SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89767; File No. SR–NASDAQ–2020–056]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Proposed Rule Change To Amend The NASDAQ Options Market LLC Pricing Schedule at Options 7, Section 2 and Update Other Rule Text Within Options 7, Section 1 and Options 7, Section 5

September 3, 2020.

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 21, 2020, 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 at Options 7, Section 2, ''Nasdaq Options Market Fees and Rebates.'' The Exchange also proposes to amend certain rule citations within Options 7, update other rule text within Options 7, Section 1, ''Collection of Exchange Fees and Other Claims-Nasdaq Options Market,'' and Options 7, Section 5, ''Nasdaq Options Regulatory Fee.''

The Exchange originally filed the proposed pricing changes on August 3, 2020 as SR–NASDAQ–2020–047. On August 13, 2020, the Exchange withdrew that filing and submitted SR–NASDAQ–2020–052. On August 21, 2020, the Exchange withdrew SR–NASDAQ–2020–052 and replaced it with this proposal.

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/nasdaq/rules,* 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 amend NOM's Pricing Schedule at Options 7, Section 2, ''Nasdaq Options Market Fees and Rebates.'' The Exchange also proposes to amend certain rule citations within Options 7, update other rule text within Options 7, Section 1, ''Collection of Exchange Fees and Other Claims-Nasdaq Options Market,'' and Options 7, Section 5, ''Nasdaq Options Regulatory Fee.'' Each change will be described below.

Options 7, Section 2

Today, NOM Options 7, Section 2(1) provides for various fees and rebates applicable to NOM Participants. Today, the table of fees and rebates is divided into Penny Pilot Options and Non-Penny Pilot Options.[3] The Exchange pays Customer[4] and Professional[5] Rebates to Add Liquidity in Penny Symbols based on a table. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny and Non-Penny Symbol Customer and/or Professional volume that adds liquidity is included. The table for Customer and Professional Rebates to Add Liquidity in Penny Symbols is currently as follows:

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

[2] 17 CFR 240.19b–4.

[3] The Exchange proposes to replace the terms ''Pilot Options'' and ''Pilot'' with ''Symbol'' or ''Symbols'' throughout Options 7, Section 2. On April 1, 2020, the Commission approved the amendment to the OLPP to make permanent the Pilot Program (the ''OLPP Program''). *See* Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545 (April 7, 2020) (File No. 4–443) (''Approval Order''). The Exchange recently filed a proposal to amend NOM Options 3, Section 3 to conform the rule to Section 3.1 of the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options (the ''OLPP''). *See* Securities Exchange Act Release No. 89167 (June 26, 2020), 85 FR 39953 (July 2, 2020) (SR–NASDAQ–2020–036). The Exchange's proposal amended NOM Options 3, Section 3 to refer to a Penny Interval Program instead of a Penny Pilot Program. This proposed change conforms the name of the program and removes a reference to a list of Penny Pilot Program symbols. The Exchange's proposal hereafter utilizes the term ''Penny Symbols'' and ''Non-Penny Symbols'' for these reasons.

[4] As proposed within Options 7, Section 1, the term ''Customer'' or (''C'') applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation (''OCC'') which is not for the account of broker or dealer or for the account of a ''Professional'' (as that term is defined in Options 1, Section 1(a)(47)).

[5] As proposed within Options 7, Section 1 the term ''Professional'' or (''P'') means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Options 1, Section 1(a)(47). All Professional orders shall be appropriately marked by Participants.

Monthly volume		Rebate to add liquidity
Tier 1	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume (''ADV'') contracts per day in a month.	$0.20
Tier 2	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month.	0.25
Tier 3	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.30% of total industry customer equity and ETF option ADV contracts per day in a month.	0.42
Tier 4	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.30% to 0.40% of total industry customer equity and ETF option ADV contracts per day in a month.	0.43
Tier 5	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.40% to 0.80% of total industry customer equity and ETF option ADV contracts per day in a month.	0.45
Tier 6	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% or more of total industry customer equity and ETF option ADV contracts per day in a month, or Participant adds: (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS (defined below).	[c] 0.48

Further, pursuant to current note ''d'', with respect to Customer and Professional Rebates to Add Liquidity in Penny Symbols, this note provides that, NOM Participants that qualify for any MARS Payment Tier in Section (6) will receive: (1) An additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Customer and/or Professional Rebate to Add Liquidity Tier 1, or (2) an additional $0.04 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 2–6. NOM Participants that qualify for a note ''c'' incentive will receive the greater of the note ''c'' [6] or note ''d'' incentive.

Also, pursuant to current note ''e'', NOM Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a $0.50 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.00 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

Finally, pursuant to current note ''f'', NOM Participants that (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month, and (c) add greater than 1.5 million shares per day of nondisplayed volume within The Nasdaq Stock Market within a month will receive a $0.55 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.05 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

Penny Symbols

Today, Firms,[7] Non-NOM Market Makers,[8] and Broker-Dealers [9] are paid a $0.10 per contract Rebate to Add

[6] Current note ''c'' of Options 7, Section 2(1) provides, ''Participants that: (1) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.15% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.02 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month; or (2) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.30% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month; or (3) (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month, (b) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Pilot Options above 0.12% of total industry customer equity and ETF option ADV contracts per day in a month, and (c) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month will receive an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in a month. 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. For purposes of calculating Consolidated Volume and the extent of an equity member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.''

[7] The term ''Firm'' or (''F'') applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC. *See* Options 7, Section 1.

[8] The term ''Non-NOM Market Maker'' or (''O'') is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM. *See* Options 7, Section 1.

[9] The term ''Broker-Dealer'' or (''B'') applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category. *See* Options 7, Section 1.

Liquidity in Penny Symbols. NOM Market Makers[10] are paid Rebates to Add Liquidity in Penny Symbols will be paid as noted below.

Monthly volume		Rebate to add liquidity
Tier 1	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume (''ADV'') contracts per day in a month.	$0.20.
Tier 2	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.10% to 0.20% of total industry customer equity and ETF option ADV contracts per day in a month.	$0.25.
Tier 3	Participant: (a) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month: Or (b)(1) transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.70% or more of Consolidated Volume (''CV'') which adds liquidity in the same month on The Nasdaq Stock Market, (2) transacts in Tape B securities through one or more of its Nasdaq Market Center MPIDs that represent 0.18% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market, and (3) executes greater than 0.01% of CV via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross in the same month.	$0.30 or $0.40 in the following symbols AAPL, QQQ, IWM, SPY and VXX.
Tier 4	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.60% to 0.90% of total industry customer equity and ETF option ADV contracts per day in a month.	$0.32 or $0.40 in the following symbols AAPL, QQQ, IWM, VXX and SPY.
Tier 5 ##	Participant adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month and transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.40% or more of Consolidated Volume (''CV'') which adds liquidity in the same month on The Nasdaq Stock Market.	$0.44.
Tier 6	Participant: (a)(1) Adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.95% of total industry customer equity and ETF option ADV contracts per day in a month, (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 30,000 or more contracts per day in a month must be removing liquidity, and (3) adds Firm, Broker-Dealer and Non-NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.50% of total industry customer equity and ETF option ADV contracts per day in a month, and (2) executes Total Volume of 250,000 or more contracts per day in a month, of which 15,000 or more contracts per day in a month must be removing liquidity.	$0.48.

Total Volume is defined as Customer, Professional, Firm, Broker-Dealer, Non876K54–NOM Market Maker and NOM Market Maker volume in Penny Symbols and/or Non-Penny Symbols which either adds or removes liquidity on NOM. Pursuant to current note ''##'', NOM Participants that qualify for the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options and add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.50% of total industry customer equity and ETF option ADV contracts per day in a month, will receive a $0.46 per contract rebate to add liquidity in Penny Pilot Options as Market Maker in lieu of the Tier 5 rebate.

The Exchange assesses Customers and Professionals a $0.48 per contract Fee for Removing Liquidity in Penny Symbols. Firms, Non-NOM Market Makers, NOM Market Makers and Broker-Dealers are assessed a $0.50 per contract Fee for Removing Liquidity in Penny Symbols.

With respect to the fees assessed to Non-NOM Market Makers and NOM Market Makers, pursuant to current note ''2'', Participants that add 1.30% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month are subject to the following pricing applicable to executions: A $0.48 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and the seller or (ii) the Participant removes liquidity from another Participant under Common Ownership. Further, Participants that add 1.50% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month and meet or exceed the cap for The Nasdaq Stock Market Opening Cross during the month are subject to the following pricing applicable to executions less than 10,000 contracts: A $0.32 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership. Finally, Participants that add 1.75% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month are subject to the following pricing applicable to executions less than 10,000 contracts: A $0.32 per contract Penny Pilot Options Fee for Removing Liquidity when the

[10] As proposed, the term ''NOM Market Maker'' or (''M'') is a Participant that has registered as a Market Maker on NOM pursuant to Options 2, Section 1, and must also remain in good standing pursuant to Options 2, Section 9. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. *See* proposed Options 7, Section 1.

Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.

Non-Penny Symbols

Today, the Exchange assesses no Fee for Adding Liquidity to Customers and Professionals in Non-Penny Symbols. Firms, Non-NOM Market Makers and Broker-Dealers are assessed a $0.45 per contract Fee for Adding Liquidity in Non-Penny Symbols. Finally, NOM Market Makers are assessed a $0.35 per contract Fee for Adding Liquidity in Non-Penny Symbols. The NOM Market Maker Fee for Adding Liquidity in Non-Penny Symbols will apply unless Participants meet the volume thresholds set forth in current note ''5''.

Pursuant to current note ''5'', Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 7,500 to 9,999 ADV contracts per day in a month are assessed a $0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month receive the Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.

The Exchange assesses Customers and Professionals an $0.85 per contact Fee for Removing Liquidity in Non-Penny Symbols. Firms, Non-NOM Market Makers, NOM Market Makers and Broker-Dealers are assessed a $1.10 Fee for Removing Liquidity in Non-Penny Symbols.

Customers and Professionals are paid an $0.80 per contract Rebate to Add Liquidity in Non-Penny Symbols. Pursuant to current note ''1'', a Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tiers 2, 3, 4, or 5 in a month will receive an additional $0.10 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tier 6 in a month will receive an additional $0.20 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month.

Further, as discussed above, pursuant to current note ''e'', NOM Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a $0.50 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.00 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

Finally, as discussed above, pursuant to current note ''f'', NOM Participants that (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month, and (c) add greater than 1.5 million shares per day of nondisplayed volume within The Nasdaq Stock Market within a month will receive a $0.55 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.05 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

Firms, Non-NOM Market Makers and Broker-Dealers are not eligible for a Rebate to Add Liquidity in Non-Penny Symbols.

NOM Market Makers receive a $0.30 per contract Rebate for Adding Liquidity in Non-Penny Symbols, when the NOM Market Maker qualifies for the volume thresholds set forth in note ''5'', which was described above. Additionally, if a NOM Market Maker qualifies for note ''6'', they may receive additional incentives. Current note ''6'' provides that Participants that qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options will receive a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options.[11] Participants that qualify for a note ''&'' incentive in the MARS Payment Schedule in Options 7, Section 2(6) receive an additional $0.02 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options, in addition to receiving an $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options. Participants that qualify for a note ''5'' incentive receive the greater of the note ''5'' or note ''6'' incentive.

Proposal

The Exchange proposes to restructure NOM's Pricing Schedule within Options 7, Section 2 for Penny and Non-Penny Symbols. The Exchange's proposal introduces new tables as explained in detail below.

The Exchange proposes to rename Options 7, Section 2(1) ''Fees and Rebates for Execution of Contracts on The Nasdaq Options Market.'' This section is currently titled ''Fees for Execution of Contracts on The Nasdaq Options Market.'' This change is proposed as the Exchange provides for rebates within Options 7, Section 2(1).

First, the Exchange proposes the below new table for its Rebates to Add Liquidity in Penny Symbols.

REBATES TO ADD LIQUIDITY IN PENNY SYMBOLS

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Customer [1 8 9 10]	($0.20)	($0.25)	($0.42)	($0.43)	($0.45)	[7] ($0.48)
Professional [1 9 10]	(0.20)	(0.25)	(0.42)	(0.43)	(0.45)	(0.48)
Broker-Dealer	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Firm	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Non-NOM Market Maker	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)

[11] Current note ''6'' of Options 7, Section 2(1) provides, ''Participants that qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options will receive a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options. Participants that qualify for a note ''&'' incentive in the MARS Payment Schedule in Section (6) will receive an additional $0.02 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options, in addition to receiving a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Pilot Options. Participants that qualify for a note ''5'' incentive will receive the greater of the note ''5'' or note ''6'' incentive.''

REBATES TO ADD LIQUIDITY IN PENNY SYMBOLS—Continued

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
NOM Market Maker[3]	(0.20)	(0.25)	[4] (0.30)	[4] (0.32)	[11] (0.44)	(0.48)

Customer Rebates To Add Liquidity in Penny Symbols

With respect to Customer Rebates to Add Liquidity in Penny Symbols, the rebates paid for each tier[12] will continue to be the same. Also, the Exchange is relocating the current tier qualifications within new note ''1,'' with no changes. No changes are being made to the Customer Rebates to Add Liquidity in Penny Symbols, the rebates are simply being restructured into a new format.

Today, note ''c''[13] is referenced with respect to Customer and Professional Tier 6 Rebate to Add Liquidity in Penny Symbols. The Exchange proposes to relocate note ''c'' to new note ''7''[14] and amend the note. New note ''7'' is being amended to remove the incentive rebate applicable to Professionals orders as they relate to Rebates to Add Liquidity in Penny Symbols. With this proposal, new note ''7'' would provide that Participants that add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of 1.15% or more of total industry customer equity and ETF option ADV contracts per day in a month receive an additional $0.02 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month. With this proposal, only a Customer would receive the additional $0.02 per contract incentive. Today, Participants that add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.30% or more of total industry customer equity and ETF option ADV contracts per day in a month receive an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month. With this proposal, only a Customer would receive the additional $0.05 per contract incentive. Finally, today, Participants that add (a) Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month; (b) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Pilot Options above 0.12% of total industry customer equity and ETF option ADV contracts per day in a month, and (c) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month receive an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in a month. With this proposal, only a Customer would receive the additional $0.05 per contract incentive. A Professional order would no longer receive the additional incentives. The Exchange believes that despite no longer offering certain incentives for Professional orders, the Exchange will continue to attract order flow to NOM. The description and calculation of Consolidated Volume[15] remains unchanged.

With respect to current notes ''***'', ''d'',[16] ''e'',[17] and ''f,''[18] which apply to

[12] Today, the Exchange pays Customers, in Penny Symbols the following Rebates to Add Liquidity: $0.20 per contract for Tier 1, $0.25 per contract for Tier 2, $0.42 per contract for Tier 3, $0.43 per contract for Tier 4, $0.45 per contract for Tier 5, and $0.48 per contract for Tier 6.

[13] *See* note 6 above.

[14] Proposed new note ''7'' provides, ''Participants that: (1) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of 1.15% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.02 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbol in that month; or (2) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of 1.30% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.05 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month; or (3) (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.80% of total industry customer equity and ETF option ADV contracts per day in a month, (b) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Symbols above 0.12% of total industry customer equity and ETF option ADV contracts per day in a month, and (c) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month will receive an additional $0.05 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in a month. 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. For purposes of calculating Consolidated Volume and the extent of an equity member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity.''

[15] 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. For purposes of calculating Consolidated Volume and the extent of an equity member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity. *See* current note ''c'' within Options 7, Section 2.

[16] Current note ''d'' of Options 7, Section 2(1) provides, ''NOM Participants that qualify for any MARS Payment Tier in Section (6) will receive: (1) an additional $0.05 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Customer and/or Professional Rebate to Add Liquidity Tier 1, or (2) an additional $0.04 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 2–6. NOM Participants that qualify for a note ''c'' incentive will receive the greater of the note ''c'' or note ''d'' incentive.''

[17] Current note ''e'' of Options 7, Section 2(1) provides, ''NOM Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a $0.50 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.00 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).''

[18] Current note ''f'' of Options 7, Section 2(1) provides, ''NOM Participants that (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month, and (c) add greater than 1.5 million shares per day of non-displayed volume

Continued

Customer Rebates to Add Liquidity in Penny Symbols, the Exchange proposes to relocate these notes, respectively, to new notes ''1'', ''8'', ''9'', and ''10''.

Current note ''* * *'' provides, ''The Customer and Professional Rebate to Add Liquidity in Penny Pilot Options will be paid as noted below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Pilot and Non-Penny Pilot Customer and/or Professional volume that adds liquidity will be included.'' The Exchange proposes to relocate this note to new note 1,[19] and amend the note to provide, ''The Customer and Professional Rebate to Add Liquidity in Penny Symbols will be paid per the highest tier achieved below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Symbol and Non-Penny Symbol Customer and/or Professional volume that adds liquidity will be included.'' While the proposed rule text is being amended to make clear that Penny Symbols will continue to be paid the highest tier achieved, this is the case today. The Exchange is not amending the manner in which the tiers are being applied today. As is the case today, to determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Symbol and Non-Penny Symbol Customer and/or Professional volume that adds liquidity will be included.

The Exchange proposes to relocate note ''d'' into new note ''8'' and amend the note. Proposed new note ''8'' removes the incentive rebate applicable to Professionals orders as they relate to Rebates to Add Liquidity in Penny Symbols, when the NOM Participant qualifies for any MARS Payment Tier in Options, 7 Section 2(6). Today, Customer and Professional orders receive an additional $0.05 per contract Penny Symbol Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month, in addition to qualifying Customer and/or Professional Rebate to Add Liquidity Tier 1. With this proposed change, only a Customer would receive the additional $0.05 per contract incentive. Also, today, a NOM Participant qualifies for any MARS Payment Tier in Options, 7 Section 2(6) may receive an additional $0.04 per contract Penny Symbols Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month, in addition to qualifying Penny Symbols Customer Rebate to Add Liquidity Tiers 2–6. With this proposal, only a Customer would receive the additional $0.04 per contract incentive. The above-referenced incentives would no longer be available to Professionals. The Exchange believes that despite no longer offering certain incentives for Professional orders, the Exchange will continue to attract order flow to NOM. Finally, the last sentence of current note ''d'' is being amended to state, ''Participants that qualify for note ''7'' and note ''8'' incentives will receive the greater of the note ''7'' or note ''8'' incentive, but not both.'' The proposed wording, requires NOM Participants that qualify for both new notes ''7'' and ''8'', to receive the greater of notes ''7'' or ''8''. Today, NOM Participants may only obtain the greater of notes ''c'' or ''d''. This new language is not substantively amending the current rule text as any NOM Participant could qualify for notes ''c'' or ''d'' today and, as currently noted within note ''d'', the NOM Participant would receive the greater incentive. As proposed, note ''8'' would provide:

> NOM Participants that qualify for any MARS Payment Tier in Section (6) will receive: (1) an additional $0.05 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month, in addition to qualifying Customer Rebate to Add Liquidity Tier 1, or (2) an additional $0.04 per contract Penny Symbol Customer Rebate to Add Liquidity for each transaction which adds liquidity in Penny Symbols in that month, in addition to qualifying Penny Symbol Customer Rebate to Add Liquidity Tiers 2–6. NOM Participants that qualify for note ''7'' and note ''8'' incentives will receive the greater of the note ''7'' or note ''8'' incentive, but not both.

Note ''e'' is being relocated to new note ''9'' and is being amended. New note ''9'' provides,

> NOM Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 3.00% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a $0.50 per contract Rebate to Add Liquidity in Penny Symbols as Customer, a $0.48 per contract rebate as Professional, a $1.00 per contract Rebate to Add Liquidity in Non-Penny Symbols as Customer, and a $0.90 per contract Rebate to Add liquidity in Non-Penny Symbols as Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

The Exchange is amending current note ''e'' to reduce the incentive paid to a Professional. The Exchange currently pays a $0.50 per contract Rebate to Add Liquidity in Penny Symbols to a Customer and a Professional. With this proposal, the Exchange would continue to pay a Customer a $0.50 per contract Rebate to Add Liquidity in Penny Symbols and would now pay a Professional a $0.48 per contract Rebate to Add Liquidity in Penny Symbols. Also, the Exchange currently pays a $1.00 per contract Rebate to Add Liquidity in Non-Penny Symbols to a Customer and a Professional. With this proposal, the Exchange would continue to pay a Customer a $1.00 per contract Rebate to Add Liquidity in Non-Penny Symbols and would now pay a Professional a $0.90 per contract Rebate to Add Liquidity in Non-Penny Symbols. The Exchange believes that despite lowering rebates for Professionals, the Exchange will continue to attract order flow to NOM.

Note ''f''[20] is being relocated to note ''10'' and amended. New note 10 provides,

> NOM Participants that (a) add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) execute greater than 0.04% of Consolidated Volume (''CV'') via Market-on-Close/Limit-on-Close (''MOC/LOC'') volume within The Nasdaq Stock Market Closing Cross within a month, and (c) add greater than 1.5 million shares per day of non-displayed volume within The Nasdaq Stock Market within a month will receive a $0.55 per contract Rebate to Add Liquidity in Penny Symbols as Customer, a $0.48 per contract Rebate to Add Liquidity in Penny Symbols as Professional, and a $1.05 per contract Rebate to Add Liquidity in Non-Penny Symbols as Customer, and a $0.90 per contract Rebate to Add Liquidity in Non-Penny Symbols as Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).

The Exchange is proposing to amend the Rebates to Add Liquidity in Penny Symbols for Customers and Professionals to lower Professional rebates. Today, provided a Customer

within The Nasdaq Stock Market within a month will receive a $0.55 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $1.05 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1–6 or other rebate incentives on NOM for Customer and Professional order flow in Options 7, Section 2(1).''

[19] Current note 1 of Options 7, Section 2(1) is being relocated to new note ''12''.

[20] *See* note 19 above.

qualified for the note ''f'' incentive, the Customer and Professional would be paid a $0.55 per contract Rebate to Add Liquidity in Penny Symbols as Customer or Professional and $1.05 per contract Rebate to Add Liquidity in Non-Penny Symbols. With this proposal, the Exchange proposes to continue to pay Participants a Customer Rebate to Add Liquidity in Penny Symbols of $0.55 per contract. As proposed, Participants would receive a lower Professional Rebate to Add Liquidity in Penny Symbols of $0.48 per contract. Also with this proposal, the Exchange proposes to continue to pay Participants a Customer Rebate to Add Liquidity in Non-Penny Symbols of $1.05 per contract. As proposed, Participants would receive a lower Professional Rebate to Add Liquidity in Non-Penny Symbols of $0.90 per contract. The Exchange believes that despite lowering rebates for Professionals, the Exchange will continue to attract order flow to NOM.

Professional Rebates To Add Liquidity in Penny Symbols

Today, the Exchange pays Customer and Professional orders the same Rebates to Add Liquidity in Penny Symbols, as described above, subject to a six tiers of qualification and notes ''* * *'', ''d,'' ''e,'' and ''f,'' as specifically detailed above. The Exchange proposes to pay the same rebates for each tier.[21] Also, the Exchange is relocating the current tier qualifications within new note ''1,'' with no changes. As noted above, the Exchange proposes to remove or lower certain incentives for Professionals. While the Exchange proposes to continue to pay additional incentives or higher incentives for Customers, but not Professionals, the Exchange believes that it will continue to attract order flow to NOM.

Broker-Dealer, Firm, Non-NOM Market Maker Rebates To Add Liquidity in Penny Symbols

Today, Broker-Dealers, Firms and Non-NOM Market Makers orders are paid a $0.10 per contract Rebate to Add Liquidity in Penny Symbols. The Exchange intends to continue to pay Participants who submit Broker-Dealers, Firms and Non-NOM Market Makers orders a $0.10 per contract Rebate to Add Liquidity in Penny Symbols regardless of volume. Therefore, as proposed, Tiers 1–6 would pay a $0.10 per contract Rebate to Add Liquidity in Penny Symbols to Participants who submit Broker-Dealers, Firms and Non-NOM Market Makers orders.

NOM Market Maker Rebates To Add Liquidity in Penny Symbols

Today, NOM Market Makers are paid a Rebate to Add Liquidity in Penny Symbols based on a 6 tier qualifications as described above. The Exchange proposes to relocate the tier qualifications into note 3 without changing any of the rule text and retaining the meaning of ''Total Volume.''

With respect to the rebates, the Exchange is not amending the NOM Market Maker Rebates to Add Liquidity in Penny Symbols. The Exchange proposes to create a new note ''4'' which provides, ''Participants who achieve the NOM Market Maker Tier 3 or Tier 4 Rebate to Add Liquidity will receive $0.40 per contract to add liquidity in in the following symbols: AAPL, SPY, QQQ, IWM, and VXX.'' This new note ''4'' captures the current pricing of $0.40 per contract in the following symbols AAPL, QQQ, IWM, VXX and SPY for NOM Market Maker Tiers 3 and 4, without change. Current note ''##'' is being relocated to new note ''11'' without change.[22]

Second, the Exchange proposes to restructure the Fees and Rebates to Add Liquidity in Non-Penny Symbols as follows:

FEES AND REBATES TO ADD LIQUIDITY IN NON-PENNY SYMBOLS

Customer [9 10 12]	($0.80)
Professional [9 10 12]	(0.80)
Broker-Dealer	0.45
Firm	0.45
Non-NOM Market Maker	0.45
NOM Market Maker [5 6]	0.35/(0.30)

Customer and Professional Fees and Rebates To Add Liquidity in Non-Penny Symbols

The Exchange is proposing to continue to assess a Customer and a Professional no Fee for Adding Liquidity in Non-Penny Symbols and pay a Customer and a Professional an $0.80 per contract Rebate to Add Liquidity in Non-Penny Symbols. Notes ''e''[23] and ''f'',[24] which are proposed to be relocated to new notes ''9'' and ''10,'' will continue to apply to the Customer and Professional Rebates to Add Liquidity in Non-Penny Symbols. The Exchange described the proposed amendments to new notes ''9'' and ''10'' above in the Penny Symbol section.

Current note 1[25] is being relocated to new note ''12'' and amended. New note ''12'' will continue to apply to Customer and Professional Rebates to Add Liquidity in Non-Penny Symbols. As proposed, new note ''12'' provides,

> A Participant that qualifies for Customer or Professional Penny Symbol Rebate to Add Liquidity Tiers 2, 3, 4, or 5 in a month will receive an additional $0.10 per contract Non-Penny Symbol Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Symbols in that month. A Participant that qualifies for Customer or Professional Penny Symbol Rebate to Add Liquidity Tier 6 in a month will receive an additional $0.20 per contract Non-Penny Symbol Rebate to Add Liquidity as Customer and an additional $0.10 per contract Non-Penny Symbol Rebate to Add Liquidity as Professional for such transactions which add liquidity in Non-Penny Symbols in that month.

The Exchange proposes to reduce the incentive for a Professional with new note ''12''. Today, both a Customer and a Professional that qualify for Customer or Professional Penny Symbol Rebate to Add Liquidity Tier 6 in a month receive an additional $0.20 per contract Non-Penny Symbol Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Symbols in that month. With this proposal, a Customer that qualifies for new note ''12''would continue to receive an additional $0.20 per contract Non-Penny Symbol Rebate to Add Liquidity for such transactions which add liquidity in Non-Penny Symbols in that month. With this proposal, a Professional that qualifies for new note ''12'' would now receive an additional $0.10 per contract Non-Penny Symbol Rebate to Add Liquidity for such transactions which add liquidity in Non-Penny Symbols in that month. The Exchange believes that

[21] Today, the Exchange pays Professionals, in Penny Symbols the following Rebates to Add Liquidity: $0.20 per contract for Tier 1, $0.25 per contract for Tier 2, $0.42 per contract for Tier 3, $0.43 per contract for Tier 4, $0.45 per contract for Tier 5, and $0.48 per contract for Tier 6.

[22] Current note ''##'' of Options 7, Section 2(1) provides, ''NOM Participants that qualify for the Tier 5 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options and add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of above 0.50% of total industry customer equity and ETF option ADV contracts per day in a month, will receive a $0.46 per contract rebate to add liquidity in Penny Pilot Options as Market Maker in lieu of the Tier 5 rebate.''

[23] *See* note 18 above.

[24] *See* note 19 above.

[25] Current note 1 of Options 7, Section 2(1) provides, ''A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tiers 2, 3, 4, or 5 in a month will receive an additional $0.10 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity Tier 6 in a month will receive an additional $0.20 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month.''

despite lowering rebates for Professionals, the Exchange will continue to attract order flow to NOM.

Today, Firms, Non-NOM Market Makers and Broker Dealers pay a $0.45 per contract Fee for Add Liquidity in Non-Penny Symbols, this will remain the same. Today, NOM Market Makers pay a $0.35 per contract Fee for Adding Liquidity in Non-Penny Symbols; this is not changing. In addition to this NOM Market Maker Fee for Add Liquidity in Non-Penny Symbols, current note ''5'' [26] applies. Current note ''5'' will continue to apply, however, this note is being amended to provide, ''The NOM Market Maker Fee for Adding Liquidity in Non-Penny Symbols will apply unless Participants meet the volume thresholds set forth in this note. Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 10,000 to 14,999 ADV contracts per day in a month will be assessed a $0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 15,000 or more ADV contracts per day in a month will receive the Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.'' The Exchange proposes to require a greater amount of Non-Penny Symbol ADV (7,500 to 9,999 ADV is being increased to 10,000 to 14,999 ADV) in order to qualify for a $0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Also, the Exchange proposes to require a greater amount of NOM Market Maker liquidity in Non-Penny Symbols (10,000 ADV is being increased to 15,000 ADV) to receive the Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity. The Exchange believes that this proposal will encourage NOM Market Makers to add a greater amount of liquidity on NOM.

Today, Firms, Non-NOM Market Makers and Broker Dealers receive no Rebate to Add Liquidity in Non-Penny Symbols. This will remain the same. Today, NOM Market Makers receive a $0.30 per contract Rebate to Add Liquidity, subject to notes ''5'' and ''6''.[27] This will remain the same. Note ''6'' is being amended to provide,

> Participants that qualify for the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Symbols will receive a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols. Participants that qualify for a Tier 7 or higher in the MARS Payment Schedule in Section (6) will receive an additional $0.02 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols, in addition to receiving a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols. Participants that qualify for note ''5'' and note ''6'' incentives will receive the greater of the note ''5'' or note ''6'' incentive, but not both incentives.

The Exchange proposes to amend current note ''6'' to replace the qualification related to note ''&'' with MARS Tier 7 or higher. The Exchange notes that the removal of note ''&'' and addition of new MARS Tier 7 are discussed below in the MARS section of this proposal. Also, similar to the clarification that is being made in new note ''8'' with respect to achieving the greater of two incentives, the Exchange proposes to make clear in amended note ''6'' that Participants may qualify for either note ''5'' or note ''6'', but not both. This change reflects current practice

Third, the Exchange proposes to restructure the Fees to Remove Liquidity in Penny and Non-Penny Symbols as follows:

FEES TO REMOVE LIQUIDITY IN PENNY AND NON-PENNY SYMBOLS

	Penny Symbols	Non-Penny Symbols
Customer	$0.48	$0.85
Professional	0.48	0.85
Broker-Dealer	0.50	1.10
Firm	0.50	1.10
Non-NOM Market Maker [2]	0.50	1.10
NOM Market Maker [2]	0.50	1.10

Today, the Exchange assesses the following Penny Symbol Fees to Remove Liquidity: $0.48 per contract for Customer and Professional and $0.50 per contract for Firms, Non-NOM Market Makers, NOM Market Makers and Broker-Dealers. These rates are not changing. Additionally, current note 2,[28] applies to NOM Market Maker Penny Symbol Fees to Remove Liquidity and will continue to apply, with only changes to account for the reference to ''Penny Pilot,'' as explained above.

Today, the Exchange assesses the following Non-Penny Symbol Fees to Remove Liquidity: $0.85 per contract for Customers and Professionals and $1.10 per contract for Firms, Non-NOM Market Makers, NOM Market Makers and Broker-Dealers. These rates are not changing.

[26] Current note ''5'' at Options 7, Section 2(1) provides, ''The NOM Market Maker Fee for Adding Liquidity in Non-Pilot Options will apply unless Participants meet the volume thresholds set forth in this note. Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 to 9,999 ADV contracts per day in a month will be assessed a $0.00 per contract Non-Penny Options Fee for Adding Liquidity in that month. Participants that add NOM Market Maker liquidity in Non-Penny Pilot Options of 10,000 or more ADV contracts per day in a month will receive the Non-Penny Rebate to Add Liquidity for that month instead of paying the Non-Penny Fee for Adding Liquidity.''

[27] *See* note 12 above.

[28] Current note ''2'' of Options 7, Section 2(1) provides, ''Participants that add 1.30% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month will be subject to the following pricing applicable to executions: a $0.48 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and the seller or (ii) the Participant removes liquidity from another Participant under Common Ownership. Participants that add 1.50% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month and meet or exceed the cap for The Nasdaq Stock Market Opening Cross during the month will be subject to the following pricing applicable to executions less than 10,000 contracts: a $0.32 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership. Participants that add 1.75% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option ADV contracts per day in a month will be subject to the following pricing applicable to executions less than 10,000 contracts: a $0.32 per contract Penny Pilot Options Fee for Removing Liquidity when the Participant is (i) both the buyer and seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.''

MARS Pricing

As set forth in Options 7, Section 2(6), the Exchange currently offers a Market Access and Routing Subsidy (''MARS'') to qualifying Participants that provide certain order routing functionalities to other 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 as a way to attract higher volumes of electronic equity and ETF options to the Exchange from market participants. In particular, Participants that have System Eligibility [29] and have executed the requisite number of Eligible Contracts [30] daily in a month (''Average Daily Volume'' or ''ADV'') are entitled to a MARS Payment. The Exchange currently pays the following MARS Payments according to ADV submitted on NOM:[31]

Tiers	Average daily volume	MARS Payment (Penny)	MARS Payment (Non-Penny)
1	2,000	$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

The Exchange also provides Participants that qualify for the Tier 6 Customer and Professional Rebate to Add Liquidity in Penny Symbols in Section 2(1) [32] an additional $0.09 per contract incentive in Penny Pilot Options, which is paid in addition to any Penny MARS Payment tier on MARS Eligible Contracts the NOM Participant qualifies for in a given month.[33]

In addition, the Exchange currently offers Participants that have total Affiliated Entity [34] or Common Ownership [35] average daily add volume (''ADAV'') of 3.00% or more of total industry customer equity and ETF option ADV contracts per day in a month an additional $0.01 per contract in Penny Symbols and an additional $0.03 per contract in Non-Penny Symbols, in addition to any MARS Payment tier on MARS Eligible Contracts the Participant qualifies for in a given month.[36]

For Participants that qualify for the Tier 5 MARS Payment, the Exchange also provides two supplemental rebates that are based on progressively increasing volume requirements of executed MARS Eligible Contracts ADV and total Affiliated Entity or Common Ownership ADAV. First, the Exchange offers Participants that execute at least 75,000 of MARS Eligible Contracts per day and have total Affiliated Entity or Common Ownership ADAV of 3.25% or more of total industry customer equity and ETF option ADV contracts per day in a month an additional $0.01 per contract in Penny Symbols and an additional $0.10 per contract in Non-Penny Symbols, in addition to MARS Payment Tier 5 on MARS Eligible Contracts the Participant qualifies for in a given month.[37]

Second, Participants that execute at least 100,000 of MARS Eligible Contracts per day and have a total Affiliated Entity or Common Ownership ADAV of 3.25% or more of total industry customer equity and ETF option ADV contracts per day in a month are eligible to receive an additional $0.02 per contract in Penny Symbols and an additional $0.19 per contract in Non-Penny Symbols, in addition to MARS Payment Tier 5 on MARS Eligible Contracts the Participant qualifies for in a given month.[38] NOM Participants that qualify for the note ''&'' incentive would not receive the note ''@'' incentive.

The Exchange now proposes a number of changes to its MARS program. As an initial matter, the Exchange proposes to eliminate the additional incentives set forth in notes ''@'' and ''&,'' and instead offer new MARS Payment Tiers 6–9. The

[29] To qualify for MARS, the Participant's routing system (''System'') would be 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. Further, the Participant's System would also need to cause NOM to be the 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 or (b) orders that establish a new NBBO on NOM's Order Book, but allow any user to manually override NOM as a default destination on an order-by-order basis. Any NOM Participant would be permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described above and satisfies NOM that it appears to be robust and reliable. The Participant remains solely responsible for implementing and operating its System.

[30] 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.

[31] The specified MARS Payment will be 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 will be made with respect to orders that are routed to NOM, but not executed. Furthermore, a Participant will not be entitled to receive any other revenue from the Exchange for the use of its System specifically with respect to orders routed to NOM.

[32] To qualify for the Tier 6 Customer and Professional Rebate to Add Liquidity in Penny Symbols, the Participant must add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.80% or more of total industry customer equity and ETF option ADV contracts per day in a month, or the Participant must add: (1) Customer and/or Professional liquidity in Penny Symbols and/or Non-Penny Symbols of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS. *See* Options 7, Section 2(1).

[33] *See* note ''*'' in Section 2(6).

[34] The term ''Affiliated Entity'' is a relationship between an Appointed MM and an Appointed OFP for purposes of aggregating eligible volume for pricing in Options 7, Sections 2(1) and 2(6) for which a volume threshold or volume percentage is required to qualify for higher rebates or lower fees. The term ''Appointed MM'' is a NOM Market Maker who has been appointed by an Order Flow Provider (''OFP'') for purposes of qualifying as an Affiliated Entity. An OFP is a Participant, other than a NOM Market Maker, that submits orders, as agent or principal, to the Exchange. The term ''Appointed OFP'' is an OFP who has been appointed by a NOM Market Maker for purposes of qualifying as an Affiliated Entity. Participants under Common Ownership may not qualify as a counterparty comprising an Affiliated Entity. Each Participant may qualify for only one (1) Affiliated Entity relationship at any given time.

[35] The term ''Common Ownership'' shall mean Participants under 75% common ownership or control. Common Ownership shall apply to all pricing in Options 7, Section 2 for which a volume threshold or volume percentage is required to obtain the pricing.

[36] *See* note ''^'' in Section 2(6).

[37] See note ''@'' in Section 2(6).

[38] See note ''&'' in Section 2(6).

proposed MARS Payment Tiers will retain some features of the note ''@'' and note ''&'' incentives, namely the ADV requirements of executed MARS Eligible Contracts, while eliminating the total Affiliated Entity or Common Ownership ADAV requirement. At the time the Exchange adopted the note ''@'' and note ''&'' incentives, the Exchange sought to encourage market participants to aggregate volume for purposes of qualifying for the additional rebates, and ultimately, increase volume and activity on the Exchange. These changes have met with some success, and the Exchange will therefore continue to incentivize this behavior through the note ''^'' incentive. Nonetheless, the Exchange has yet to achieve the level of additional volume and activity it desires and as such, the Exchange proposes to reformulate its MARS program in order to improve the attractiveness of this program to new and existing Participants. As noted above, the revised MARS program will add new MARS Payment Tiers 6 through 9, and will also amend some of the existing MARS rebates. The proposed MARS pricing schedule will be as follows:

Tiers	Average daily volume (''ADV'')	MARS Payment (Penny)	MARS Payment (Non-Penny)
1	2,000	$0.11	$0.24
2	5,000	0.11	0.29
3	10,000	0.11	0.39
4	20,000	0.15	0.50
5	45,000	0.17	0.60
6	75,000	0.20	0.75
7	100,000	0.20	0.78
8	125,000	0.20	0.81
9	150,000	0.21	0.84

In addition, the Exchange proposes to apply the existing note ''^'' incentive to the new MARS Payment Tiers 6 through 9 so that NOM Participants that have total Affiliated Entity or Common Ownership ADAV of 3.00% or more of total industry customer equity and ETF option ADV contracts per day in a month would receive an additional $0.01 per contract in Penny Symbols and an additional $0.03 per contract in Non-Penny Symbols. This would be paid in addition to MARS Payment Tiers 6–9 on MARS Eligible Contracts the NOM Participant qualifies for in a given month, similar to how the note ''^'' incentive is paid on MARS Payment Tiers 1–5 today.

Lastly, the Exchange proposes to amend the existing note ''*'' incentive. As amended, NOM Participants that qualify for Customer and Professional Penny Symbols Rebate to Add Liquidity Tier 6 will receive a $0.20 per contract rebate in Penny Symbols in lieu of the Penny MARS Payment Tiers 1–5 on MARS Eligible Contracts the NOM Participant qualifies for in a given month.

Technical Amendments

The Exchange proposes to amend Options 7 to add ''Section 1 General Provisions'' before the rule text. The Exchange would also remove ''Section 1'' before the title ''Collection of Exchange Fees and Other Claims-Nasdaq Options Market'' and incorporate that text within the new Section 1, which includes other rule text. The amendment will assist Participants when citing to the rule text, which currently has no section reference. The Exchange also proposes to add the word ''The'' before the name ''Nasdaq Options Market.''

The Exchange also proposes to update rule citations to reflect current citations.[39] The Exchange previously relocated the Rulebook [40] and certain rule citations were not updated. Finally, the Exchange proposes to remove an obsolete date within Options 7, Section 5, ''Nasdaq Options Regulatory Fee.''

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[41] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[42] 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 changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options 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 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'. . . .'' [43]

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.'' [44]

[39] See amendments to descriptions of terms ''Customer'', ''NOM Market Maker'' ''Professional,'' and ''Joint Back Office'' within Options 7. This section is proposed to be relocated to Options 7, Section 1. Current Options 7, Section 1, which described the Collection of Exchange Fees and Other Claims-Nasdaq Options Market, is also being amended.

[40] *See* Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (SR–NASDAQ–2019–098) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell).

[41] 15 U.S.C. 78 f(b).

[42] 15 U.S.C. 78f(b)(4) and (5).

[43] *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)).

[44] Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (''Regulation NMS Adopting Release'').

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. 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.

Options 7, Section 2

The Exchange's proposal to restructure rebates and fees into new pricing tables, without changes to the fees and rebates or pricing qualifications, as applicable, is reasonable, equitable and not unfairly discriminatory because the restructuring is intended to bring greater clarity to the current fees and rebates assessed and paid by NOM. The Exchange believes that the new table formats allow Participants to more easily reference the pricing on NOM. Also, renaming Options 7, Section 2(1) to specifically refer to rebates is reasonable, equitable and not unfairly discriminatory as it will bring greater clarity to the pricing.

Rebates To Add Liquidity in Penny Symbols

The Exchange's proposal to relocate note ''c'' to new note ''7'', and relocate note ''d'' into new note ''8'', while amending these notes to remove the incentive rebates for Professionals transacting Penny Symbols in each of those notes (''7'' and ''8'') is reasonable, equitable and not unfairly discriminatory. The Customer and Professional Rebates to Add Liquidity in Penny Symbols should continue to attract Customer and Professional order flow to NOM. The additional incentives that would now be offered solely to Customer Rebates to Add Liquidity in Penny Symbols, and no longer offered to Professionals, are intended to attract additional Customer liquidity. Today, the Exchange pays the same Customer and Professional Rebates to Add Liquidity in Penny Symbols. These rebates for Customers and Professionals will continue to be the same. Customer liquidity offers unique benefits to the market which benefits all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that continuing to encourage Participants to add Professional liquidity creates competition among options exchanges because the Exchange believes that the rebates may cause market participants to select NOM as a venue to send Professional order flow. Paying the incentives [45] within new notes ''7'' and ''8'' solely to Customers and not Professionals is consistent with the treatment of Customer orders on other options venues, which pay Customers the highest rebates.[46] Customer liquidity is the most sought after liquidity among Participants and by continuing to offer the new notes ''7'' and ''8'' incentives only to Customers, the Exchange believes that NOM will continue to attract this valuable order flow. The incentives offered in new notes ''7'' and ''8'' would be uniformly applied to qualifying Participants.

The Exchange's proposal to relocate note ''***'' to new note ''1'',[47] and to modify the introduction to former note ''***'', proposed note ''1'', to provide, ''The Customer and Professional Rebate to Add Liquidity in Penny Symbols will be paid per the highest tier achieved below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Symbol and Non-Penny Symbol Customer and/or Professional volume that adds liquidity will be included,'' is reasonable, equitable and not unfairly discriminatory. The rule text is being amended to make clear that Penny Symbols will continue to be paid the highest tier achieved, as is the case today, the Exchange is not amending the manner in which the tiers are being applied today. As is the case today, to determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Symbol and Non-Penny Symbol Customer and/or Professional volume that adds liquidity will be included. All Participants would continue to be uniformly paid the highest Customer and Professional Rebate to Add Liquidity tier in Penny Symbols as described in new note ''1''.

The Exchange's proposal to relocate note ''e'' to new note ''9'' and note ''f'' into new note ''10'' and amend notes ''9'' and ''10'' to lower the incentive paid to a Professional for Rebates to Add Liquidity in Penny Symbols and Non-Penny Symbols is reasonable, equitable and not unfairly discriminatory.[48] The Exchange proposes to continue to incentivize Professionals with this proposal, however, the Professional would be incentivized with a lower rebate incentive as compared to a Customer. With this proposal, Customer incentives within new notes ''9'' and ''10'' would remain unchanged. As proposed, Professional incentives would be lowered for each of these notes.[49] Today, the Exchange pays the same Customer and Professional Rebates to Add Liquidity in Penny Symbols and Non-Penny Symbols. These rebates for Customers and Professionals will continue to be the same. The Exchange believes that it is reasonable to continue to pay Professionals the same rebates as Customers, but offer lower additional incentives while continuing to incentivize Customers to qualify for additional incentives in order to obtain the highest rebates offered on NOM. Customer liquidity, unlike Professional liquidity, offers unique benefits to the market which benefits all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Paying higher rebates to Customers is consistent with the treatment of Customers on other options venues that are paid the highest rebates.[50] Customer liquidity is the most sought after liquidity among Participants. With respect to Professionals, the Exchange believes that continuing to encourage Participants to add Professional

[45] Today, Customers and Professionals are entitled to various incentives within notes ''c'' and ''d'' related to Rebates to Add Liquidity in Penny Symbols. *See* notes 6 and 17, respectively above.

[46] *See* Nasdaq PHLX LLC Options 7, Section 1. Phlx pays rebates exclusively to Customers. *See also* Nasdaq GEMX, LLC Options 7, Section 3. Priority Customers receive the highest rebates.

[47] Current note 1 within Options 7, Section 2(1) is being amended and relocated to note ''12''.

[48] New notes ''9'' and ''10'' apply to both Penny Symbols and Non-Penny Symbols.

[49] As proposed, new note ''9'' would lower the Professional Rebate to Add Liquidity incentive in Penny Symbols from $0.50 to $0.48 per contract and the Professional Rebate to Add Liquidity incentive in Non-Penny Symbols from $1.00 to $0.90 per contract. As proposed, new note ''10'' would lower the Professional Rebate to Add Liquidity incentive in Penny Symbols from $0.55 to $0.48 per contract and the Professional Rebate to Add Liquidity incentive in Non-Penny Symbols from $1.05 to $0.90 per contract.

[50] *See* Nasdaq PHLX LLC Options 7, Section 1. Phlx pays rebates exclusively to Customers. *See also* Nasdaq GEMX, LLC Options 7, Section 3. Priority Customers receive the highest rebates.

liquidity creates competition among options exchanges because the Exchange believes that the rebates may cause market participants to select NOM as a venue to send Professional order flow. The Exchange notes that is equitable and not unfairly discriminatory to lower incentives for Professionals, who unlike Customers, have access to sophisticated trading systems that contain functionality not available to Customers. The new notes ''9'' and ''10'' incentives would be uniformly applied to qualifying Participants.

NOM Market Maker Rebates To Add Liquidity in Penny Symbols

The Exchange's proposal to create a new note ''4'' which provides, ''Participants who achieve the NOM Market Maker Tier 3 or Tier 4 Rebate to Add Liquidity will receive $0.40 per contract to add liquidity in the following symbols: AAPL, SPY, QQQ, IWM, and VXX'' is reasonable, equitable and not unfairly discriminatory. This new note captures the current pricing of $0.40 per contract in the following symbols AAPL, QQQ, IWM, VXX and SPY for NOM Market Maker Tiers 3 and 4. New note ''4'' will make clear the current pricing applicable to symbols: AAPL, SPY, QQQ, IWM, and VXX. The current pricing, which was relocated to new note ''4'', would continue to be uniformly applied to all Participants that qualify.

Fees and Rebates To Add Liquidity in Non-Penny Symbols

The Exchange's proposal to relocate current note 1 [51] to new ''12'' and amend note ''12'' is reasonable, equitable and not unfairly discriminatory. Today, both a Customer and a Professional that qualify for Customer or Professional Penny Symbol Rebate to Add Liquidity Tier 6 in a month receive an additional $0.20 per contract Non-Penny Symbol Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Symbols in that month. With this proposal, a Customer that qualifies would continue to receive an additional $0.20 per contract Non-Penny Symbol Rebate to Add Liquidity for such transactions which add liquidity in Non-Penny Symbols in that month. With this proposal, a Professional that qualifies would now receive an additional $0.10 per contract Non-Penny Symbol Rebate to Add Liquidity for such transactions which add liquidity in Non-Penny Symbols in that month. The Exchange believes that despite lowering rebates for Professionals, the Exchange will continue to attract order flow to NOM. The Exchange proposes to continue to incentivize Professionals with this proposal, however, the Professional would be incentivized with a lower rebate as compared to a Customer. The Customer incentive within new note ''12'' remains unchanged. Today, the Exchange pays the same Tier 6 Customer and Professional Rebates to Add Liquidity in Penny Symbols and Non-Penny Symbols. These rebates for Customers and Professionals will continue to be the same. Customer liquidity offers unique benefits to the market which benefits all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that continuing to encourage Participants to add Professional liquidity creates competition among options exchanges because the Exchange believes that the rebates may cause market participants to select NOM as a venue to send Professional order flow. Paying higher rebates to Customers is consistent with the treatment of Customers on other options venues that are paid the highest rebates.[52] Customer liquidity is the most sought after liquidity among Participants. The new note ''12'' incentive would be uniformly applied to qualifying Participants.

The Exchange's proposal to amend current note ''5'' [53] to increase the ADV thresholds (7,500 to 9,999 ADV becomes 10,000 to 14,999 ADV and 10,000 ADV becomes 15,000 ADV) is reasonable, equitable and not unfairly discriminatory. The Exchange believes that the proposed increases in requisite ADV for the incentive related to the Fee for Adding Liquidity in Non-Penny Symbols will encourage NOM Market Makers to add a greater amount of liquidity on NOM. Any Participant may interact with the additional liquidity attracted by this incentive. Further, the Exchange would continue to uniformly apply this note ''5'' incentive to any qualifying Participant.

The Exchange's proposal to amend current note ''6'' [54] is reasonable, equitable and not unfairly discriminatory. The Exchange proposes to amend current note ''6'' to replace the qualification related to note ''&'' within MARS [55] with new ''MARS Tier 7 or higher.'' The Exchange believes that this replacement will continue to attract order flow to NOM in order to earn the amended note ''6'' incentive. As discussed in the MARS section of this proposal, in order to qualify for new MARS Tiers 7 or higher, Participants must execute at least 100,000 of MARS Eligible Contract per day. Thus, the proposed qualification for the additional note ''6'' incentive will have the same ADV threshold requirement as the current qualification, but will eliminate the total Affiliated Entity or Common Ownership ADAV requirement. By adjusting the qualifications for the note ''6'' incentive in this manner, the Exchange seeks to further encourage Participants to send high volumes of electronic equity and ETF options to NOM for execution in order to receive this rebate.

The Exchange notes that the additional note ''6'' incentive continues to be the highest available NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols (totaling $0.88 per contract).[56] As proposed, the Exchange believes that the rebate qualifications are appropriate and commensurate with the rebate amount. In particular, while the Exchange will eliminate the total Affiliated Entity or Common Ownership ADAV requirement for this additional note ''6'' incentive, the Exchange will continue to require Participants to meet both the stringent volume requirements of executing at least 100,000 of MARS Eligible Contract per day (*i.e.,* MARS Tiers 7 or higher) and the stringent requirements set forth in the Tier 6 NOM Market Maker Rebate to Add Liquidity in Penny Symbols, in order to receive this rebate.

The Exchange will uniformly apply the amended note ''6'' incentive to all qualifying NOM Participants. Similar to

[51] *See* note 27 above.

[52] *See* Nasdaq PHLX LLC Options 7, Section 1. Phlx pays rebates exclusively to Customers. *See also* Nasdaq GEMX, LLC Options 7, Section 3. Priority Customers receive the highest rebates.

[53] *See* note 28 above.

[54] *See* note 12 above.

[55] Options 7, Section 2(6) note ''&'' provides, ''NOM Participants that execute at least 100,000 of MARS Eligible Contracts per day and have total Affiliated Entity or Common Ownership ADAV of 3.25% or more of total industry customer equity and ETF option ADV contracts per day in a month will receive an additional $0.02 per contract in Penny Pilot Options and an additional $0.19 per contract in Non-Penny Pilot Options, in addition to MARS Payment tier 5 on MARS Eligible Contracts the NOM Participant qualifies for in a given month. NOM Participants that qualify for the note ''&'' incentive will not receive the note ''@'' incentive.''

[56] Specifically, Participants that qualify for Tier 7 or higher in the MARS Payment Schedule in Section (6) would receive an additional $0.02 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols, in addition to receiving a $0.86 per contract NOM Market Maker Rebate to Add Liquidity in Non-Penny Symbols, for a total rebate of $0.88 per contract.

the clarification that is being made in other notes, with respect to achieving the greater of two incentives, the Exchange's proposal to make clear in amended note ''6'' that Participants may qualify for either note ''5'' or note ''6'', but not both, is reasonable, equitable and not unfairly discriminatory. This change will bring greater clarity to the application of the incentives. This change reflects current practice.

MARS Pricing

The Exchange believes that the proposed changes to MARS pricing described above represent a reasonable attempt by the Exchange to fortify participation in the MARS program. In particular, the Exchange believes that it is reasonable to eliminate the note ''@'' and note ''&'' incentives because it will replace them with an amended MARS Payment schedule comprising of modified MARS rebates and new ADV tiers. The Exchange must periodically assess the effectiveness of the incentives it provides and scale back on certain incentives so that the Exchange may apply its resources to other, possibly more effective, rebates such as the proposed MARS Payment schedule. The Exchange believes that the proposed MARS Payment schedule will better align the cost of offering the MARS program with the benefit it brings to the marketplace. The proposed schedule is designed to attract higher volumes of electronic equity and ETF options orders to the Exchange, which will, in turn, benefit all NOM Participants by offering greater price discovery, increased transparency, and an increased opportunity to trade on the Exchange. The Exchange intends for the proposed schedule to achieve these results by increasing the number of ADV tiers in the schedule from five to nine and, at each tier, paying a base rebate that will be roughly the same as or greater than that which it pays now. For example, qualifying Participants would be entitled to receive a MARS Payment of $0.11 in Tiers 1 and 2 for Penny executions under this proposal (compared to $0.07 and $0.09 in Tiers 1 and 2 today), and entitled to receive MARS Payments of $0.24, $0.29, and $0.39 in Tiers 1, 2, and 3, respectively, for Non-Penny executions (compared to $0.15, $0.20, and $0.30 in Tiers 1–3 today). Furthermore, Participants that qualify for new MARS Payment Tiers 6–9 would receive base rebates ranging from $0.20 to $0.21 for Penny Symbols and from $0.75 to $0.84 for Non-Penny Symbols, whereas the highest base rebates currently available under the MARS program are $0.17 for Penny Symbols and $0.60 for Non-Penny Symbols.

The Exchange also believes that the proposed ADV thresholds for new MARS Payment Tiers 6–9 are set at reasonable levels that would make the associated rebates achievable and attractive to existing and potential program participants. As noted above, the new MARS Payment Tiers retain some features of the note ''@'' and note ''&'' incentives, namely the ADV threshold requirements of executed MARS Eligible Contracts, while eliminating the total Affiliated Entity or Common Ownership ADAV requirement, thus making it easier to qualify for some tiers. For example, new MARS Payment Tiers 6 and 7 retain the note ''@'' and note ''&'' requirements that Participants meet 75,000 and 100,000 Eligible Contracts ADV, respectively, to qualify for the associated MARS Payments without the added requirement of meeting certain total Affiliated Entity or Common Ownership ADAV thresholds. Taken together, the Exchange believes that the proposed MARS Payment Tiers will incentivize current and new program participants to achieve the higher tiers in order to receive the associated rebates.

The Exchange also believes that it is reasonable to apply the note ''^'' incentive to new MARS Payment Tiers 6–9 in order to continue incentivizing Participants to pool their volume in order to meet the total Affiliated Entity or Common Ownership ADAV requirement. The resulting increased volume and liquidity would benefit all market participants by providing more trading opportunities and tighter spreads.

The Exchange believes that the amended note ''*'' incentive is reasonable as it will continue to encourage Participants to achieve the highest Customer and Professional Rebate to Add Liquidity in Penny Symbols in Tier 6 and also qualify for MARS. As proposed, the Exchange will no longer provide $0.09 in Penny Symbols in addition to the Penny MARS Payment Tiers 1–5, but will instead provide a $0.20 per contract rebate in lieu of the MARS Payments. The Exchange believes this is reasonable for several reasons. As an initial matter, in Penny MARS Payment Tiers 1–3, Participants that qualify for the amended note ''*'' incentive would be eligible to receive a rebate that is roughly the same or greater than the rebate which they receive today. For example, Participants that qualify for Penny MARS Payment Tier 1 or Tier 2, and also qualify for the Tier 6 Customer and Professional Rebate to Add Liquidity in Penny Symbols, would receive a rebate of $0.20 per contract under this proposal, whereas today, they would receive $0.16 per contract and $0.18 per contract in Tiers 1 and 2, respectively. While qualifying Participants would receive a lower rebate in Penny MARS Payment Tiers 4 and 5 under this proposal than they would today,[57] the Exchange believes this is reasonable given the significantly higher rebates it is proposing to provide for the Non-Penny MARS Payment Tiers to promote Non-Penny Symbol order flow to the Exchange. The Exchange further believes that the amended note ''*'' rebate will better align the cost of offering this rebate with the benefit it brings to the marketplace as a means of incentivizing market participants to add Penny Symbol order flow sent to the Exchange.

The Exchange believes that its proposal to modify MARS pricing as described above is equitable and not unfairly discriminatory because all Participants may qualify for MARS provided they have requisite System Eligibility. In addition, while the Exchange is proposing to eliminate the note ''@'' and note ''&'' incentives, it will retain the features of these rebates in the proposed MARS Payment Tiers and in the note ''^'' incentive, as discussed above. As a result, the Exchange does not believe that the proposed changes will have a disproportionate effect on any market participant type. Furthermore, the Exchange believes that it is equitable and not unfairly discriminatory to continue to offer the note ''*'' incentive to Penny Symbols than Non-Penny Symbols due to the Exchange's desire to specifically promote Penny Symbol order flow to qualify for this rebate in this manner. Furthermore, the Exchange is also seeking to promote increased Non-Penny Symbol order flow with the significant MARS rebates it is proposing above. Ultimately, an increase in overall order flow will improve the quality of NOM, and increase its attractiveness to existing and prospective market participants.

Technical Amendments

The Exchange's proposal to amend Options 7 to add ''Section 1 General Provisions'' before the rule text, remove ''Section 1'' before the title ''Collection of Exchange Fees and Other Claims-Nasdaq Options Market'' and

[57] Today, Participants would be eligible to receive $0.24 per contract and $0.26 per contract in Tiers 5 and 6, respectively, if they also qualify for the Tier 6 Customer and Professional Rebate to Add Liquidity in Penny Symbols.

incorporate the rule text within new Options 7, Section 1, which includes other rule text, is reasonable, equitable and not unfairly discriminatory. The Exchange believes that these proposed changes will assist Participants in referencing the rule text that currently has no section reference. The Exchange also proposes to add the word ''The'' before the name ''Nasdaq Options Market'' for clarity.

The Exchange's proposal to amend Options 7, Section 2, Nasdaq Options Market—Fees and Rebates, to replace the terms ''Pilot Options'' and ''Pilot'' with ''Symbol'' or ''Symbols,'' as appropriate, is reasonable, equitable and not unfairly discriminatory. This amendment seeks to conform the name of the program.

The Exchange's proposal to update rule citations to reflect current citations is reasonable, equitable and not unfairly discriminatory. The Exchange relocated the Rulebook[58] and certain rule citations were not updated.[59] These amendments will bring greater clarity to the Rules.

Finally, the Exchange's proposal to remove an obsolete date within Options 7, Section 5, ''Nasdaq Options Regulatory Fee'' is reasonable, equitable and not unfairly discriminatory. This amendment will bring greater clarity to the Rules.

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 proposal does not impose an undue burden on intermarket competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of where 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. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges that have been exempted from compliance with the statutory standards applicable to exchanges. 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 proposed amendments do not impose an undue burden on intramarket competition.

Options 7, Section 2

The Exchange's proposal to restructure rebates and fees into new pricing tables, without changes to the fees and rebates or pricing qualifications, as applicable, does not impose an undue burden on competition because the restructuring is intended to bring greater clarity to the current fee and rebates assessed and paid by NOM. The Exchange believes that the new table formats allow Participant to more easily reference the pricing on NOM.

Rebates To Add Liquidity in Penny Symbols

The Exchange's proposal to relocate note ''c'' to new note ''7'', and relocate note ''d'' into new note ''8, while amending these notes to remove the incentive rebates for Professionals transacting Penny Symbols in each of those notes (''7'' and ''8'') does not impose an undue burden on competition. Customer liquidity offers unique benefits to the market which benefits all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that continuing to encourage Participants to add Professional liquidity creates competition among options exchanges because the Exchange believes that the rebates may cause market participants to select NOM as a venue to send Professional order flow. Paying the incentives[60] within new notes ''7'' and ''8'' solely to Customers and not Professionals is consistent with the treatment of Customer orders on other options venues, which pay Customers the highest rebates.[61] Customer liquidity is the most sought after liquidity among Participants and by continuing to offer the new notes ''7'' and ''8'' incentives only to Customers, the Exchange believes that NOM will continue to attract this valuable order flow. The incentives offered in new notes ''7'' and ''8'' would be uniformly applied to qualifying Participants.

The Exchange's proposal to relocate note ''***'' to new note 1,[62] and instead provide, ''The Customer and Professional Rebate to Add Liquidity in Penny Symbols will be paid per the highest tier achieved below. To determine the applicable percentage of total industry customer equity and ETF option average daily volume, unless otherwise stated, the Participant's Penny Symbol and Non-Penny Symbol Customer and/or Professional volume that adds liquidity will be included,'' does not impose an undue burden on competition. All Participants would continue to be uniformly paid the highest Customer and Professional Rebate to Add Liquidity tier in Penny Symbols as described in new note ''1''.

The Exchange's proposal to relocate note ''e'' to new note ''9'' and amend note ''9,'' and relocate note ''f'' into new note ''10'' and amend note ''10'' to lower the incentive paid to a Professional for Rebates to Add Liquidity in Penny Symbols and Non-Penny Symbols does not impose an undue burden on competition.[63] As proposed, Professional incentives would be lowered for each of these notes.[64] Today, the Exchange pays the same Customer and Professional Rebates to Add Liquidity in Penny Symbols and Non-Penny Symbols. These rebates for Customers and Professionals will continue to be the same. Customer liquidity offers unique benefits to the market which benefits all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which

[58] *See* Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (SR–NASDAQ–2019–098) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell).

[59] *See* note 41 above.

[60] Today, Customers and Professionals are entitled to various incentives within notes ''c'' and ''d'' related to Rebates to Add Liquidity in Penny Symbols. *See* notes 6 and 17, respectively above.

[61] *See* Nasdaq PHLX LLC Options 7, Section 1. Phlx pays rebates exclusively to Customers. *See also* Nasdaq GEMX, LLC Options 7, Section 3. Priority Customers receive the highest rebates.

[62] Current note 1 within Options 7, Section 2(1) is being amended and relocated to new note ''12''.

[63] New notes ''9'' and ''10'' apply to both Penny Symbols and Non-Penny Symbols.

[64] As proposed, new note ''9'' would lower the Professional Rebate to Add Liquidity incentive in Penny Symbols from $0.50 to $0.48 per contract and the Professional Rebate to Add Liquidity incentive in Non-Penny Symbols from $1.00 to $0.90 per contract. As proposed, new note ''10'' would lower the Professional Rebate to Add Liquidity incentive in Penny Symbols from $0.55 to $0.48 per contract and the Professional Rebate to Add Liquidity incentive in Non-Penny Symbols from $1.05 to $0.90 per contract.

attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The Exchange believes that continuing to encourage Participants to add Professional liquidity creates competition among options exchanges because the Exchange believes that the rebates may cause market participants to select NOM as a venue to send Professional order flow. Paying higher rebates to Customers is consistent with the treatment of Customers on other options venues that are paid the highest rebates.[65] Customer liquidity is the most sought after liquidity among Participants. The new notes ''9'' and ''10'' incentives would be uniformly applied to qualifying Participants.

NOM Market Maker Rebates To Add Liquidity in Penny Symbols

The Exchange's proposal to create a new note ''4'' which provides, ''Participants who achieve the NOM Market Maker Tier 3 or Tier 4 Rebate to Add Liquidity will receive $0.40 per contract to add liquidity in in the following symbols: AAPL, SPY, QQQ, IWM, and VXX'' does not impose an undue burden on competition. This new note captures the current pricing of $0.40 per contract in the following symbols AAPL, QQQ, IWM, VXX and SPY for NOM Market Maker Tiers 3 and 4. New note ''4'' will make clear the current pricing applicable to symbols: AAPL, SPY, QQQ, IWM, and VXX. The current pricing, which was relocated to new note ''4'', would continue to be uniformly applied to all Participants that qualify.

Fees and Rebates To Add Liquidity in Non-Penny Symbols

The Exchange's proposal to relocate current note 1 [66] to new ''12'' and amend note ''12'' does not impose an undue burden on competition. Today, the Exchange pays the same Tier 6 Customer and Professional Rebates to Add Liquidity in Penny Symbols and Non-Penny Symbols. These rebates for Customers and Professionals will continue to be the same. Customer liquidity offers unique benefits to the market which benefits all market participants. Customer liquidity benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Paying higher rebates to Customers is consistent with the treatment of Customers on other options venues that are paid the highest rebates.[67] Customer liquidity is the most sought after liquidity among Participants. The new note ''12'' incentive would be uniformly applied to qualifying Participants.

The Exchange's proposal to amend current note ''5'' [68] to increase the requisite ADV related to the Fee for Adding Liquidity in Non-Penny Symbols (7,500 to 9,999 ADV becomes 10,000 to 14,999 ADV and 10,000 ADV becomes 15,000 ADV) does not impose an undue burden on competition. The Exchange would continue to uniformly apply this note ''5'' incentive to any qualifying Participant.

The Exchange's proposal to amend note ''6'' [69] does not impose an undue burden on competition. The Exchange will uniformly apply the amended note ''6'' incentive to all qualifying NOM Participants. Similar to the clarification that is being made in other notes, with respect to achieving the greater of two incentives, the Exchange's proposal to make clear in amended note ''6'' that Participants may qualify for either note ''5'' or note ''6'', but not both, does not impose an undue burden on competition. This change will bring greater clarity to the application of the incentives. This change reflects current practice.

MARS Pricing

The Exchange does not believe that the proposed changes to MARS pricing will impose any undue burden on intra-market competition. As noted above, all Participants may qualify for MARS provided they have requisite System Eligibility. All of the proposed MARS pricing changes are generally designed to attract additional order flow to NOM, which strengthens NOM's competitive position. Greater liquidity benefits all market participants by providing more trading opportunities and attracting greater participation by market makers. An increase in the activity of these market participants in turn facilitates tighter spreads.

Technical Amendments

The Exchange's proposal to amend Options 7 to add ''Section 1 General Provisions'' before the rule text, remove ''Section 1'' before the title ''Collection of Exchange Fees and Other Claims-Nasdaq Options Market'' and incorporate the rule text within new Options 7, Section 1, which includes other rule text, does not impose an undue burden on competition. The Exchange believes that these proposed changes will assist Participants in referencing the rule text that currently has no section reference. The Exchange also proposes to add the word ''The'' before the name ''Nasdaq Options Market'' for clarity.

The Exchange's proposal to amend Options 7, Section 2, Nasdaq Options Market—Fees and Rebates, to replace the terms ''Pilot Options'' and ''Pilot'' with ''Symbol'' or ''Symbols,'' as appropriate, does not impose an undue burden on competition. This amendment seeks to conform the name of the program.

The Exchange's proposal to update rule citations to reflect current citations does not impose an undue burden on competition. The Exchange relocated the Rulebook [70] and certain rule citations were not updated.[71] These amendments will bring greater clarity to the Rules.

Finally, the Exchange's proposal to remove an obsolete date within Options 7, Section 5, ''Nasdaq Options Regulatory Fee'' does not impose an undue burden on competition. This amendment will bring greater clarity to the Rules.

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.[72]

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

[65] *See* Nasdaq PHLX LLC Options 7, Section 1. Phlx pays rebates exclusively to Customers. *See also* Nasdaq GEMX, LLC Options 7, Section 3. Priority Customers receive the highest rebates.

[66] *See* note 27 above.

[67] *See* Nasdaq PHLX LLC Options 7, Section 1. Phlx pays rebates exclusively to Customers. *See also* Nasdaq GEMX, LLC Options 7, Section 3. Priority Customers receive the highest rebates.

[68] *See* note 28 above.

[69] *See* note 12 above.

[70] *See* Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (SR–NASDAQ–2019–098) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell).

[71] *See* note 41 above.

[72] 15 U.S.C. 78s(b)(3)(A)(ii).

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 email to *rule-comments@sec.gov.* Please include File Number SR–NASDAQ–2020–056 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–2020–056. 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 (*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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR–NASDAQ–2020–056 and should be submitted on or before October 1, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[73]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–19946 Filed 9–9–20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89773; File No. SR–NYSE–2020–40]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Section 902.02 of the NYSE Listed Company Manual To Waive Initial Listing Fees and First Partial Year Annual Listing Fees for Any Issuer Not Listed on a National Securities Exchange That Is Listing Upon Closing of Its Acquisition of a SPAC Listed on the NYSE

September 4, 2020.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on August 25, 2020, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 Section 902.02 of the NYSE Listed Company Manual (the "Manual") to waive initial listing fees and the first partial year annual fee for any company not listed on a national securities exchange that is listing upon closing of its acquisition of a special purpose acquisition company listed on the NYSE. The proposed rule change is available on the Exchange's website at *www.nyse.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 self-regulatory organization 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 those 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 parts 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 Exchange proposes to amend Section 902.02 of the Manual to waive initial listing fees and the first partial year annual fee for any company not listed on a national securities exchange that is listing upon closing of its acquisition of a special purpose acquisition company ("SPAC") listed on the NYSE.

When a SPAC consummates its business combination, the SPAC is typically the legal acquirer in the transaction and, provided it meets the continued listing standards applied in connection with a business combination by a listed SPAC, it can remain listed on the Exchange. Section 902.11 of the Manual specifies that a listed SPAC is not required to pay any supplemental listing fees for any shares issued in connection with its business combination, so there are no listing fees payable in connection with a business combination between an NYSE listed SPAC and a company which is not listed on a national securities exchange where the NYSE listed SPAC is the acquirer in the transaction.[4] Similarly, the NYSE does not have any provision

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[73] 17 CFR 200.30–3(a)(12).

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] Section 902.11 provides as follows:

An Acquisition Company which remains listed upon consummation of its Business Combination will not be subject to any fees in relation to the issuance of any additional shares in connection with the consummation of the Business Combination or the issuance of any additional shares in a transaction which is occurring at the same time as the Business Combination with a closing contractually contingent on the consummation of the Business Combination.

As the treatment of the issuance of additional shares by a NYSE listed SPAC in connection with its business combination is specifically dealt with by the fee waiver set forth in Section 902.11, the provisions of Section 902.03 with respect to the issuance of additional shares are inapplicable to issuances that qualify for the waiver under Section 902.11.