpoint Extended Life Orders by making such Orders attractive to members that seek to execute at the midpoint with like-minded members, while also allowing the Exchange to recoup some of the costs associated with offering the Order Type. 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.

Likewise, the Exchange believes that the new proposed supplemental credits will not place any burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. Moreover, the addition of the proposed credits may encourage other market venues to provide similar credits to improve their market quality. In that sense, the Exchange believes that the new credits may promote competition.

In sum, if the proposal to assess the new fee tiers for executions of Midpoint Extended Life Orders and to provide new supplemental credits for members that execute

Midpoint Extended Life Orders are unattractive to market participants, it is likely that the Exchange will not gain any market share and may lose market share. 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.[16]

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:

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[16] 15 U.S.C. 78s(b)(3)(A)(ii).

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-2018-111 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-2018-111. 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-2018-111 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.[17]

Eduardo A. Aleman
Assistant Secretary

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

EXHIBIT 5

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

The Nasdaq Stock Market LLC Rules

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Equity Rules

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Equity 7 Pricing Schedule

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Section 118. 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 section, 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 a Midpoint Extended Life Order	$0.0004[0] per share executed

* * * * *

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	A member will receive a supplemental credit for midpoint orders, in addition to the credits set forth below for non-displayed orders that provide liquidity, if the member executes a requisite

average daily volume of shares through Midpoint Extended Life Orders, as follows:

A $0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including 4 million shares through Midpoint Extended Life Orders; or

A $0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders.

$0.0025 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month and adds 8 million shares of non-displayed liquidity

* * * * *

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

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

* * * * *

member that executes a Midpoint Extended Life Order	$0.0004[0] per share executed

* * * * *

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	A member will receive a supplemental credit for midpoint orders, in addition to the credits set forth below for non-

displayed orders that provide liquidity, if the member executes a requisite average daily volume of shares through Midpoint Extended Life Orders, as follows:

A $0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including 4 million shares through Midpoint Extended Life Orders; or

A $0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders.

$0.0025 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month and adds 8 million shares of non-displayed liquidity

* * * * *

(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:

* * * * *

member that executes a Midpoint Extended Life Order	$0.0004[0] per share executed

* * * * *

Credit for non-displayed orders (other than Supplemental Orders) that provide liquidity:	A member will receive a supplemental credit for midpoint orders, in addition to the credits set forth below for non-displayed orders that provide liquidity, if the member executes a requisite average daily volume of shares through Midpoint Extended Life Orders, as follows: A $0.0001 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of at least 2.5 million up to, but not including 4 million shares through Midpoint Extended Life Orders; or A $0.0002 supplemental credit per share executed for midpoint orders if the member executes an average daily volume of 4 million or more shares through Midpoint Extended Life Orders. $0.0025 per share executed for midpoint orders if the member provides an average daily volume of 5 million or more shares through midpoint orders during the month and adds 8 million shares of non-displayed liquidity

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(b) – (m) No change.