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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75514; File No. SR-NASDAQ-2015-084)

July 23, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify NASDAQ Rule 7014(g) Concerning Rebates Available Under the NBBO Program

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 July 16, 2015, 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend NASDAQ Rule 7014(g) concerning rebates available under the NBBO Program. The Exchange will implement the new rebate on July 17, 2015.

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

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

2 17 CFR 240.19b-4.

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

NASDAQ is proposing to add a new $0.0004 per share executed credit in securities listed on NYSE, which would be available to any member that provides shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs ("MPIDs") that represent 0.50% or more of Consolidated Volume[3] during the month. The NBBO Program provides a per share executed rebate[4] with respect to all other displayed orders (other than Designated Retail Orders, as defined in NASDAQ Rule 7018) in securities priced at $1 or more per share that provide liquidity and establish the NBBO. Currently, NASDAQ offers a $0.0002 per share executed credit to a member that either: (1) executes shares of liquidity provided in all securities through one or more of its MPIDs that represents 0.475% or more of Consolidated Volume during the month; or (2) add [sic] NOM Market Maker liquidity, as defined in Chapter XV,

3 Consolidated Volume is 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, 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. See Rule 7018. For purposes of the proposed tier, the Exchange will calculate Consolidated Volume during the first month that it is implemented based on only the day during that month that the rebate is available.

4 The rebate is provided in addition to any rebate or credit payable under NASDAQ Rule 7018(a) and the Investor Support Program ("ISP") and Qualified Market Maker ("QMM") Program under NASDAQ Rule 7014.

Section 2 of the Nasdaq Options Market rules, in Penny Pilot Options and/or Non-Penny Pilot Options above 0.90% of total industry customer equity and ETF option ADV contracts per day in a month. Thus, the NBBO program provides an incentive to members to improve the quality of the market by rewarding members that provide significant market-improving order flow with a credit.

The proposed new rebate, which is provided in lieu of the current rebate, is designed to further improve the market by providing members with a higher credit as incentive to provide a greater level of Consolidated Volume to NASDAQ and to quote aggressively in Tape A securities. In this regard, the proposed new credit will apply to all other displayed orders (other than Designated Retail Orders, as defined in NASDAQ Rule 7018) in securities listed on NYSE ("Tape A") priced at $1 or more per share that provide liquidity and establish the NBBO.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[5] in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,[6] 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 or system which the Exchange operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public

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[5] 15 U.S.C. 78f.

[6] 15 U.S.C. 78f(b)(4) and (5).

interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed change to amend Rule 7014(g) is reasonable because it provides an opportunity for members that qualify to receive a rebate of $0.0004 per share executed for all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in Tape A securities priced at $1 or more per share that provide liquidity and establish the NBBO.[7] Thus the rebate provides incentive to members to provide aggressively priced orders in Tape A securities that improve the market by setting the NBBO. Requiring a higher level of Consolidated Volume than the lower $0.0002 per share executed tier is consistent with incentivizing member to provide greater market improving activity in the form of Consolidated Volume in return for eligibility for a higher credit. The Exchange believes that it is reasonable to limit the higher credit to Tape A securities because it desires to improve the market on NASDAQ in Tape A securities in terms of setting the NBBO, which is currently not as robust as price setting in non-Tape A securities.

NASDAQ believes the proposed change is equitable and not unfairly discriminatory because the $0.0004 per share executed rebate under the NBBO Program is available to all members on an equal basis and provides a rebate for activity that improves the Exchange's market quality through increased activity and by encouraging the setting of the NBBO. In this regard, the NBBO Program encourages higher levels of liquidity provision into the price discovery process and is consistent with the overall goals of enhancing market quality. Also, the Exchange believes that the qualification requirement for the new tier is equitable and not unfairly

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7 This is similar to other programs originating from the BATS Global Markets 2011 filing. See Securities Exchange Act Release No. 73967 (January 3, 2011), 80 FR 594 (January 7, 2011) (SR-BATS-2010-038).

discriminatory because it represents an increased yet attainable level for members to achieve and to qualify for this higher rebate. In addition, the Exchange notes that the new eligibility standard for the tier, which requires a member to execute shares of liquidity provided in all securities through one or more of its MPIDs that represents 0.50% or more of Consolidated Volume during the month, represents a lower Consolidated Volume requirement than the QMM Program, which requires at least 0.70% of Consolidated Volume to qualify under the lowest credit tier.[8] The Exchange believes the proposed qualification standard is equitable and not unfairly discriminatory because the NBBO Program rebates do not apply to all shares of liquidity provided, and thus the Consolidated Volume threshold is set lower.

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

NASDAQ does not believe that the proposed rule changes [sic] will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.[9] NASDAQ 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, NASDAQ 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, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, NASDAQ is proposing to

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8 See Rule 7014(e).

9 15 U.S.C. 78f(b)(8).

enhance the NBBO Program with an additional and higher rebate opportunity in Tape A securities in return for market improving participation. Consequently, the proposed changes do not impose a burden on competition because the proposed rebate, and incentive programs generally, are reflective of the need for exchanges to offer financial incentives to attract order flow and to let such financial incentives evolve in response to competition. Accordingly, while the Exchange does not believe that the proposed change will result in any burden on competition, if the change proposed herein are unattractive to market participants it is likely that NASDAQ will lose market share as a result.

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.[10]

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.

[10] 15 U.S.C. 78s(b)(3)(A)(ii).

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2015-084 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.

All submissions should refer to File Number SR-NASDAQ-2015-084. 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 website (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 such filing also will be available for inspection and copying at the principal offices 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-2015-084, 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.[11]

Robert W. Errett
Deputy Secretary

[11] 17 CFR 200.30-3(a)(12).