



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103710; File No. SR-NASDAQ-2025-058]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Options 7, Section 2 August 14, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 1, 2025, 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”) Rules at Options 7, Section 2, Nasdaq Options Market - Fees and Rebates.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings> and at the principal office of the Exchange.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 to: (1) increase a NOM Market Maker³ Rebate to add Liquidity in Non-Penny Symbols; and (2) amend the note 5 incentive for the NOM Market Maker Fee for Adding Liquidity in Non-Penny Symbols.

Background

Today, NOM assesses certain fees and rebates for execution of contracts on NOM as follows:

Rebates to Add Liquidity in Penny Symbols

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Customer	(\$0.20)	(\$0.25)	(\$0.43)	(\$0.44)	(\$0.45)	(\$0.48)
Professional	(\$0.20)	(\$0.25)	(\$0.43)	(\$0.44)	(\$0.45)	(\$0.47)
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)
NOM Market Maker	(\$0.20)	(\$0.25)	(\$0.30)	(\$0.32)	(\$0.46)	(\$0.48)

Fees and Rebates to Add Liquidity in Non-Penny Symbols

Customer	(\$0.80)
Professional	(\$0.80)
Broker-Dealer	\$0.45
Firm	\$0.45

³ 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. Options 7, Section 1(a).

Non-NOM Market Maker	\$0.45
NOM Market Maker	\$0.35/\$0.00/(\$0.20)/(\$0.40)

Fees to Remove Liquidity in Penny and Non-Penny Symbols

	Penny Symbols	Non-Penny Symbols
Customer	\$0.49	\$0.85
Professional	\$0.49	\$0.85
Broker-Dealer	\$0.50	\$1.25
Firm	\$0.50	\$1.25
Non-NOM Market Maker	\$0.50	\$1.25
NOM Market Maker	\$0.50	\$1.25

Further, Customer⁴ and Professional⁵ Rebates to Add Liquidity in Penny Symbols are 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.

Monthly Volume

Tier 1	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols of up to 0.10% of total industry customer equity and ETF option average daily volume (“ADV”) contracts per day in a month
Tier 2	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.10% of total industry customer equity and ETF option ADV contracts per day in a month
Tier 3	Participant: (a) adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.20% of total industry customer equity and ETF option ADV contracts per day in a month; or (b) adds Customer and/or Professional liquidity in Penny Symbols and/or Non-Penny Symbols above 0.05% of total industry customer equity and ETF option ADV contracts per day in a month and qualifies for MARS

⁴ 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)). See Options 7, Section 1(a).

⁵ 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. See Options 7, Section 1(a).

Tier 4	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.30% of total industry customer equity and ETF option ADV contracts per day in a month
Tier 5	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.40% of total industry customer equity and ETF option ADV contracts per day in a month
Tier 6	Participant adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Symbols and/or Non-Penny Symbols above 0.70% or more of total industry customer equity and ETF option ADV contracts per day in a month, or Participant : (1) adds Customer and/or Professional liquidity in Penny Symbols and/or Non-Penny Symbols of 0.10% 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)

Finally, NOM Market Makers Rebates to Add Liquidity in Penny Symbols are paid per the highest tier achieved based on the below 6 tiers.⁶

Monthly Volume

Tier 1	Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of up to 0.10% of total industry customer equity and ETF option average daily volume (“ADV”) contracts per day in a month
Tier 2	Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.10% of total industry customer equity and ETF option ADV contracts per day in a month
Tier 3	Participant: (a) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.20% of total industry customer equity and ETF option ADV contracts per day in a month; or (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 0.15% of total industry customer equity and ETF option ADV contracts per day in a month, (2) transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent (i) 0.50% or more of Consolidated Volume (“CV”) which adds liquidity in the same month on The Nasdaq Stock Market or (ii) 50 million shares or more ADV which adds liquidity in the same month on The Nasdaq Stock Market, and (3) executes 1.5 million shares or more ADV in the same month utilizing the M-ELO order type on The Nasdaq Stock Market
Tier 4	Participant adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols of above 0.60% of total industry customer equity and ETF option ADV contracts per day in a month

⁶ “Total Volume” is defined as Customer, Professional, Firm, Broker-Dealer, Non-NOM Market Maker and NOM Market Maker volume in Penny Symbols and/or Non-Penny Symbols which either adds or removes liquidity on NOM.

Tier 5 Participant: (a) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.00% of total industry customer equity and ETF option ADV contracts per day in a month; **or** (b) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols 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

Tier 6 Participant: (a)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols 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 Symbols of 10,000 or more contracts per day in a month; **or** (b)(1) adds NOM Market Maker liquidity in Penny Symbols and/or Non-Penny Symbols above 1.40% 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

Today, pursuant to note 5 of Options 7, Section 2, the NOM Market Maker Fee for Adding Liquidity in Non-Penny Symbols of \$0.35 per contract will apply unless Participants meet the volume thresholds set forth in note 5.

- Today, Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 0.03% to 0.05% of total industry customer equity and ETF option 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 Symbols of above 0.05% to 0.08% of total industry customer equity and ETF option ADV contracts per day in a month receive a Non-Penny Rebate to Add Liquidity of \$0.20 per contract for that month instead of paying the Non-Penny Fee for Adding Liquidity.
- Participants that add NOM Market Maker liquidity in Non-Penny Symbols of above 0.08% of total industry customer equity and ETF option ADV contracts per day in a month receive a Non-Penny Rebate to Add Liquidity of \$0.40 per contract for that month instead of paying the Non-Penny Fee for Adding Liquidity.

Proposal

At this time, the Exchange proposes to replace certain percentage thresholds in note 5 of Options 7, Section 2 with new percentage thresholds and increase the \$0.20 per contract Non-Penny Rebate to Add Liquidity to \$0.30 per contract.⁷

- Participants that add NOM Market Maker liquidity in Non-Penny Symbols of 0.03% to **0.07%** of total industry customer equity and ETF option ADV contracts per day in a month would 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 above **0.07% to 0.10%** of total industry customer equity and ETF option ADV contracts per day in a month would receive a Non-Penny Rebate to Add Liquidity of **\$0.30** per contract for that month instead of paying the Non-Penny Fee for Adding Liquidity.
- Participants that add NOM Market Maker liquidity in Non-Penny Symbols of above **0.10%** of total industry customer equity and ETF option ADV contracts per day in a month would receive a Non-Penny Rebate to Add Liquidity of \$0.40 per contract for that month instead of paying the Non-Penny Fee for Adding Liquidity.

As proposed, note 5 will state:

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 0.03% to 0.07% of total industry customer equity and ETF option 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 above 0.07% to 0.10% of total industry customer equity and ETF option ADV contracts per day in a month will receive a Non-Penny Rebate to Add Liquidity of \$0.30 per contract for that month instead of paying the Non-Penny Fee for Adding Liquidity. Participants that add NOM Market Maker liquidity in Non-Penny Symbols of above 0.10% of total industry customer equity and ETF option ADV contracts per day in a month will receive a Non-Penny Rebate to Add Liquidity of \$0.40 per contract for that month instead of paying the Non-Penny Fee for Adding Liquidity.

With this proposal, the Exchange would require a greater amount of add NOM Market Maker liquidity in Non-Penny Symbols in order to receive the increased Non-Penny Rebate to Add Liquidity of \$0.30 per contract or the current Non-Penny Rebate to Add Liquidity of \$0.40 per contract. Some Participants that currently receive the Non-Penny Rebate to Add Liquidity of \$0.20 per contract may receive no rebate as a result of this change. Some Participants that

⁷ The Exchange would also amend the rebates noted in the Fees and Rebates to Add Liquidity in Non-Penny Symbols table in Options 7, Section 2.

currently receive the Non-Penny Rebate to Add Liquidity of \$0.40 per contract may receive the proposed \$0.30 per contract rebate as a result of this change. Also, other Participants may remain unaffected. The Exchange believes that the revised note 5 incentives will encourage NOM Market Makers to add more Non-Penny Symbol liquidity on NOM to the benefit of all market participants that may interact with that liquidity. Also, the Exchange believes that NOM Market Makers will be encouraged to add liquidity to receive the increase \$0.30 Non-Penny Rebate to Add Liquidity.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The 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.”¹⁰

Likewise, in NetCoalition v. Securities and Exchange Commission¹¹ (“NetCoalition”) the D.C. Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

¹⁰ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹¹ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

of market data fees against a challenge claiming that Congress mandated a cost-based approach.¹² As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market data . . . to be made available to investors and at what cost.”¹³

Further, “[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’”¹⁴ Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The Exchange’s proposal to replace certain percentage thresholds in note 5 of Options 7, Section 2 with new percentage thresholds related to the Non-Penny Options Fee for Adding Liquidity and the Non-Penny Rebates to Add Liquidity and increase the \$0.20 per contract Non-Penny Rebate to Add Liquidity is reasonable because the amended note 5 incentives will encourage NOM Market Makers to add more Non-Penny Symbol liquidity on NOM to the benefit of all market participants that may interact with that liquidity. Also, the Exchange believes that NOM Market Makers will be encouraged to add liquidity to receive the increase \$0.30 Non-Penny Rebate to Add Liquidity. As proposed, the Exchange will require a greater amount of add NOM Market Maker liquidity in Non-Penny Symbols to be assessed no Non-Penny Options Fee for Adding Liquidity. As proposed, the Exchange will require a greater amount of add NOM Market Maker liquidity in Non-Penny Symbols in order to receive the

¹² See NetCoalition, at 534 - 535.

¹³ Id. at 537.

¹⁴ Id. at 539 (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

increased Non-Penny Rebate to Add Liquidity of \$0.20[sic] per contract and the current Non-Penny Rebate to Add Liquidity of \$0.40 per contract. Some Participants that currently receive the Non-Penny Rebate to Add Liquidity of \$0.20 per contract may receive no rebate as a result of this change. Some Participants that currently receive the Non-Penny Rebate to Add Liquidity of \$0.40 per contract may receive the proposed \$0.30 per contract rebate as a result of this change. Also, other Participants may remain unaffected.

The Exchange's proposal to replace certain percentage thresholds in note 5 of Options 7, Section 2 with new percentage thresholds related to the Non-Penny Options Fee for Adding Liquidity and the Non-Penny Rebates to Add Liquidity and increase the \$0.20 per contract Non-Penny Rebate to Add Liquidity is equitable and not unfairly discriminatory because the Exchange will apply the proposed requirements uniformly to all qualifying NOM Market Makers. Additionally, all NOM Market Makers that qualify for the increased \$0.30 per contract Non-Penny Rebate to Add Liquidity would be paid the rebate uniformly. The Exchange does not believe that it is unfairly discriminatory to offer the note 5 incentives to only NOM Market Makers because these market participants add value through continuous quoting and the commitment of capital.¹⁵ Because NOM Market Makers have these obligations to the market and regulatory requirements that normally do not apply to other market participants, the Exchange believes that offering the note 5 incentives to only NOM Market Makers is equitable and not unfairly discriminatory in light of their obligations. Finally, encouraging NOM Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The

¹⁵ See Options 2, Sections 4 and 5.

Exchange believes its proposal remains competitive with other options markets and will offer market participants with another venue in which to submit orders. 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. 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.

Intra-market Competition

The Exchange's proposal to replace certain percentage thresholds in note 5 of Options 7, Section 2 with new percentage thresholds related to the Non-Penny Options Fee for Adding Liquidity and the Non-Penny Rebates to Add Liquidity and increase the \$0.20 per contract Non-Penny Rebate to Add Liquidity does not impose an undue burden on competition because the Exchange will apply the proposed requirements uniformly to all qualifying NOM Market Makers. Additionally, all NOM Market Makers that qualify for the increased \$0.30 per contract Non-Penny Rebate to Add Liquidity would be paid the rebate uniformly. NOM Market Maker add value through continuous quoting and the commitment of capital.¹⁶ Because NOM Market Makers have these obligations to the market and regulatory requirements that normally do not apply to other market participants, the Exchange believes that offering the note 5 incentives to only NOM Market Makers does not impose an undue burden on competition in light of their obligations. Finally, encouraging NOM Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

¹⁶ See Options 2, Sections 4 and 5.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹⁷

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2025-058 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.

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to file number SR-NASDAQ-2025-058. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2025-058 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

J. Matthew DeLesDernier,
Deputy Secretary.

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¹⁸ 17 CFR 200.30-3(a)(12).