

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 36	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 084	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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<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	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"/>
--	--

**Description**

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

A Proposal to amend NOMs Pricing Schedule at Options 7, Section 2 and Options 7, Section 3

**Contact Information**

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

First Name * Angela	Last Name * Dunn
Title * Principal Associate General Counsel	
E-mail * angela.dunn@nasdaq.com	
Telephone * (215) 496-5692	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 12/01/2020	EVP and Chief Legal Counsel
By John Zecca (Name *)	

john.zecca@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 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”)<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 NASDAQ Options Market LLC’s (“NOM”) Pricing Schedule at Options 7, Section 2, “Nasdaq Options Market Fees and Rebates” and Options 7, Section 3, “Nasdaq Options Market - Ports and Other Services.”

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 November 5, 2020. 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:

Angela Saccomandi Dunn  
Principal Associate General Counsel

---

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

<sup>2</sup> 17 CFR 240.19b-4.

Nasdaq, Inc.  
215-496-5692

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

a. Purpose

The Exchange proposes to amend NOM’s Pricing Schedule at Options 7, Section 2, “Nasdaq Options Market Fees and Rebates” and Options 7, Section 3, “Nasdaq Options Market - Ports and Other Services.” Each change will be described below.

Options 7, Section 2

Today, the Exchange pays certain Rebates to Add Liquidity in Penny

Symbols according to the below table.

**Rebates to Add Liquidity in Penny Symbols**

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Tier 5</b>	<b>Tier 6</b>
<b>Customer</b> <sup>1,8,9,10</sup>	(\$0.20)	(\$0.25)	(\$0.42)	(\$0.43)	(\$0.45)	(\$0.48) <sup>7</sup>
<b>Professional</b> <sup>1,9,10</sup>	(\$0.20)	(\$0.25)	(\$0.42)	(\$0.43)	(\$0.45)	(\$0.48)
<b>Broker-Dealer Firm</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>Non-NOM Market Maker</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>NOM Market Maker</b> <sup>3</sup>	(\$0.20)	(\$0.25)	(\$0.30) <sup>4</sup>	(\$0.32) <sup>4</sup>	(\$0.44) <sup>11</sup>	(\$0.48)

Specifically, NOM Market Maker Rebates to Add Liquidity in Penny Symbols are paid according to the below tier qualifications.

**Monthly Volume**

**Tier 1** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of up to 0.10% of total industry customer equity and ETF option average

- daily volume (“ADV”) contracts per day in a month
- Tier 2** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 3** Participant: (a) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.20% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month; or (b)(1) transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.70% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market, (2) transacts in Tape B securities through one or more of its Nasdaq Market Center MPIDs that represent 0.18% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market, and (3) executes greater than 0.01% of CV via Market-on- Close/Limit-on-Close (“MOC/LOC”) volume within The Nasdaq Stock Market Closing Cross in the same month
- Tier 4** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 5** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market
- Tier 6** Participant: (a)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Symbols of 10,000 or more contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.50% of total industry customer equity and ETF option ADV contracts per day in a month, and (2)

executes Total Volume of 250,000 or more contracts per day in a month, of which 15,000 or more contracts per day in a month must be removing liquidity

The Exchange proposes to amend Penny Pilot NOM Market Maker Tier 4 which currently provides, “Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month.”<sup>3</sup> The Exchange proposes to amend Penny Pilot NOM Market Maker Tier 4 to provide, “Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month.” This proposed rule change will not impact NOM’s pricing. Today, NOM Market Maker Rebates to Add Liquidity in Penny Symbols are paid per the highest tier achieved.<sup>4</sup> Current Penny Pilot NOM Market Maker Tier 5 requires Participants to add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of Consolidated Volume (“CV”) which adds liquidity in the same

---

<sup>3</sup> Penny Pilot NOM Market Maker Tier 4 pays a rebate of \$0.43 per contract to Customers and Professionals, \$0.10 per contract to Broker-Dealers, Firms and Non-NOM Market Makers and \$0.32 per contract to NOM Market Makers. Further, pursuant to footnote 4, Participants who achieve the NOM Market Maker Tier 3 or Tier 4 Rebate to Add Liquidity will receive \$0.40 per contract to add liquidity in the following symbols: AAPL, SPY, QQQ, IWM, and VXX.

<sup>4</sup> See note 3 of Options 7, Section 2.

month on The Nasdaq Stock Market in order to achieve a rebate.<sup>5</sup> Therefore, a Participant that adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month volume would qualify for Penny Pilot NOM Market Maker Tier 4 today, and may qualify for Penny Pilot NOM Market Maker Tier 5 if the additional criteria was met. Penny Pilot NOM Market Maker Tier 6 requires, among other things, that a Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month.<sup>6</sup>

The Exchange believes that this proposal will bring greater clarity to the Penny Pilot NOM Market Maker tiers as any volume above 0.60% would qualify a

---

<sup>5</sup> Penny Pilot NOM Market Maker Tier 5 pays a rebate of \$0.45 per contract to Customers and Professionals, \$0.10 per contract to Broker-Dealers, Firms and Non-NOM Market Makers and \$0.44 per contract to NOM Market Makers. Further, pursuant to footnote 11, NOM Participants that qualify for the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Symbols and add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.50% of total industry customer equity and ETF option ADV contracts per day in a month, will receive a \$0.46 per contract rebate to add liquidity in Penny Symbols as Market Maker in lieu of the Tier 5 rebate.

<sup>6</sup> Penny Pilot NOM Market Maker Tier 6 provides, “Participant: (a)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Symbols of 10,000 or more contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.50% of total industry customer equity and ETF option ADV contracts per day in a month, and (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 15,000 or more contracts per day in a month must be removing liquidity.”

Participant for Penny Pilot NOM Market Maker Tier 4, as is the case today unless the Participant qualified for Penny Pilot NOM Market Maker Tiers 5 or 6, as is also the case today. Stating, “above 0.60%” within the rule text will make the aforementioned opportunities clearer for all Participants.

Options 7, Section 3

The Exchange proposes to amend Options 7, Section 3, “Nasdaq Options Market - Ports and Other Services,” to remove obsolete text which reflects timeframes which have passed.

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’s proposed changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: “[n]o one disputes

---

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

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



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’ ....”<sup>9</sup>

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.”<sup>10</sup>

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing

---

<sup>9</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

<sup>10</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

Options 7, Section 2

The Exchange's proposal to amend Penny Pilot NOM Market Maker Tier 4 to change the current volume requirement from "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month" to "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month," is reasonable. This proposed rule change will not impact NOM's pricing. Today, NOM Market Maker Rebates to Add Liquidity in Penny Symbols are paid per the highest tier achieved.<sup>11</sup> Current Penny Pilot NOM Market Maker Tier 5 requires Participants to add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market in order to achieve a rebate.<sup>12</sup> Therefore, a Participant that adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month volume would qualify for Penny Pilot

---

<sup>11</sup> See note 3 of Options 7, Section 2.

<sup>12</sup> See note 5.

NOM Market Maker Tier 4 today, and may qualify for Penny Pilot NOM Market Maker Tier 5 if the additional criteria was met. Penny Pilot NOM Market Maker Tier 6 requires, among other things, that a Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month.<sup>13</sup> This proposal will make clear that any volume above 0.60% would qualify a Participant for Penny Pilot NOM Market Maker Tier 4, as is the case today, unless the Participant qualified for Penny Pilot NOM Market Maker Tiers 5 or 6, as is also the case today. Any NOM Market Maker may qualify for a NOM Market Maker Penny Pilot rebate provided the requisite criteria has been met.

The Exchange's proposal to amend Penny Pilot NOM Market Maker Tier 4 to change the current volume requirement from "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month" to "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month," is equitable and not unfairly discriminatory as all NOM Market Makers may uniformly qualify for these NOM Market Maker Penny Pilot rebates, provided they submit the requisite qualifying criteria. NOM Market Makers add value through continuous quoting<sup>14</sup> and are

---

<sup>13</sup> See note 6.

<sup>14</sup> See Options 2, Section 5.

subject to additional requirements and obligations<sup>15</sup> that other market participants are not. Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

#### Options 7, Section 3

The Exchange's proposal to amend Options 7, Section 3, "Nasdaq Options Market - Ports and Other Services," is reasonable, equitable and not unfairly discriminatory as the rule text is obsolete in that the text reflects timeframes which have passed.

#### 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.

#### Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of where to transact options. 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 that have been exempted from compliance with the statutory standards applicable to exchanges. Because

---

<sup>15</sup> See Options 2, Section 4.

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.

#### Intra-market Competition

The proposed amendments do not impose an undue burden on intra-market competition.

The Exchange's proposal to amend Penny Pilot NOM Market Maker Tier 4 to change the current volume requirement from "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month" to "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month," does not impose an undue burden on competition as all NOM Market Makers may uniformly qualify for these NOM Market Maker Penny Pilot rebates, provided they submit the requisite qualifying criteria. NOM Market Makers add value through continuous quoting<sup>16</sup> and are subject to additional requirements and obligations<sup>17</sup> that other market participants are not. Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

---

<sup>16</sup> See Options 2, Section 5.

<sup>17</sup> See Options 2, Section 4.

Options 7, Section 3

The Exchange's proposal to amend Options 7, Section 3, "Nasdaq Options Market - Ports and Other Services," does not impose an undue burden on competition as the rule text is obsolete in that the text reflects timeframes which have passed.

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>18</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

---

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2020-084)

December \_\_, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend NOM's Pricing Schedule at Options 7, Section 2 and Options 7, Section 3

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 December 1, 2020, 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 NASDAQ Options Market LLC's ("NOM") Pricing Schedule at Options 7, Section 2, "Nasdaq Options Market Fees and Rebates" and Options 7, Section 3, "Nasdaq Options Market - Ports and Other Services."

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

---

<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 Exchange proposes to amend NOM’s Pricing Schedule at Options 7, Section 2, “Nasdaq Options Market Fees and Rebates” and Options 7, Section 3, “Nasdaq Options Market - Ports and Other Services.” Each change will be described below.

Options 7, Section 2

Today, the Exchange pays certain Rebates to Add Liquidity in Penny Symbols according to the below table.

**Rebates to Add Liquidity in Penny Symbols**

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Tier 5</b>	<b>Tier 6</b>
<b>Customer</b> <sup>1,8,9,10</sup>	(\$0.20)	(\$0.25)	(\$0.42)	(\$0.43)	(\$0.45)	(\$0.48) <sup>7</sup>
<b>Professional</b> <sup>1,9,10</sup>	(\$0.20)	(\$0.25)	(\$0.42)	(\$0.43)	(\$0.45)	(\$0.48)
<b>Broker-Dealer Firm</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>Non-NOM Market Maker</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>NOM Market Maker</b> <sup>3</sup>	(\$0.20)	(\$0.25)	(\$0.30) <sup>4</sup>	(\$0.32) <sup>4</sup>	(\$0.44) <sup>11</sup>	(\$0.48)

Specifically, NOM Market Maker Rebates to Add Liquidity in Penny Symbols are paid according to the below tier qualifications.

### **Monthly Volume**

- Tier 1** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of up to 0.10% of total industry customer equity and ETF option average daily volume (“ADV”) contracts per day in a month
- Tier 2** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 3** Participant: (a) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.20% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month: or (b)(1) transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.70% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market, (2) transacts in Tape B securities through one or more of its Nasdaq Market Center MPIDs that represent 0.18% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market, and (3) executes greater than 0.01% of CV via Market-on-Close/Limit-on-Close (“MOC/LOC”) volume within The Nasdaq Stock Market Closing Cross in the same month
- Tier 4** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 5** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market
- Tier 6** Participant: (a)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be

removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Symbols of 10,000 or more contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.50% of total industry customer equity and ETF option ADV contracts per day in a month, and (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 15,000 or more contracts per day in a month must be removing liquidity

The Exchange proposes to amend Penny Pilot NOM Market Maker Tier 4 which currently provides, “Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month.”<sup>3</sup> The Exchange proposes to amend Penny Pilot NOM Market Maker Tier 4 to provide, “Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month.” This proposed rule change will not impact NOM’s pricing. Today, NOM Market Maker Rebates to Add Liquidity in Penny Symbols are paid per the highest tier achieved.<sup>4</sup> Current Penny Pilot NOM Market Maker Tier 5 requires Participants to add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transact in all securities through one or more of its Nasdaq Market Center MPIDs that

---

<sup>3</sup> Penny Pilot NOM Market Maker Tier 4 pays a rebate of \$0.43 per contract to Customers and Professionals, \$0.10 per contract to Broker-Dealers, Firms and Non-NOM Market Makers and \$0.32 per contract to NOM Market Makers. Further, pursuant to footnote 4, Participants who achieve the NOM Market Maker Tier 3 or Tier 4 Rebate to Add Liquidity will receive \$0.40 per contract to add liquidity in the following symbols: AAPL, SPY, QQQ, IWM, and VXX.

<sup>4</sup> See note 3 of Options 7, Section 2.

represent 0.40% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market in order to achieve a rebate.<sup>5</sup> Therefore, a Participant that adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month volume would qualify for Penny Pilot NOM Market Maker Tier 4 today, and may qualify for Penny Pilot NOM Market Maker Tier 5 if the additional criteria was met. Penny Pilot NOM Market Maker Tier 6 requires, among other things, that a Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month.<sup>6</sup>

The Exchange believes that this proposal will bring greater clarity to the Penny Pilot NOM Market Maker tiers as any volume above 0.60% would qualify a Participant

---

<sup>5</sup> Penny Pilot NOM Market Maker Tier 5 pays a rebate of \$0.45 per contract to Customers and Professionals, \$0.10 per contract to Broker-Dealers, Firms and Non-NOM Market Makers and \$0.44 per contract to NOM Market Makers. Further, pursuant to footnote 11, NOM Participants that qualify for the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Symbols and add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.50% of total industry customer equity and ETF option ADV contracts per day in a month, will receive a \$0.46 per contract rebate to add liquidity in Penny Symbols as Market Maker in lieu of the Tier 5 rebate.

<sup>6</sup> Penny Pilot NOM Market Maker Tier 6 provides, “Participant: (a)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Symbols of 10,000 or more contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.50% of total industry customer equity and ETF option ADV contracts per day in a month, and (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 15,000 or more contracts per day in a month must be removing liquidity.”

for Penny Pilot NOM Market Maker Tier 4, as is the case today unless the Participant qualified for Penny Pilot NOM Market Maker Tiers 5 or 6, as is also the case today.

Stating, “above 0.60%” within the rule text will make the aforementioned opportunities clearer for all Participants.

### Options 7, Section 3

The Exchange proposes to amend Options 7, Section 3, “Nasdaq Options Market - Ports and Other Services,” to remove obsolete text which reflects timeframes which have passed.

## 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 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’s proposed changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system,

---

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

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

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’....”<sup>9</sup>

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.”<sup>10</sup>

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

---

<sup>9</sup> NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

<sup>10</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

Options 7, Section 2

The Exchange's proposal to amend Penny Pilot NOM Market Maker Tier 4 to change the current volume requirement from "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month" to "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month," is reasonable. This proposed rule change will not impact NOM's pricing. Today, NOM Market Maker Rebates to Add Liquidity in Penny Symbols are paid per the highest tier achieved.<sup>11</sup> Current Penny Pilot NOM Market Maker Tier 5 requires Participants to add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market in order to achieve a rebate.<sup>12</sup> Therefore, a Participant that adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month volume would qualify for Penny Pilot NOM Market Maker Tier 4 today, and may qualify for Penny Pilot NOM Market Maker Tier 5 if the additional criteria was met. Penny Pilot NOM Market Maker Tier 6 requires, among other things, that a Participants adds NOM Market Maker

---

<sup>11</sup> See note 3 of Options 7, Section 2.

<sup>12</sup> See note 5.

liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month.<sup>13</sup> This proposal will make clear that any volume above 0.60% would qualify a Participant for Penny Pilot NOM Market Maker Tier 4, as is the case today, unless the Participant qualified for Penny Pilot NOM Market Maker Tiers 5 or 6, as is also the case today. Any NOM Market Maker may qualify for a NOM Market Maker Penny Pilot rebate provided the requisite criteria has been met.

The Exchange's proposal to amend Penny Pilot NOM Market Maker Tier 4 to change the current volume requirement from "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month" to "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month," is equitable and not unfairly discriminatory as all NOM Market Makers may uniformly qualify for these NOM Market Maker Penny Pilot rebates, provided they submit the requisite qualifying criteria. NOM Market Makers add value through continuous quoting<sup>14</sup> and are subject to additional requirements and obligations<sup>15</sup> that other market participants are not. Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

Options 7, Section 3

---

<sup>13</sup> See note 6.

<sup>14</sup> See Options 2, Section 5.

<sup>15</sup> See Options 2, Section 4.



The Exchange's proposal to amend Options 7, Section 3, "Nasdaq Options Market - Ports and Other Services," is reasonable, equitable and not unfairly discriminatory as the rule text is obsolete in that the text reflects timeframes which have passed.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of where to transact options. 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 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.

Intra-market Competition

The proposed amendments do not impose an undue burden on intra-market competition.

The Exchange's proposal to amend Penny Pilot NOM Market Maker Tier 4 to change the current volume requirement from "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month" to "Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month," does not impose an undue burden on competition as all NOM Market Makers may uniformly qualify for these NOM Market Maker Penny Pilot rebates, provided they submit the requisite qualifying criteria. NOM Market Makers add value through continuous quoting<sup>16</sup> and are subject to additional requirements and obligations<sup>17</sup> that other market participants are not. Incentivizing Market Makers to provide greater liquidity benefits all market participants through the quality of order interaction.

#### Options 7, Section 3

The Exchange's proposal to amend Options 7, Section 3, "Nasdaq Options Market - Ports and Other Services," does not impose an undue burden on competition as the rule text is obsolete in that the text reflects timeframes which have passed.

#### 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.

---

<sup>16</sup> See Options 2, Section 5.

<sup>17</sup> See Options 2, Section 4.

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>18</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-2020-084 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.

---

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-NASDAQ-2020-084. 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-2020-084 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>19</sup>

J. Matthew DeLesDernier  
Assistant Secretary

---

<sup>19</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**The Nasdaq Stock Market LLC Rules**

\* \* \* \* \*

**Options Rules**

\* \* \* \* \*

**Options 7 Pricing Schedule**

\* \* \* \* \*

**Section 2 Nasdaq Options Market—Fees and Rebates**

The following charges shall apply to the use of the order execution and routing services of The Nasdaq Options Market for all securities.

(1) Fees and Rebates for Execution of Contracts on The Nasdaq Options Market

**Rebates to Add  
Liquidity in  
Penny Symbols**

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Tier 5</b>	<b>Tier 6</b>
<b>Customer</b> <sup>1,8,9,10</sup>	(\$0.20)	(\$0.25)	(\$0.42)	(\$0.43)	(\$0.45)	(\$0.48) <sup>7</sup>
<b>Professional</b> <sup>1,9,10</sup>	(\$0.20)	(\$0.25)	(\$0.42)	(\$0.43)	(\$0.45)	(\$0.48)
<b>Broker-Dealer</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>Firm</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>Non-NOM Market Maker</b>	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
<b>NOM Market Maker</b> <sup>3</sup>	(\$0.20)	(\$0.25)	(\$0.30) <sup>4</sup>	(\$0.32) <sup>4</sup>	(\$0.44) <sup>11</sup>	(\$0.48)

**Fees and Rebates to Add Liquidity in Non-Penny Symbols**

<b>Customer</b> <sup>9,10,12</sup>	(\$0.80)
<b>Professional</b> <sup>9,10,12</sup>	(\$0.80)
<b>Broker-Dealer</b>	\$0.45
<b>Firm</b>	\$0.45
<b>Non-NOM Market Maker</b>	\$0.45

**NOM Market Maker**<sup>5,6</sup> \$0.35/(\$0.30)

### **Fees to Remove Liquidity in Penny and Non-Penny Symbols**

	<b>Penny Symbols</b>	<b>Non-Penny Symbols</b>
<b>Customer</b>	\$0.48	\$0.85
<b>Professional</b>	\$0.48	\$0.85
<b>Broker-Dealer Firm</b>	\$0.50	\$1.10
<b>Non-NOM Market Maker</b> <sup>2</sup>	\$0.50	\$1.10
<b>NOM Market Maker</b> <sup>2</sup>	\$0.50	\$1.10

<sup>1</sup> The Customer and Professional Rebate to Add Liquidity in Penny Symbols will be paid per the highest tier achieved below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Symbol and Non-Penny Symbol Customer and/or Professional volume that adds liquidity will be included.

### **Monthly Volume**

- Tier 1** Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of up to 0.10% of total industry customer equity and ETF option average daily volume (“ADV”) contracts per day in a month
- Tier 2** Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 3** Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.20% to 0.30% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 4** Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.30% to 0.40% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 5** Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.40% to 0.80% of total

industry customer equity and ETF option ADV contracts per day in a month

**Tier 6** Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.80% or more of total industry customer equity and ETF option ADV contracts per day in a month, or Participant adds: (1) Customer and/or Professional liquidity in Penny Symbols and/or Non-Penny Symbols of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS (defined below)

<sup>2</sup> Participants that add 1.30% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of total industry customer equity and ETF option ADV contracts per day in a month will be subject to the following pricing applicable to executions: a \$0.48 per contract Penny Symbols Fee for Removing Liquidity when the Participant is (i) both the buyer and the seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

Participants that add 1.50% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of total industry customer equity and ETF option ADV contracts per day in a month and meet or exceed the cap for The Nasdaq Stock Market Opening Cross during the month will be subject to the following pricing applicable to executions less than 10,000 contracts: a \$0.32 per contract Penny Symbols Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

Participants that add 1.75% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of total industry customer equity and ETF option ADV contracts per day in a month will be subject to the following pricing applicable to executions less than 10,000 contracts: a \$0.32 per contract Penny Symbols Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

<sup>3</sup> The NOM Market Maker Rebate to Add Liquidity in Penny Symbols will be paid per the highest tier achieved below.

### **Monthly Volume**

**Tier 1** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of up to 0.10% of total industry customer equity and ETF option average daily volume (“ADV”) contracts per day in a month

- Tier 2** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 3** Participant: (a) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.20% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month; or (b)(1) transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.70% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market, (2) transacts in Tape B securities through one or more of its Nasdaq Market Center MPIDs that represent 0.18% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market, and (3) executes greater than 0.01% of CV via Market-on-Close/Limit-on-Close (“MOC/LOC”) volume within The Nasdaq Stock Market Closing Cross in the same month
- Tier 4** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% [to 0.90%] of total industry customer equity and ETF option ADV contracts per day in a month
- Tier 5** Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market
- Tier 6** Participant: (a)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Symbols of 10,000 or more contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.50% of total industry customer equity and ETF option ADV contracts per day in a month, and (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 15,000 or more contracts per day in a month must be removing liquidity



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

<sup>4</sup> Participants who achieve the NOM Market Maker Tier 3 or Tier 4 Rebate to Add Liquidity will receive \$0.40 per contract to add liquidity in the following symbols: AAPL, SPY, QQQ, IWM, and VXX.

<sup>5</sup> The NOM Market Maker Fee for Adding Liquidity in Non-Penny Symbols will apply unless Participants meet the volume thresholds set forth in this note. Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 10,000 to 14,999 ADV contracts per day in a month will be assessed a \$0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 15,000 or more ADV contracts per day in a month will receive the Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

<sup>6</sup> Participants that qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Symbols will receive a \$0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols. Participants that qualify for Tier 7 or higher in the MARS Payment Schedule in Section (6) will receive an additional \$0.02 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols, in addition to receiving a \$0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols. Participants that qualify for note "5" and note "6" incentives will receive the greater of the note "5" or note "6" incentive, but not both.

<sup>7</sup> Participants that: (1) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of 1.15% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional \$0.02 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbol in that month; or (2) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of 1.30% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional \$0.05 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month; or (3) (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month, (b) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Symbols above 0.12% of total industry customer equity and ETF option ADV contracts per day in a month, and (c) execute greater than 0.04% of Consolidated Volume (“CV”) via Market-on-Close/Limit-on-Close (“MOC/LOC”) volume within The Nasdaq Stock Market Closing Cross within a month will receive an additional \$0.05 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in a month. Consolidated Volume shall mean the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of an equity member's trading activity,

expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.

<sup>8</sup> NOM Participants that qualify for any MARS Payment Tier in Section (6) will receive: (1) an additional \$0.05 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month, in addition to qualifying Customer Rebate to Add Liquidity Tier 1, or (2) an additional \$0.04 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month, in addition to qualifying Penny Symbol Customer Rebate to Add Liquidity Tiers 2-6. NOM Participants that qualify for note "7" and note "8" incentives will receive the greater of the note "7" or note "8" incentive, but not both.

<sup>9</sup> NOM Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a \$0.50 per contract Rebate to Add Liquidity in Penny Symbols as Customer, a \$0.48 per contract rebate as Professional, a \$1.00 per contract Rebate to Add Liquidity in Non-Penny Symbols as Customer, and a \$0.90 per contract Rebate to Add liquidity in Non-Penny Symbols as Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1-6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

<sup>10</sup> NOM Participants that (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) execute greater than 0.04% of Consolidated Volume ("CV") via Market-on-Close/Limit-on-Close ("MOC/LOC") volume within The Nasdaq Stock Market Closing Cross within a month, and (c) add greater than 1.5 million shares per day of non-displayed volume within The Nasdaq Stock Market within a month will receive a \$0.55 per contract Rebate to Add Liquidity in Penny Symbols as Customer, a \$0.48 per contract Rebate to Add Liquidity in Penny Symbols as Professional, and a \$1.05 per contract Rebate to Add Liquidity in Non-Penny Symbols as Customer, and a \$0.90 per contract Rebate to Add Liquidity in Non-Penny Symbols as Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1-6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

<sup>11</sup> NOM Participants that qualify for the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Symbols and add NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.50% of total industry customer equity and ETF option ADV contracts per day in a month, will receive a \$0.46 per contract rebate to add liquidity in Penny Symbols as Market Maker in lieu of the Tier 5 rebate.

<sup>12</sup> A Participant that qualifies for Customer or Professional Penny Symbol Rebate to Add Liquidity Tiers 2, 3, 4, or 5 in a month will receive an additional \$0.10 per contract Non-Penny Symbol Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Symbols in that month. A Participant that qualifies for Customer or Professional Penny Symbol

Rebate to Add Liquidity Tier 6 in a month will receive an additional \$0.20 per contract Non-Penny Symbol Rebate to Add Liquidity as Customer and an additional \$0.10 per contract Non-Penny Symbol Rebate to Add Liquidity as Professional for such transactions which add liquidity in Non-Penny Symbols in that month.

\* \* \* \* \*

### Section 3 Nasdaq Options Market - Ports and Other Services

The below charges are assessed by Nasdaq for connectivity to services and The Nasdaq Options Market.

A port is a logical connection or session that enables a market participant to send inbound messages and/or receive outbound messages from the Exchange using various communication protocols. Fees are assessed in full month increments and are not prorated.

An account number shall mean a number assigned to a Participant. Participants may have more than one account number.

(i) The following order and quote protocols are available on NOM:

*[During the months of August and September 2019, NOM Participants will be required to transition from current FIX Ports to new FIX Ports in conjunction with a technology infrastructure migration. NOM will not assess a FIX Port Fee for any new duplicative FIX Ports acquired as part of the transition during the months of August and September 2019. NOM will assess the FIX Port Fee to legacy FIX Ports during August and September 2019. NOM will sunset legacy FIX Ports by September 30, 2019. In October 2019, NOM will assess Participants the FIX Port Fee to new FIX Ports.]*

- |                               |   |
|-------------------------------|---|
| <b>(1) FIX Port Fee</b>       | \$650 per port, per month, per account number |
| <b>(2) SQF Port Fee</b>       | per port, per month                           |
| <b>(3) SQF Purge Port Fee</b> | per port, per month                           |

The SQF Port Fee and the SQF Purge Port Fee are incremental as follows:

<b>Number of Ports</b>	<b>Monthly Fee Per Port</b>
First 5 ports (1-5)	\$1,500 per port
Next 15 ports (6-20)	\$1,000 per port
All ports over 20 ports (21 and above)	\$500 per port
<b>(4) QUO Port Fee</b>	\$750 per port, per month, per account number

(ii) The following order and execution information is available to Participants.

*[During the months of August and September 2019, NOM Participants will be required to transition from current CTI Ports and FIX DROP Ports to new CTI Ports and FIX DROP Ports in conjunction with a technology infrastructure migration. NOM will not assess CTI Port and FIX DROP Port Fees for any new duplicative CTI Port or FIX DROP Ports acquired as part of the transition during the months of August and September 2019. NOM will assess the CTI Port and FIX DROP Port Fees to legacy CTI Ports and FIX DROP Ports during August and September 2019. NOM will sunset legacy CTI Ports and FIX DROP Ports by September 30, 2019. In October 2019, NOM will assess Participants CTI Port and FIX DROP Port Fees to new CTI and FIX DROP Ports.]*

<b>(1) CTI Port Fee</b>	\$650 per port, per month
<b>(2) FIX DROP Port Fee</b>	\$650 per port, per month
<b>(3) TradeInfo NOM Interface</b>	\$95, per user, per month (Assessed only to Participant not subscribing to the Nasdaq Workstation)
<b>(4) QUO DROP Port Fee</b>	\$650 per port, per month

(iii) The following data port fees apply in connection with data subscriptions pursuant to Nasdaq Rules at Options 7, Section 4. The below port fees do not apply if the subscription is delivered via multicast. These ports are available to non-NOM Participants and NOM Participants.

<b>(1) ITTO Port Fee</b>	\$650 per port, per month
<b>(2) BONO Port Fee</b>	\$650 per port, per month

(iv) Other ports:

<b>Disaster Recovery Port Fee for ports in subsections (i) - (iii)</b>	\$0 per port, per month
--	-------------------------

\* \* \* \* \*