8011-01-P

This document is scheduled to be published in the Federal Register on 2026-10-09 and available online at https://www.federalregister.gov/d/2026-20711, and on https://govinfo.gov

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106607; File No. SR-NASDAQ-2026-086]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Exchange's Transaction Fees at Nasdaq Equity 7, Section 118, to Establish a Tier of Credit for Non-Displayed Orders (Other Than Supplemental Orders) That Provide Liquidity

October 6, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1], and Rule 19b-4 thereunder,[2] notice is hereby given that on September 30, 2026, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Exchange's transaction fees at Nasdaq Equity 7, Section 118, to establish a tier of credit for non-displayed orders (other than Supplemental Orders) that provide liquidity.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on October 1, 2026.

The text of the proposed rule change is available on the Exchange's website at https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings, and at the principal office of the Exchange.

---

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

2 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend the Exchange's schedule of credits, at Equity 7, Section 118(a)(1), which applies to the use of the order execution and routing services of the Nasdaq Market Center for all securities priced at $1 or more. Until the end of August 2026, the Exchange provided a credit to members for non-displayed orders (other than Supplemental Orders) that provide liquidity. Specifically, the Exchange provided a credit tier ("Old Credit Tier") of $0.0015 per share executed in Tape A or Tape B, and $0.0010 per share executed in Tape C. The Old Credit Tier was available to a member that (i) provided 0.10% or more of Consolidated Volume[3] though non-displayed orders (other than midpoint orders) and (ii) increased providing non-displayed liquidity (other than midpoint orders) by 30% or more relative to the member's February 2026 Consolidated Volume provided through non-displayed orders (other than midpoint orders). The Old Credit Tier expired at the end of August 2026.[4]

The Exchange proposes to institute a new version of this credit tier ("New Credit Tier"). The amounts of the New Credit Tier will remain as they were under the expired Old Credit Tier

---

3 Equity 7, Section 118(a) defines Consolidated Volume as 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.

4 See Securities Exchange Act Release No. 105149 (Apr. 3, 2026), 91 FR 17821 (Apr. 8, 2026) (File No. SR-NASDAQ-2026-024) ("Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Exchange's Transaction Fees at Nasdaq Equity 7, Section 118, To Update and Extend a Tier of Credit for Non-Displayed Orders (Other Than Supplemental Orders) That Provide Liquidity").

(i.e.: $0.0015 per share executed in Tape A or Tape B, and $0.0010 per share executed in Tape C). However, the criteria to qualify for the New Credit Tier will change in three ways when compared to the criteria to qualify for the Old Credit Tier: (1) setting the reference month to qualify for the credit tier to August 2026, (2) setting at 5% the level of increased non-displayed liquidity provided (other than midpoint orders) to qualify for the credit tier, and (3) setting a new expiration date of February 2027.

The Exchange believes that the New Credit Tier will incentivize members to increase their non-displayed liquidity (other than midpoint orders) providing activity on the Exchange, which will improve overall market quality.

The Exchange has designated these amendments to Equity 7, Section 118, to be operative on October 1, 2026. Therefore, in accordance with the Rule of Interpretation[5] in Equity 7, Section 118, the Exchange will begin to apply the New Credit Tier on October 1, 2026, based on a member's qualifying transaction volume during the month of September 2026.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[6] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[7] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposed change to its schedule of credits is reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that

---

5 "Rule of Interpretation: In compliance with Reg NMS Rule 610(d), effective February 2, 2026, for purposes of determining quoting or transaction volumes for fees and incentives qualifications under Section 118(a), (d), (j), and (k), all volume figures will be derived from quoting or trading activity in the prior month. Consequently, new members will receive the base rates in their first month of trading."

6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(4) and (5).

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'…."[8]

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."[9]

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

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

---

8 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782-83 (Dec. 9, 2008) (SR-NYSEArca-2006-21)).

9 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to establish the New Credit Tier. This New Credit Tier will encourage members to increase their non-displayed liquidity (other than midpoint orders) providing activity on the Exchange, which will improve overall market quality, to the benefit of all market participants. Instituting a 6-month sunset for the comparative baseline ensures that the baseline being used for the credit tier does not become outdated. To the extent that the Exchange succeeds in increasing the levels of liquidity and activity on the Exchange, then the Exchange will experience improvements in its market quality, which stands to benefit all market participants. The Exchange notes that the New Credit Tier is voluntary. The Exchange further believes that the New Credit Tier is not unfairly discriminatory because it will be applied uniformly to all members that meet the specified criteria.

The Exchange notes that if there are market participants who are dissatisfied with the proposal, they are free to shift their order flow to competing venues that may offer them more generous pricing or less stringent qualifying criteria.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

In terms of intermarket competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate or credit opportunities available at other venues to be more favorable. As one can observe by looking at any market share chart, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes. In such an environment, the Exchange must continually adjust its fees and credits to remain competitive with other exchanges and with

alternative trading systems that have been exempted from compliance with the statutory and regulatory standards applicable to national securities exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which the New Credit Tier in this market may impose any burden on competition is extremely limited.

In terms of intramarket competition, the Exchange does not believe that its proposal will place any category of Exchange participant at a competitive disadvantage. In this instance, the New Credit Tier is intended to incentivize liquidity-adding activity on the Exchange, and it does not impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. By offering the New Credit Tier to market participants that meet certain criteria, the Exchange is enhancing its appeal as a trading venue and encouraging increased participation in its order execution and routing processes, while maintaining a competitive pricing structure. An increase in the activity of these market participants—particularly in response to pricing—facilitates tighter spreads. This may cause an additional corresponding increase in order flow from other market participants, which would be to the benefit of all market participants.

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

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[10]

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-2026-086 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-NASDAQ-2026-086. 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).

---

[10] 15 U.S.C. 78s(b)(3)(A)(ii).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-NASDAQ-2026-086 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.[11]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-20711 Filed: 10/8/2026 8:45 am; Publication Date: 10/9/2026]

[11] 17 CFR 200.30-3(a)(12).