

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65180; File No. SR-NASDAQ-2011-111)

August 22, 2011

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Access Services Fees

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 10, 2011, 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 modify Exchange Rule 7053, entitled “NASDAQ Options Market - Access Services,” related to fees governing pricing for NASDAQ members using the NASDAQ Options Market (“NOM”), NASDAQ’s facility for executing and routing standardized equity and index options.

While fee changes pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on August 26, 2011.

The text of the proposed rule change is set forth below. Proposed new text is underlined and deleted text is in brackets.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

7053. NASDAQ Options Market - Access Services

Part A: The following charges are assessed by Nasdaq for connectivity to the NASDAQ

Options Market [.]for NOM 1.0:

(a) Financial Information Exchange (FIX)

Ports	Quantity	Price
FIX Trading Port	First 25 ports	\$500/port/month
	Additional ports above 25	\$250/port/month
FIX Port for Services Other than Trading	First 25 ports	\$500/port/month
	Additional ports above 25	\$250/port/month

(b) TradeInfo

- Members not subscribing to the Nasdaq Workstation using TradeInfo will be charged a fee of \$95 per user per month.

(c) Other Port Fees

The following port fees shall apply in connection with the use of other trading telecommunication protocols:

Quantity	Price
First 25 ports	\$500 per month for each port pair
Additional ports above 25	\$250 per month for each port pair

Part B: The following charges are assessed by Nasdaq for connectivity to the NASDAQ Options Market for NOM 2.0 as of August 26, 2011 through September 30, 2011:

(a) TradeInfo

- Members not subscribing to the Nasdaq Workstation using TradeInfo will be charged a fee of \$95 per user per month.

(b) Port Fees, per port per month, as follows:

<u>Order Entry Port Fee</u>	<u>\$0.00</u>
<u>CTI Port Fee</u>	<u>\$0.00</u>
<u>OTTO Port Fee</u>	<u>\$0.00</u>
<u>ITTO Port Fee</u>	<u>\$0.00</u>
<u>Order Entry DROP Port Fee</u>	<u>\$0.00</u>
<u>OTTO DROP Port Fee</u>	<u>\$0.00</u>
<u>SQF Port Fee</u>	<u>\$0.00</u>

Part C: The following charges* are assessed by Nasdaq for connectivity to the NASDAQ Options Market as of October 3, 2011:

(a) TradeInfo

- Members not subscribing to the Nasdaq Workstation using TradeInfo will be charged a fee of \$95 per user per month.

(b) Port Fees, per port per month, as follows:

<u>Order Entry Port Fee</u>	<u>\$500.00</u>
<u>CTI Port Fee</u>	<u>\$500.00</u>
<u>OTTO Port Fee</u>	<u>\$500.00</u>
<u>ITTO Port Fee</u>	<u>\$500.00</u>
<u>Order Entry DROP Port Fee</u>	<u>\$500.00</u>
<u>OTTO DROP Port Fee</u>	<u>\$500.00</u>
<u>SQF Port Fee</u>	<u>\$0.00</u>

* As of October 3, 2011, the fees in Parts A and B shall no longer apply. All NOM Participants will be assessed the fees in Part C.

The text of the proposed rule change is available on the Exchange's website at <http://www.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

NASDAQ is proposing to amend Exchange Rule 7053, titled NASDAQ Options Market – Access Services. Specifically, the Exchange proposes to amend the fees applicable to NOM

Participants in connection with several trading system enhancements. The Exchange proposes to establish Access Services Fees for NOM Participants dependent on whether NOM Participants are utilizing the current platform or the enhanced platform as of August 26, 2011. The Exchange also proposes the implementation of new Access Services Fees for all NOM Participants as of October 3, 2011, at which time all NOM Participants will have been required to transition to the new trading platform. The proposed fees are intended to incentivize NOM Participants to quickly transition to the new trading platform prior to October 3, 2011.³

By way of background, several enhancements will be made to the current NOM platform (“NOM 1.0”) which will benefit NOM Participants and their customers. The implementation of the enhancements will be referred to as NOM 2.0. The transition will begin on August 26, 2011. There will be additional enhancements available to NOM Participants with NOM 2.0.⁴ The Exchange proposes to divide Exchange Rule 7053 into three parts.

First, the Exchange proposes to continue assessing NOM Participants utilizing the current NOM platform or NOM 1.0, the current fees in Exchange Rule 7053 until October 3, 2011. The Exchange proposes to add a reference in Exchange Rule 7053 to title the current pricing as “Part A” and add a sentence indicating this pricing is applicable to NOM 1.0 Participants.

³ NOM Participants will be required to set up an account number with the Membership Department in order to transition. Testing will also be available as of August 6, 2011. Technical specifications are available on the Exchange’s website.

⁴ Among other things, NOM 2.0 intends to provide, subject to Commission approval where applicable, the following: (i) an advanced market making interface with a common interface on NOM and NASDAQ OMX PHLX LLC (an option exchange operated by NASDAQ OMX) to provide risk monitor functionality; (ii) an Acceptable Trade Range price protection feature; (iii) an Order Price Protection feature; (iv) ITCH to Trade Options and Best of NASDAQ Options data feeds; (v) FIX interface; (vi) a daily open order report; (vii) support for All-or-None orders; (viii) a cancel/replace feature of an order from DAY to GTC; and (ix) support for Good Til time TIF.

Second, the Exchange also proposes to add a “Part B” to Exchange Rule 7053, applicable to NOM Participants who have connected to NOM 2.0. Certain fees will be waived for NOM 2.0 Participants. The port fees, which are listed in proposed Part B, section (b) of Exchange Rule 7053 and described below, will be waived for NOM 2.0 Participants who have connected to NOM 2.0 between August 26, 2011 and September 30, 2011.⁵ The TradeInfo Fee, described below, will not be waived for NOM Participants who have connected to NOM 2.0.

Third, the Exchange proposes to add a “Part C” to Exchange Rule 7053, which will be applicable to all NOM Participants as of October 3, 2011. The Exchange will require that all NOM Participants convert to NOM 2.0 prior to October 3, 2011.

Currently Rule 7053 contains fees assessed by Nasdaq for connectivity to NOM. Access Services Fees relate to ports used to: enter orders into the NASDAQ trading systems; receive market data; and enter quotes. The Exchange currently assesses the following tiered Financial Information Exchange (“FIX”)⁶ fees:

Ports	Quantity	Price
FIX Trading Port	First 25 ports	\$500/port/month
	Additional ports above 25	\$250/port/month
FIX Port for Services Other than Trading	First 25 ports	\$500/port/month
	Additional ports above 25	\$250/port/month

⁵ The SQF Port Fee has no charge.

⁶ FIX is a protocol used by NOM market participants for order entry, modification and cancellation and message transmittal.

NOM Participants are currently assessed a \$95 per user per month TradeInfo⁷ Fee if they are not subscribing to the Nasdaq Workstation.

Finally, the Exchange currently assesses Other Ports the following tiered fees:

Quantity	Price
First 25 ports	\$500 per month for each port pair
Additional ports above 25	\$250 per month for each port pair

The Exchange will continue to assess NOM Participants these above fees for connectivity to NOM 1.0. Beginning August 26, 2011, any NOM Participant with connectivity to NOM 2.0 will not be assessed fees for ports in Part B, section (b), as these port fees will be waived through September 30, 2011.⁸ NOM Participants connected to NOM 2.0 will continue to be subject to the TradeInfo Fee, which will continue to be assessed regardless of whether the NOM Participant is connected to NOM 1.0 or NOM 2.0. If a NOM Participant is connected to both NOM 1.0 and NOM 2.0, the NOM Participant will be assessed the applicable current fees, which are listed in Part A, including the TradeInfo Fee, if applicable. All other fees related to NOM 2.0 will be waived through September 30, 2011. A NOM Participant connected to NOM 1.0 and NOM 2.0 will only be assessed a \$95 per user per month TradeInfo Fee, if applicable.

⁷ TradeInfo allows users to scan for their NASDAQ-listed orders submitted in NASDAQ. Users can then perform actions on their orders. Users can scan for all orders in a particular security or all orders of a particular type, regardless of their status (open, canceled, executed, etc.). For example, after scanning for open orders the user is then able to select an open order and is allowed to make corrections to the order or cancel the order. TradeInfo also allows the users to scan other orders, such as executed, cancelled, broken, rejected and suspended orders.

⁸ The SQF Port Fee has no charge.

As of October 3, 2011, the Exchange will assess new Access Services Fees and will discontinue the fees in Parts A and B, with the exception of the TradeInfo Fee which will continue to be assessed to all NOM Participants. The Exchange lists these new proposed fees, which are per port per month, in Part C, section (b) of Exchange Rule 7053. The Exchange also proposes to add text to Part C of Exchange Rule 7053 to indicate that as of October 3, 2011, only the fees in Part C are applicable to all NOM Participants.

As of October 3, 2011, the Exchange is proposing to assess the following per port per month Access Services Fees: (i) Order Entry Port Fee⁹ of \$500; (ii) Clearing Trade Interface (“CTI”)¹⁰ Port Fee of \$500; (iii) OUCH to Trade Options (“OTTO”)¹¹ Port Fee of \$500; (iv) ITCH to Trade Options (“ITTO”)¹² Port Fee of \$500; (v) Order Entry Delivery of real-time

⁹ The Order Entry Port Fee is a connectivity fee in connection with routing orders to the Exchange via an external order entry port. NOM Participants access the Exchange’s network through order entry ports. A NOM Participant may have more than one order entry port. In NOM 1.0, this port was referred to as FIX.

¹⁰ CTI offers real-time clearing trade updates. A real-time clearing trade update is a message that is sent to a member after an execution has occurred and contains trade details. The message containing the trade details is also simultaneously sent to the The Options Clearing Corporation. The trade messages are routed to a member’s connection containing certain information. The administrative and market event messages include, but are not limited to: system event messages to communicate operational-related events; options directory messages to relay basic option symbol and contract information for options traded on the Exchange; complex strategy messages to relay information for those strategies traded on the Exchange; trading action messages to inform market participants when a specific option or strategy is halted or released for trading on the Exchange; and an indicator which distinguishes electronic and non-electronically delivered orders.

¹¹ 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.

¹² The ITTO data feed will contain all quote and order messages including all executions. This feed allows subscribers to track the full depth of the NOM quote and order book.

execution information (“DROP”)¹³ Port Fee of \$500; (vi) OTTO DROP Port Fee¹⁴ of \$500; and (vii) Specialized Quote Feed (“SQF”) Port Fee¹⁵ of \$0.00. The Exchange will also continue to assess the TradeInfo Fee.

While fee changes pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on August 26, 2011.

2. Statutory Basis

NASDAQ believes that its proposal to amend its schedule of fees is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁷ in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and other persons using any facility or system which NASDAQ operates or controls.

The Exchange believes the proposed amendments to Exchange Rule 7053 to waive certain Access Service Fees for a period of time to encourage NOM Participants to transition to NOM 2.0 is both reasonable and equitable. The Exchange believes that the waiver is reasonable because it will lower costs for NOM Participants who connect early and will not impact any

¹³ The DROP interface provides real time information regarding orders sent to NOM and executions that occurred on NOM. The DROP interface is not a trading interface and does not accept order messages.

¹⁴ The OTTO DROP data feed will provide real-time information regarding orders entered through OTTO and the execution of those orders. The OTTO DROP data feed is not a trading interface and does not accept order messages.

¹⁵ 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.

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(4).

NOM Participants who do not desire to connect until a later time. The Exchange also believes it is reasonable to allow NOM Participants a period of time to complete the transition before amending the Access Service Fees. All NOM Participants will be provided an opportunity to transition once NOM 2.0 is launched on August 26, 2011.

The Exchange believes the new Access Service Fees that will be in place on October 3, 2011 are reasonable because the fees are within the range of port fees that are assessed today by NOM. The Exchange believes that the port fees, for which the Exchange is assessing NOM Participants as of October 3, 2011, are equitable because they are being uniformly applied to all NOM Participants.

With respect to the SQF Port Fee, for which there is no charge, the Exchange believes this fee is reasonable because the Exchange is seeking to incentivize market makers to connect to NOM 2.0.¹⁸ The Exchange believes not assessing a fee for the SQF Port, as compared to other ports, is just and equitable because market makers have obligations to the market and regulatory requirements,¹⁹ which normally do not apply to other market participants.

Finally, the Exchange believes that continuing to assess the TradeInfo Fee on all NOM Participants, regardless of the transition from NOM 1.0 to NOM 2.0, is reasonable because this functionality is not impacted by the NOM 2.0 transition and it is reasonable to continue assessing

¹⁸ The SQF Port can only be utilized by market markets.

¹⁹ 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.

the same fee for this service. The Exchange believes continuing to assess the TradeInfo Fee on all NOM Participants, regardless of the transition from NOM 1.0 to NOM 2.0, is equitable because all NOM Participants are uniformly assessed this fee.

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.

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 Act²⁰ and paragraph (f)(2) of Rule 19b-4²¹ thereunder. 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

²¹ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2011-111 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2011-111. 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-2011-111 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.²²

Elizabeth M. Murphy
Secretary

²² 17 CFR 200.30-3(a)(12).