

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105465; File No. SR-NASDAQ-2026-043]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Options 7, Section 1

May 12, 2026.

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 April 30, 2026, 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 (“NOM”) Pricing Schedule in connection with a technology migration.

While the changes proposed herein are effective upon filing, the Exchange has designated that the amendments will become operative on July 27, 2026.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

NOM proposes to amend Options 7, Section 1, General Provisions, to define the terms “Exposed Order” and “Lead Market Maker.” Both terms are being introduced into NOM’s Rules in connection with a technology migration commencing July 27, 2026.³

Exposed Order

As part of this technology migration, NOM introduced the concept of an Exposed Order in Options 5, Section 4, Routing.⁴ “Exposure” or “exposing” an order means a notification sent to Participants with the price, size, and side of interest that is available for execution.⁵ Exposure applies to both routed orders and non-routed or “DNR Orders.” The order exposure process permits the Exchange to apply a Route Timer⁶ prior to the initial and any subsequent routing of

³ See <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTU2026-2>.

⁴ See SR-NASDAQ-2026-039 (not yet noticed).

⁵ See *id.*

⁶ For purposes of Options 5, Section 4, a Route Timer shall not exceed one second and shall begin at the time orders are accepted into the System, and the System will consider whether an order can be routed at the conclusion of each Route Timer.

an order and allows routing of the order after exposure occurs (during open trading) every time an order becomes marketable against the ABBO.⁷

At this time, the Exchange proposes to amend Options 7, Section 1(c) to provide,

An “**Exposed Order**” is an order that is broadcast via an order exposure alert as described within Options 5, Section 4 (Order Routing). Unless otherwise noted in Options 7, Section 2 pricing, Exposed Orders will be assessed the applicable “Taker” Fee and any order or quote that executes against an Exposed Order during a Route Timer will be paid/assessed the applicable “Maker” Rebate/Fee.

As proposed, the defined term would apply a Taker Fee, where applicable, to an executed Exposed Order. If an order or quote is allocated against the Exposed Order during the Route Timer described in Options 5, Section 4, the Exchange would pay or assess the applicable Maker Rebate or Maker Fee. The Exchange believes that the proposal will provide increased opportunities for participation in executions on the Exchange, facilitate the Exchange’s ability to bring together Participants, and encourage more robust competition for orders.

Lead Market Maker

At this time, the Exchange also proposes to define a Lead Market Maker. The concept of a Lead Market Maker was introduced in a recent rule change.⁸ The Exchange proposes to state at Options 7, Section 1(c),

The term “Lead Market Maker” or (“LMM”) applies to a registered NOM Market Maker that is approved pursuant to Options 2, Section 3 to be the LMM in an options class (options classes).

⁷ See supra note 4.

⁸ See supra note 4.

The Exchange is introducing this term at this time to distinguish between a Market Maker and Lead Market Maker for purposes of pricing that will be introduced in subsequent rule proposals.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁰ 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 proposed changes to the Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for order flow, which constrains its pricing determinations. The fact that the market for order flow is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated, “[n]o 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’”¹¹

⁹ See 15 U.S.C. 78f(b).

¹⁰ See 15 U.S.C. 78f(b)(4) and (5).

¹¹ See NetCoalition, 615 F.3d at 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)).

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention to determine 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.”¹²

Congress directed the Commission to “rely on ‘competition, whenever possible, in meeting its regulatory responsibilities for overseeing the SROs and the national market system.’”¹³ As a result, the Commission has historically relied on competitive forces to determine whether a fee proposal is equitable, fair, reasonable, and not unreasonably or unfairly discriminatory. “If competitive forces are operative, the self-interest of the exchanges themselves will work powerfully to constrain unreasonable or unfair behavior.”¹⁴ Accordingly, “the existence of significant competition provides a substantial basis for finding that the terms of an exchange’s fee proposal are equitable, fair, reasonable, and not unreasonably or unfairly discriminatory.”¹⁵

¹² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹³ See NetCoalition, 615 F.3d at 534-35; see also H.R. Rep. No. 94-229 at 92 (1975) (“[I]t is the intent of the conferees that the national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed.”).

¹⁴ See Securities Exchange Act Release No. 59039 (December 2, 2008), 73 Fed. Reg. 74,770 (December 9, 2008) (SR-NYSEArca-2006-21).

¹⁵ See id.

Exposed Order

The Exchange's proposal to define an Exposed Order for purposes of pricing in Options 7, Section 1(c) is reasonable because it will provide inform Participants how pricing will be applied to both the Exposed Order and any order or quote that allocates against the Exposed Order. As proposed, the applicable Taker Fee would apply to an executed Exposed Order, and the applicable Maker Rebate or Maker Fee would apply to an order or quote that is allocated against the Exposed Order during the Route Timer. The Exchange believes that the proposed pricing will provide increased opportunities for participation in executions on the Exchange, facilitate the Exchange's ability to bring together Participants, and encourage more robust competition for orders. Order exposure has the potential to result in more efficient executions for Participants, because responses to Exposed Orders may produce faster executions. Order exposure also ensures that Exposed Orders will receive executions only at a price at least as favorable as the price disseminated by the best away market at the time the order was received. Further, the Exchange believes that it is reasonable, equitable and not unfairly discriminatory to apply the Taker Fee to Exposed Orders and the Maker Rebate or Maker Fee to any order or quote that executes against an Exposed Order during a Route Timer. An Exposed Order that would route to an away market if not otherwise executed on NOM takes liquidity from the Exchange's order book while a quote or order that executes against the Exposed Order during the Route Timer is making liquidity in response to the notification sent to Participants indicating that the order is available for execution. Nasdaq Texas, LLC similarly assesses a Taker Fee on an exposed order and pays or assesses a Maker Rebate or Maker Fee to any order or quote that executes against the exposed order during the Route Timer.¹⁶

¹⁶ See NTX Options at Options 7, Section 1(c).

The Exchange's proposal to define an Exposed Order for purposes of pricing in Options 7, Section 1(c) is equitable and not unfairly discriminatory because the proposed pricing for Exposed Orders would be applied uniformly to all orders subject to the Exchange's Route Timer, as described in Options 5, Section 4.

Lead Market Maker

The Exchange's proposal to define a Lead Market Maker at Options 7, Section 1(c) is reasonable because the defined term will distinguish a Market Maker from a Lead Market Maker for purposes of pricing.

The Exchange's proposal to define a Lead Market Maker for purposes of pricing in Options 7, Section 1(c) is equitable and not unfairly discriminatory because all Lead Market Makers would be uniformly subject to pricing applicable to Lead Market Makers which pricing may be distinguishable from the pricing applicable to Market Makers, as noted in the Pricing Schedule.

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.

Intermarket Competition

The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of venue 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. 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.

Intramarket Competition

The Exchange's proposal to define an Exposed Order for purposes of pricing in Options 7, Section 1(c) does not impose an undue burden on competition because the proposed pricing for Exposed Orders would be applied uniformly to all orders subject to the Exchange's Route Timer, as described in Options 5, Section 4.

The Exchange's proposal to define a Lead Market Maker for purposes of pricing in Options 7, Section 1(c) does not impose an undue burden on competition because all Lead Market Makers would be uniformly subject to pricing applicable to Lead Market Makers, which pricing may be distinguishable from the pricing applicable to Market Makers, as noted in the Pricing Schedule.

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.¹⁷

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,

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2026-043 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-2026-043. This file number should be included on the subject line if email 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 (<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-2026-043 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.¹⁸

Vanessa A. Countryman,
Secretary.

¹⁸ 17 CFR 200.30-3(a)(12).