SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82493; File No. SR–NASDAQ–2018–001]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Transaction Credits at Rule 7018(a)

January 12, 2018.

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 January 2, 2018, The Nasdaq Stock Market LLC (''Nasdaq'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to a proposal to amend transaction credits at Rule 7018(a) to: (i) Decrease a $0.00295 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity to $0.0029; (ii) include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; (iii) increase the level of Consolidated Volume required to receive a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; and (iv) delete a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity.

The text of the proposed rule change is available on the Exchange's website at *http://nasdaq.cchwallstreet.com/,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The purpose of the proposed rule change is to amend Rule 7018(a) (the ''Rule''): (i) Decrease a $0.00295 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity to $0.0029; (ii) include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; (iii) increase the level of Consolidated Volume[3] required to receive a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity; and (iv) delete a $0.0029 per share executed credit provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Rule 7018 sets forth the fees and credits for use of the order execution and routing services of Nasdaq for securities priced at $1 or more. Rule 7018(a)(1) sets forth the fees and credits for the execution and routing of orders in Nasdaq-listed securities (''Tape C Securities''); Rule 7018(a)(2) sets forth the fees and credits for the execution and routing of securities listed on the New York Stock Exchange LLC (''Tape A Securities''); and Rule 7018(a)(3) sets forth the fees and credits for the execution and routing of securities listed on exchanges other than Nasdaq and NYSE (''Tape B Securities'') (collectively, the ''Tapes''). As noted above, the Exchange is proposing to make identical changes to each of the related tiers for each of the Tapes.

First Change

The purpose of the first change is to reduce the credit provided for a credit tier under Rules 7018(a)(1), (2) and (3). Specifically, under Rules 7018(a)(1), (2) and (3) the Exchange provides a $0.00295 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To be eligible to receive the credit under each of the rules, a member must 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 ADV in the customer clearing range for Equity and ETF option contracts per day in a month on The Nasdaq Options Market. The Exchange is proposing to reduce the credit provided by the credit tier under paragraphs (1), (2) and (3) to $0.0029 per share executed.

Second Change

The purpose of the second change is to include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity to qualify for a $0.0028 per share executed credit for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity under paragraphs (1), (2) and (3) of the Rule. The credit is provided to a member that has shares of liquidity provided in the Opening and Closing Crosses, excluding Market-on-Close, Limit-on-Close, Market-on-Open, Limit-on-Open, Good-til-Cancelled, and Immediate-or-Cancel orders, through one or more of its Nasdaq Market Center MPIDs that represent more than 0.01% of Consolidated Volume during the month. The Exchange is proposing to include Limit-on-Close orders entered

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

[2] 17 CFR 240.19b–4.

[3] Rule 7018(a) defines Consolidated Volume to 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 a member's trading activity 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.''

between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating the members shares of liquidity, and therefore eligibility for the credit under paragraphs (1), (2) and (3) of the Rule. By including these Limit-on-Close orders, the credit will be more attainable to a member because fewer shares will be excluded from the shares of liquidity calculation used in comparison to the member's Consolidated Volume during the month. The Exchange believes that the proposed change may provide incentive to members to increase their Limit-on-Close order activity between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for participation in the Nasdaq Closing Cross, thereby reducing Imbalances,[4] and increasing the quality of the cross.

Third Change

The purpose of the third change is to increase the level of Consolidated Volume required to receive a $0.0029 per share executed credit under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently, under Rules 7018(a)(1), (2) and (3), the Exchange provides a $0.0029 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To qualify for the credit, a member must have shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.30% of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than Nasdaq or NYSE that represent more than 0.10% of Consolidated Volume. The Exchange is proposing to increase the level of total Consolidated Volume required to qualify for the to $0.0029 per share executed credit tier under paragraphs (1), (2) and (3) from 0.30% to 0.40% per month.

Fourth Change

The purpose of the fourth change is to delete a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity. Currently under Rules 7018(a)(1), (2) and (3), the Exchange provides a $0.0029 per share executed credit to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) in Tape C, A and B securities, respectively, that provide liquidity. To qualify for the credit, a member must have shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.80% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month. The Exchange has observed that the credit tier has not been successful in significantly improving market quality as very few members qualify for the credit tier. Accordingly, the Exchange is eliminating the credit tier under Rules 7018(a)(1), (2) and (3).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[6] 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.

First Change

The Exchange believes that decreasing the $0.00295 per share executed credit under paragraphs (1), (2) and (3) of the Rule provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the amount of the credit is either comparable or identical to other credits that the Exchange offers pursuant to Rule 7018(a), and it believes that the requirements are comparable to other requirements needed to qualify for other credits. For example, under paragraphs (1), (2) and (3) of the Rule the Exchange currently provides a $0.0029 per share executed credit to members for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity if the member has shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent more than 0.60% of Consolidated Volume during the month. Consequently, the Exchange believes that proposed credit is consistent with other credits offered by the Exchange and therefore reasonable.

The Exchange believes that the amended credit will continue to be equitably allocated and not unfairly discriminatory. The proposed reduction in the credit provided is reflective of the Exchange's need to balance the incentives that it provides in return for the market improving behavior it seeks to incentivize. The Exchange notes that the proposed change applies to securities of all Tapes and it will apply to all members of Nasdaq. A member is free to determine whether the amended credit is adequate for it to continue NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non- Penny Pilot Options required by the credit tier. As discussed above, a member has other opportunities to qualify for the same or similar credits based on different criteria.

Second Change

The Exchange believes that the proposed change to include Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity in a credit tier under paragraphs (1), (2) and (3) of the Rule provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the Exchange is not changing the amount of the credit, which has been addressed in previous filings,[7] and it believes that the amount of the credit continues to be reasonable because it remains unchanged. Including Limit-on-Close Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity is reasonable because it provides incentive to members to improve the market by increasing liquidity in the Nasdaq Closing Cross. Moreover, the Exchange does not currently exclude Imbalance Only Orders from the calculation of shares of liquidity, and the Exchange believes that LOC Orders entered between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET provide a similar function as Imbalance Only Orders in that they help avoid order Imbalances and, consequently they should be included in the calculation of shares of liquidity.

The Exchange believes that proposed change to include Limit-on-Close orders entered between 3:50 p.m. ET and

[4] ''Imbalance'' means the number of shares of buy or sell MOC or LOC Orders that cannot be matched with other MOC or LOC, or IO Order shares at a particular price at any given time. *See* Rule 4754(a)(2).

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

[6] 15 U.S.C. 78f(b)(4) and (5).

[7] *See, e.g.,* Securities Exchange Act Release No. 72810 (August 11, 2014), 79 FR 48281 (August 15, 2014) (SR–NASDAQ–2014–078).

immediately prior to 3:55 p.m. ET for purposes of calculating shares of liquidity in a credit tier provided under paragraphs (1), (2) and (3) of the Rule for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit qualification criteria to all similarly situated members. The Exchange recently amended Rule 4702(b)(12) to allow entry of LOC orders between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET.[8] Prior to the change, between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET an LOC order could only be cancelled, and only if the member requests that Nasdaq correct a legitimate error in the Order (*e.g.,* Side, Size, Symbol, or Price, or duplication of an Order). As described in greater detail in its proposal, the Exchange believes that permitting members to enter LOC orders later in the trading day encourages additional participation in the Nasdaq Closing Cross, thereby reducing Imbalances, and increasing the quality of the cross.[9] The proposed change to the credit tier under paragraphs (1), (2) and (3) of the Rule is designed to provide incentive to members to enter LOCs later in the trading day by including them in the eligibility calculation to receive the credit.

Third Change

The Exchange believes that the proposed change to increase the level of Consolidated Volume to qualify for a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is reasonable because the Exchange is not changing the amount of the credit, which has been addressed in previous filings,[10] and it believes that the credit continues to be reasonable because it remains unchanged. As discussed above, the Exchange provides other $0.0029 per share executed credits under paragraphs (1), (2) and (3) of the Rule.

The Exchange believes that proposed change to increase the level of Consolidated Volume to qualify for a $0.0029 per share executed credit provided for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity is an equitable allocation and is not unfairly discriminatory because the amended criteria will apply to all members. Specifically, increasing the qualification criteria of the credit will apply all members uniformly, with each member free to determine whether providing the increased level of Consolidated Volume to qualify for the credit is appropriate for its business. Although some members may no longer qualify for the credit tier based on the amended qualification criteria, the Exchange notes that there are other $0.0029 per share executed credits available for securities of all the Tapes for which a member may qualify if it cannot qualify under the amended credit tier qualification requirement. Moreover, the proposed increase in Consolidated Volume will bring the credit's qualification requirements closer to the next higher credit tier of $0.0030 per share executed, which is provided to members that have shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.575% or more of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than Nasdaq or NYSE that represent 0.10% or more of Consolidated Volume. Accordingly, the Exchange believes that the proposed change is an equitable allocation and is not unfairly discriminatory.

Fourth Change

Elimination of the $0.0029 per share executed credit provided to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity in securities of each of the Tapes is reasonable because the credit has been unsuccessful at providing an incentive to members and in turn it has not provided a significant improvement to market quality on Nasdaq. Consequently, the Exchange believes that it should eliminate the credit to focus its limited funds on other incentives to improve market quality. The Exchange notes that members will continue to have the opportunity to qualify for credits of $0.0029 per share executed in securities of each of the Tapes. Accordingly, the Exchange believes eliminating this credit is reasonable.

The Exchange believes that elimination of the $0.0029 per share executed credit provided to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity in securities of each of the Tapes is an equitable allocation and is not unfairly discriminatory because it has been ineffective at significantly improving market quality as very few members qualify for the credit. Consequently, the credit is no longer needed. As noted above, the Exchange has limited funds to apply toward incentives, and although an incentive may not significantly achieve its goal of improving market quality, it may nonetheless result in a cost to the Exchange. Eliminating the credit will allow the Exchange deploy its limited funds to incentives in securities or other areas designed to improve market quality. Members will continue to have the opportunity to receive the same or similar rebates based on similar criteria as required by the tier that is being eliminated. For example, the Exchange provides a credit of $0.0025 per share executed to a member for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity if the member has shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.45% of Consolidated Volume during the month; provided that the member also provides a daily average of at least 2 million shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs during the month. Accordingly, the Exchange believes that eliminating the credit is an equitable allocation and is not unfairly discriminatory.

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. In terms of inter-market 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 opportunities available at other venues to be more favorable. 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 standards applicable to 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 fee and credit changes in this

[8] *See* Securities Exchange Act Release No. 81930 (October 24, 2017), 82 FR 50198 (October 30, 2017) (SR–NASDAQ–2017–107).

[9] *Id.*

[10] *See, e.g.,* Securities Exchange Act Release No. 64453 (May 10, 2011), 76 FR 28252 (May 16, 2011) (SR–NASDAQ–2011–062).

market may impose any burden on competition is extremely limited.

In this instance, the proposed changes to the credits available to members for execution of securities in securities of all three Tapes do not impose a burden on competition because the Exchange's execution services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The Exchange is proposing to decrease the amount of credit provided, increase the qualification requirement to receive a credit, eliminate a credit that has been unsuccessful at improving market quality significantly, and ease the criteria of a credit in an effort to improve market quality in the Nasdaq Closing Cross. These changes are reflective of the Exchange's need to balance the incentives that it provides in return for the market improving behavior it seeks to incentivize. As discussed above, the Exchange has limited funds to apply toward incentives, and therefore must adjust the amount of credit provided, change credit tier qualification criteria, and in some cases discontinue credits altogether, to ensure that it has applied those limited funds most efficiently.

In sum, if the changes proposed herein are 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 changes 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.[11]

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 (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–NASDAQ–2018–001 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–2018–001. 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–2018–001, and should be submitted on or before February 9, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[12]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–00850 Filed 1–18–18; 8:45 am]

BILLING CODE 8011–01–P

[11] 15 U.S.C. 78s(b)(3)(A)(ii).

[12] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments

ACTION: 60-Day notice and request for comments.

SUMMARY: As required by the Paperwork Reduction Act (PRA) the Small Business Administration (SBA) announces its intention to request approval from the Office of Management and Budget (OMB) of the reporting requirements described below. Under the PRA federal agencies are required to publish a notice in the **Federal Register** concerning each collection of information before it is submitted to OMB for review and approval, and to allow 60 days for public comment on the notice. This notice complies with that requirement.

DATES: Submit comments on or before March 15, 2018.

ADDRESSES: Send all comments to Michael Donadieu, Director, Office of SBIC Examinations, Office of Investment and Innovation, Small Business Administration, 409 3rd Street, 6th Floor, Washington, DC 20416. Email: *michael.donadieu@sba.gov.*

FOR FURTHER INFORMATION CONTACT: Curtis B. Rich, Management Analyst, 202–205–7030, *curtis.rich@sba.gov.*

SUPPLEMENTARY INFORMATION: The *Small Business Investment Act of 1958, as amended,* requires SBA to examine small business investment companies, (''SBICs'' or ''Licensees''). The statute requires examination at least every two years; however, generally SBA aims to examine SBICs more frequently. Specifically, SBA's goal is to examine Leveraged licensees (SBICs with outstanding leverage, commitments, or earmarked assets) on a 12-month cycle and Non-leveraged licensees on a 18-month cycle. For newly licensed SBICs, the initial examination generally is conducted within six months of licensing.

At the time SBA notifies the SBIC of the pending examination, the agency also identifies certain information the SBIC will be required to submit at the commencement of the examination process to assist examiners in planning the examination. Additionally, the information will provide a basis for: (a)