SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-81479; File No. SR-NASDAQ-2017-083)

August 24, 2017

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Transaction Fees at Chapter XV, Section 2 Entitled "NASDAQ Options Market – Fees and Rebates"

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 August 16, 2017, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("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 Chapter XV, Section 2 entitled "NASDAQ Options Market – Fees and Rebates

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

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

2 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

NOM proposes to amend the MARS subsidy program which pays a subsidy to NOM Participants that provide certain order routing functionalities to other NOM Participants and/or use such functionalities themselves. Generally, under MARS, the Exchange pays participating NOM Participants to subsidize their costs of providing routing services to route orders to NOM. The Exchange believes that the proposed amendment to MARS will continue to attract higher volumes of electronic equity and ETF options volume to the Exchange from non-NOM Participants as well as NOM Participants.

Background

Today, to qualify for MARS, a NOM Participant's routing system (hereinafter "System") is required to meet certain criteria. Specifically the Participant's System is required to: (1) enable the electronic routing of orders to all of the U.S. options exchanges, including NOM; (2) provide current consolidated market data from the U.S. options exchanges; and (3) be capable of interfacing with NOM's API to access current NOM match engine functionality. The NOM Participant's System would also need to cause NOM to be one of the top three default destination exchanges for (a) individually executed marketable orders if NOM is at the national best bid or offer ("NBBO"), regardless of size or time, (b) orders that establish a new NBBO on NOM's Order Book, but allow any user to manually override NOM as the default destination on an order-by-order basis.[3]

MARS Payment are made to NOM Participants that have System Eligibility and have routed the requisite number of Eligible Contracts daily in a month ("Average Daily Volume"), which were executed on NOM.[4] Today, NOM Participants that have System Eligibility and have executed the requisite number of Eligible Contracts in a month will be paid the following rebates:[5]

Tiers	**Average Daily Volume ("ADV")**	**MARS Payment (Penny)**	**MARS Payment (Non- Penny)**
1	2,500	$0.07 *	$0.15 *
2	5,000	$0.09 *	$0.20 *
3	10,000	$0.11 *	$0.30 *
4	20,000	$0.15 *	$0.50 *
5	45,000	$0.17 *	$0.60 *

Specifically, the specified MARS Payment are paid on all executed Eligible Contracts that add liquidity, which are routed to NOM through a participating NOM Participant's System

3 Any NOM Participant is permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described herein and the Participant satisfies NOM that it appears to be robust and reliable. Participants remain solely responsible for implementing and operating its System.

4 For the purpose of qualifying for the MARS Payment, Eligible Contracts may include Firm, Non-NOM Market Maker, Broker-Dealer, or Joint Back Office or "JBO" equity option orders that add liquidity and are electronically delivered and executed. Eligible Contracts do not include Mini Option orders.

5 The specified MARS Payment are paid on all executed Eligible Contracts that add liquidity, which are routed to NOM through a participating NOM Participant's System and meet the requisite Eligible Contracts ADV. No payment [sic] are made with respect to orders that are routed to NOM, but not executed. Also, a Participant is not be [sic] entitled to receive any other revenue from the Exchange for the use of its System specifically with respect to orders routed to NOM.

and meet the requisite Eligible Contracts ADV. No payments are made with respect to orders that are routed to NOM, but not executed.[6]

Amendment to MARS Payment

The Exchange proposes to amend the MARS Payment tiers at Chapter XV, Section 2(6) by amending current tier 1 to require an ADV of 2,000 contracts instead of the current ADV of 2,500 contracts. The Exchange would continue to pay a $0.07 per contract MARS Payment for Penny Options and a $0.15 per contract rebate for Non-Penny Options.[7] All other tiers would remain unchanged. The Exchange believes that the proposed change to the MARS Payment will attract additional liquidity to NOM.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Participants and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposal to amend Tier 1 to lower the requisite ADV from 2,500 to 2,000 contracts and continue to pay a MARS Payment of $0.07 per contract for Penny Pilot

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6 A Participant is not entitled to receive any other revenue from the Exchange for the use of its System specifically with respect to orders routed to NOM.

7 Today, NOM Participants that qualify for Customer and Professional Penny Pilot Options Rebate to Add Liquidity Tier 8 in Section 2(1) receive $0.09 per contract in addition to any MARS Payment tier on MARS Eligible Contracts the NOM Participant qualifies for in a given month. This would remain unchanged.

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

9 15 U.S.C. 78f(b)(4) and (5).

Options and $0.15 per contract for Non-Penny Pilot Options is reasonable because additional Participants would be able to qualify for a Tier 1 rebate, because of the lower requirement, provided the Participant has System Eligibility and executes the requisite ADV of Eligible Contracts. The Exchange believes this amendment may attract higher volumes of electronic equity and ETF options volume to NOM, which would in turn benefit all NOM Participants by offering greater price discovery, increased transparency, and an increased opportunity to trade on the Exchange. Also, the proposal should enhance the competitiveness of the Exchange, particularly with respect to those exchanges that offer their own front-end order entry system or one they subsidize in some manner. The amendment to Tier 1 may incentivize NOM Participants to participate in MARS to obtain the rebate, provided the NOM Participant is eligible for MARS. Further, the tier structure will continue to allow NOM Participants to price their services at a level that will enable them to attract order flow from market participants who would otherwise utilize an existing front-end order entry mechanism offered by the Exchange's competitors instead of incurring the cost in time and money to develop their own internal systems to be able to deliver orders directly to the Exchange's System.

The Exchange's proposal to amend Tier 1 to lower the requisite ADV from 2,500 to 2,000 contracts and continue to pay a MARS Payment of $0.07 per contract for Penny Pilot Options and $0.15 per contract for Non-Penny Pilot Options is equitable and not unfairly discriminatory because the Exchange will uniformly pay all NOM Participants the rebates specified in the proposed MARS Payment tiers provided the NOM Participant has executed the requisite ADV of Eligible Contracts. Moreover, the Exchange believes that the proposed MARS Payments offered by the Exchange are equitable and not unfairly discriminatory because any qualifying NOM Participant that offers market access and connectivity to the Exchange and/or utilize such functionality themselves may earn the MARS Payment for all Eligible Contracts.

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.

The Exchange's proposal to amend Tier 1 to lower the requisite ADV from 2,500 to 2,000 contracts and continue to pay a MARS Payment of $0.07 per contract for Penny Pilot Options and $0.15 per contract for Non-Penny Pilot Options does not impose an undue burden on intra-market competition because the Exchange will uniformly pay all NOM Participants the MARS Payments specified in the proposed MARS Payment tiers for Penny and Non-Penny Pilot Options provided the NOM Participant has executed the requisite number of Eligible Contracts.

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

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

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. Please include File Number SR-NASDAQ-2017-083 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-2017-083. 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 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-2017-083, 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]

Eduardo A. Aleman
Assistant Secretary

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