

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104036; File No. SR-NASDAQ-2025-075]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Introduce a New Supplemental Credit for Displayed Quotes/Orders Under Equity 7, Section 118(a)(1)

September 24, 2025.

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 September 16, 2025, 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 introduce a new supplemental credit for displayed quotes/orders under Equity 7, Section 118(a)(1) (Fees for Execution and Routing of Orders). The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings>, and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend the Exchange's schedule of credits, at Equity 7, Section 118(a)(1).³ The Exchange currently provides a supplemental credit to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders). The Exchange is proposing to add a supplemental credit of \$0.0001 per share executed to Tapes A, B and C. The credit will be available to a member that, through one or more of its Nasdaq Market Center MPIDs, (i) increases its volume of liquidity added in all securities by at least 20% as a percentage of Consolidated Volume⁴ relative to the member's liquidity during the month of July 2025 and (ii) has volume from Limit On Close orders⁵ entered between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET that represent more than 0.10% of Consolidated

³ The Exchange initially filed this fee proposal as SR-NASDAQ-2025-072 on September 5, 2025. On, September 8, 2025, the Exchange withdrew that filing and submitted SR-NASDAQ-073. On September 15, the Exchange withdrew that filing and submitted this filing. All references throughout this filing to certain rule sections shall pertain to Nasdaq Equity 7.

⁴ Pursuant to Equity 7, Section 118(a), "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.

⁵ "Limit On Close Order" shall have the definition set forth in Rule 4702(b)(12)(A).

Volume during the month.⁶ Unless otherwise extended, this tier will expire no later than January 2026. The credit will be in addition to other credits otherwise available to members for adding displayed liquidity to the Exchange (other than Supplemental Orders or Designated Retail Orders). The Exchange hopes that by proposing the new credit it will incentivize members to increase their liquidity providing activity on the Exchange, which will improve overall market quality. More specifically, an increase in the volume of late LOC orders will increase liquidity and market quality in the Nasdaq Closing Cross.⁷

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 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 change to its schedule of credits is reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity 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

⁶ Limit On Close Orders entered between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET are also known as “late LOC orders.” For the September 2025 billing cycle, the credit will be applicable from September 5, 2025, through September 30, 2025.

⁷ The “Nasdaq Closing Cross” is defined as the process for determining the price at which orders shall be executed at the close and for executing those orders and shall include the LULD Closing Cross and the Hybrid Closing Cross.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

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

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.”¹¹

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for equity security transaction services. The Exchange is only one of several equity venues to which market participants may direct their order flow. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving certain volume thresholds.

¹⁰ 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)).

¹¹ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

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.

The Exchange believes that it is reasonable to establish a new \$0.0001 per share executed transaction credit, at Equity 7, Section 118(a)(1), for a member that, through one or more of its Nasdaq Market Center MPIDs, (i) increases its volume of liquidity added in all securities by at least 20% as a percentage of Consolidated Volume relative to the member's liquidity during the month of July 2025 and (ii) has volume from Limit on Close Orders entered between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET that represent more than 0.10% of Consolidated Volume during the month. Unless otherwise extended, this credit will expire no later than January 2026. The new credit will encourage additional activity on the Exchange, specifically, increased liquidity from late LOC orders, which will improve the market quality overall, and more specifically in the Nasdaq Closing Cross, to the benefit of all market participants. The Exchange believes that if the new credit is effective, then liquidity adding activity on the Exchange will increase and market quality will improve for the benefit of all participants. The Exchange notes that those market participants that are dissatisfied with the proposal are free to shift their order flow to competing venues that offer more generous pricing or less stringent qualifying criteria. Establishing a 6-month sunset for the comparative baseline ensures that the baseline being used for the tier does not become outdated. The Exchange will extend the July 2025 baseline if the baseline remains current.

It is also reasonable, equitable, and not unfairly discriminatory for the Exchange to establish a new supplemental credit because the proposal will encourage members to increase the

extent to which they add liquidity to the Exchange. To the extent that the Exchange succeeds in increasing the levels of liquidity and activity on the Exchange, then the Exchange will experience improvements in its market quality, which stands to benefit all market participants. The Exchange notes that the proposed credit is voluntary. The Exchange further believes that the credit is not unfairly discriminatory because it will be applied uniformly to all members that meet the specified criteria.

Those participants that are dissatisfied with the amendment to the Exchange's schedule of credits are free to shift their order flow to competing venues that provide more generous incentives or less stringent qualifying criteria.

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.

Intramarket Competition

The Exchange does not believe that its proposal will place any category of Exchange participant at a competitive disadvantage. The Exchange intends for its proposals to incentivize liquidity adding activity. The Exchange notes that its members are free to trade on other venues to the extent they believe that the proposal is not attractive. As one can observe by looking at any market share chart, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes.

Inter-market Competition

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other

venues to be more favorable. In such an environment, the Exchange must continually adjust its credits 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 credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which adding a supplemental credit in this market may impose any burden on competition is extremely limited.

In this instance, the introduction of a new credit Section 118(a)(1) is intended to incentivize liquidity adding activity on the Exchange and does not impose a burden on competition. By offering a new credit to market participants that meet certain criteria the Exchange is enhancing its appeal as a trading venue and encouraging increased participation in its order execution and routing processes while maintaining a competitive pricing structure. As discussed above, the proposed credit does not disadvantage any specific group or market participants. Instead, it provides equitable incentives that are available to all members that meet the applicable criteria.

In sum, if the change proposed herein is unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed change will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2025-075 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-2025-075. This file number should be included on the subject line if email is used. To help the Commission process and

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2025-075 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Sherry R. Haywood,
Assistant Secretary.

¹³ 17 CFR 200.30-3(a)(12).