

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75739; File No. SR- NASDAQ-2015-101)

August 19, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Chapter XV, Section 3 Entitled “NASDAQ Options Market - Access Services”

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 13, 2015, 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 waive SQF Port³ Fees under certain circumstances for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ SQF ports are ports that receive inbound quotes at any time within that month. The SQF Port allows a NOM Participant to access information such as execution reports and other relevant data through a single feed. For example, this data would show which symbols are trading on NOM and the current state of an options symbol (i.e., open for trading, trading, halted or closed). Auction notifications and execution reports are also available. NOM Market Makers rely on data available through the SQF Port to provide them the necessary information to perform market making activities.

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

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

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

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

1. Purpose

The Exchange proposes to offer NOM Participants that transition from OTTO Ports to SQF Ports⁴ an SQF Port Fee waiver for that given month. Today, the Exchange assesses a \$750.00 per port, per month, per mnemonic fee for OTTO Ports and SQF Ports. The Exchange is proposing to amend Chapter XV, Section 3(b) to provide, "NOM Participants will not be assessed an SQF Port Fee in the month in which the NOM Participant has canceled an OTTO Port and transitioned to an SQF Port. In order to receive the waiver, the Participant is required to provide the Exchange with written notification of the transition."

⁴ OTTO provides a method for subscribers to send orders and receive status updates on those orders. OTTO accepts limit orders from system subscribers, and if there is a matching order, the orders will execute. Non-matching orders are added to the limit order book, a database of available limit orders, where they are matched in price-time priority.

The Exchange seeks to incentivize NOM Market Makers to transition from OTTO to SQF Ports by providing a waiver of the SQF Port Fee in the month in which such transition occurs.⁵ The NOM Participant must provide the Exchange with written notification to receive the waiver. By way of example, if a NOM Market Maker has 5 OTTO Ports as of August 1, 2015 and decides to cancel the 5 OTTO Ports on August 20, 2015 and acquire 5 SQF Ports, provided written notice of such transition was received by the Exchange, the NOM Participant will be invoiced \$3,750 for the 5 OTTO Ports (5 x \$750) and \$0 for the 5 new SQF Ports for the month of August 2015.

NOM Market Makers utilize OTTO and SQF ports for their market making business, which require a greater throughput as compared to the other ports. The Exchange believes that by offering this SQF Port Fee waiver a greater number of NOM Market Makers will transition to SQF Ports, which offers a more robust protocol.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁶ in general, and with Section 6(b)(4) and 6(b)(5) of the Act,⁷ 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 NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

⁵ OTTO Ports fees will still apply for the month in which the NOM Participant transitions to SQF Ports.

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(4) and (5).

The Exchange's proposal to incentivize NOM Participants to transition from OTTO Ports to SQF Ports by offering a waiver of the SQF Port Fee is reasonable because the Exchange believes that SQF Ports provides NOM Market Makers greater benefits in performing their market making functions by offering more robust protocols. Also, NOM Participants will benefit from the ability to make this transition without incurring SQF and OTTO Port fees in a single month; they will only incur OTTO Port Fees, provided the proper notice is provided to the Exchange.

The Exchange's proposal to incentivize NOM Participants to transition from OTTO Ports to SQF Ports by offering a waiver of the SQF Port Fee is equitable and not unfairly discriminatory because the Exchange is offering all NOM Market Makers the opportunity to transition from OTTO Ports to SQF Ports without incurring an SQF Port Fee, provided the proper written notification is provided to the Exchange. NOM Market Makers are valuable market participants that provide liquidity in the marketplace and incur costs unlike other market participants because NOM Market Makers add value through continuous quoting⁸ and the commitment of capital. NOM Market Makers provide a critical liquidity function across thousands of individual option puts and option calls, a function no other market participants are obligated to perform. The Exchange believes that offering the SQF Port Fee waiver to NOM

⁸ Pursuant to Chapter VII (Market Participants), Section 5 (Obligations of Market Makers), in registering as a market maker, an Options Participant commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on NOM for all purposes under the Act or rules thereunder. See Chapter VII, Section 5.

Market Makers is equitable and not unfairly discriminatory because of the obligations⁹ borne by NOM Market Makers as compared to other market participants. Encouraging NOM Market Makers to transition to the more robust SQF Port benefits all market participants because NOM Market Makers provide a critical liquidity function which adds greater liquidity benefits for all NOM Participants in the quality of order interaction and enhanced execution quality.

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

The proposed rule change will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Offering NOM Market Makers the opportunity to transition from OTTO Ports to SQF Ports, at no additional cost, does not impose any undue burden on intra-market competition because NOM Market Makers have obligations¹⁰ to the market which are not borne by other market participants. NOM Market Makers provide a critical liquidity function across thousands of individual option puts and option calls, a function no other market participants are obligated to perform. The Exchange does not believe that offering NOM Market Makers the opportunity to transition from OTTO Ports to SQF Ports at no additional cost imposes an undue burden on inter-market competition because other options exchanges similarly offer NOM Market Makers the ability to obtain the necessary information to perform market making activities.¹¹

The Exchange operates in a highly competitive market in which many sophisticated and knowledgeable market participants can readily and do send order flow to competing exchanges if they deem fee levels or rebate incentives at a particular exchange to be excessive or inadequate.

⁹ See note 8.

¹⁰ See note 8.

¹¹ NASDAQ OMX PHLX LLC ("Phlx") and NASDAQ OMX BX, Inc. ("BX") offer SQF Ports to its market makers. See Phlx's Pricing Schedule and BX Rules at Chapter XV, Section 3.

These market forces ensure that the Exchange's fees and rebates remain competitive with the fee structures at other trading platforms.

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.¹² 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. Please include File Number SR-NASDAQ-2015-101 on the subject line.

Paper Comments:

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

- 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-2015-101. 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-2015-101 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.¹³

Jill M. Peterson
Assistant Secretary

¹³ 17 CFR 200.30-3(a)(12).