

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 25

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2022 - \* 069

Amendment No. (req. for Amendments \*)

Filing by The Nasdaq Stock Market LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

### Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

A proposal to clarify when Immediate or Cancel Orders for halted securities are cancelled by amending Equity 4, Rule 4753 and Equity 4, Rule 4703.

### Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Katie Last Name \* Hopkins

Title \* Associate General Counsel

E-mail \* Katie.Hopkins@nasdaq.com

Telephone \* (301) 232-4067 Fax

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, The Nasdaq Stock Market LLC has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 11/25/2022


(Title \*)

By John Zecca

EVP and Chief Legal Officer

(Name \*)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

 Date: 2022.11.25 13:00:43 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information \***

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SR-NASDAQ-2022-069 19b-4.doc

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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SR-NASDAQ-2022-069 Exhibit 1.doc

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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SR-NASDAQ-2022-069 Exhibit 5.doc

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to clarify when Immediate or Cancel Orders for halted securities are cancelled by amending Equity 4, Rule 4753 and Equity 4, Rule 4703.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”). Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Katie Hopkins  
Associate General Counsel  
Nasdaq, Inc.  
301-232-4067

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

a. Purpose

First, the Exchange proposes to amend Equity 4, Rule 4753<sup>3</sup>, which governs the Nasdaq Halt Cross process, to clarify the Exchange’s existing practice that (1) any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross and for which the halt remains in effect at the commencement of the Nasdaq Closing Cross, is cancelled immediately after the Nasdaq Closing Cross; and (2) any IOC Order for a halted security that is entered after the Nasdaq Closing Cross and for which the halt remains in effect at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), is cancelled at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). Second, the Exchange proposes to delete the Time-in-Force definition of “System Hours Immediate or Cancel” or “SIOC” contained in Equity 4, Rule 4703(a)(1) to avoid confusion. Finally, the Exchange proposes adding a cross-reference to Rule 4703(a)(1), which would reference the new language in Rule 4753.

An Order with a Time in Force of “Immediate or Cancel” or “IOC” is designated to deactivate or execute, as applicable, immediately after determining whether the Order is marketable. However, if an IOC Order is entered for a halted security, the System cannot determine the marketability of the Order. Assuming trading of the halted security does not resume, the Order is cancelled, either after the Nasdaq Closing Cross if the Order is entered prior to the Nasdaq Closing Cross or at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) if the Order is entered after the Nasdaq Closing

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<sup>3</sup> Hereinafter, references to the Rule 4000 Series shall mean the Rule Series set forth in Equity 4 of the Exchange’s Rulebook.

Cross. The proposed rule change is specific to IOC Orders for halted securities (for which a halt cross will occur).<sup>4</sup>

When an IOC Order for a halted security is received prior to the Nasdaq Closing Cross, the Order remains valid until the Nasdaq Closing Cross. If the security remains halted at the commencement of the Nasdaq Closing Cross, the Exchange cancels the Order immediately after the Nasdaq Closing Cross. For example, consider Stock A is halted at 11:00 a.m. ET. The Exchange receives an IOC Order for Stock A at 2:00 p.m. ET. The Nasdaq Closing Cross commences at 4:00 p.m. ET and Stock A remains halted. The IOC Order for Stock A is cancelled immediately after the Nasdaq Closing Cross. This practice is consistent with customer expectations and how the Exchange currently operates. If the halt is lifted prior to the Nasdaq Closing Cross, the Orders execute in the re-opening auction, if marketable, or otherwise cancel. To the extent the halt remains in place at the commencement of the Nasdaq Closing Cross, participants do not expect the Orders to remain eligible after hours and therefore, expect the IOC Orders to expire immediately after the Nasdaq Closing Cross.<sup>5</sup> If the IOC Order for Stock A described above was not cancelled after the Nasdaq Closing Cross and the halt was lifted in the extended trading hours, the Order could get filled at an unexpected price, particularly during extended trading hours when many securities are thinly traded.

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<sup>4</sup> During any trading halt or pause for which a halt cross under Rule 4753 will not occur, orders entered during the trading halt or pause are not accepted, unless subject to instructions that the order will be directed to another exchange as described in Rule 4758. Rule 4120(c)(4)(B).

<sup>5</sup> This is akin to the Exchange's practice to deactivate day orders after the Nasdaq Closing Cross. See Rule 4703(a)(5). The practice is also consistent with the definition of "Market Hours Immediate of Cancel" or "MIOC." See Rule 4703(a)(1).

When an IOC Order for a halted security is received after the Nasdaq Closing Cross, the Order remains valid until 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). If the security remains halted at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), the Exchange cancels the Order at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). For example, consider Stock A is halted at 11:00 a.m. ET. The Exchange receives an IOC Order for Stock A at 4:01 pm ET, after the Nasdaq Closing Cross. In this example, the IOC Order for Stock A remains valid until 8:00 p.m. ET. If the security remains halted at 8:00 p.m. ET, the Order is cancelled at that time. This practice is consistent with customer expectations and how the Exchange currently operates. Participants who enter IOC Orders for halted securities after the Nasdaq Closing Cross intend for the Order to be eligible for execution in the extended hours session, ending at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). If the Orders were not cancelled, the security may resume trading and the Order may be filled at a price not expected by the customer.

Notwithstanding the absence of express language in the Rules, the Exchange believes that the current practice is consistent with customer expectations. The Exchange is aware of no customer confusion on the issue. Nevertheless, the Exchange believes that the existing Rules would benefit from clarification so as to avoid the potential for any confusion in the future. Accordingly, the Exchange proposes to add a new section (e) to Rule 4753 to codify the existing practice.

In addition, the Exchange proposes to delete the Time-in-Force definition of “System Hours Immediate or Cancel” or “SIOC” from Equity 4, Rule 4703(a)(1). Specifically, the Exchange proposes to delete the following language:

An Order with a Time-in-Force of IOC that is entered at any time between 4:00 a.m. ET and 8:00 p.m. ET may be referred to as having a Time-in-Force of "System Hours Immediate or Cancel" or "SIOC".

The defined term "System Hours Immediate or Cancel" or "SIOC" is not referenced elsewhere in Nasdaq's Rules. Moreover, the language and purpose thereof are unclear. The Exchange believes that the language should be deleted to avoid confusion as the definitions of "Market Hours Immediate or Cancel" or "MIOC" and SIOC include overlapping hours. Furthermore, in the case of IOC Order for halted securities, the SIOC definition does not make clear the current practice that any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross is cancelled immediately after the Nasdaq Closing Cross if the security remains halted at the commencement of the Nasdaq Closing Cross. The Exchange also proposes adding a cross-reference to Rule 4703(a)(1), which would reference the new language in Rule 4753. The Exchange believes that the proposed deletion and cross-reference in Rule 4703, coupled with proposed Rule 4753(e), would help to avoid the potential for any confusion in the future.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

The Exchange believes that it is just and equitable, and in the interests of the public and investors, for the Exchange to (1) remove unnecessary language from and add a cross-reference in Rule 4703 and (2) amend Rule 4753 to clarify the Exchange's existing practice to cancel IOC Orders for halted securities as described above. The Exchange believes that the public and investors will benefit from increased clarity, which will help limit any potential confusion in the future.

The Exchange also believes that the Exchange's existing practice that (1) any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross and for which the halt remains in effect at the commencement of the Nasdaq Closing Cross, is cancelled immediately after the Nasdaq Closing Cross; and (2) any IOC Order for a halted security that is entered after the Nasdaq Closing Cross and for which the halt remains in effect at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), is cancelled at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) is consistent with the protection of investors and the public interest. This practice is consistent with both current practice and investor expectations. It helps to avoid unexpected executions that might occur if such Orders are not cancelled and there are significant changes in the price of the security once the halt is lifted, thereby protecting investors and the public interest. Furthermore, the Exchange believes that codifying its current practice to cancel IOC Orders for halted securities as described above, consistent with customer expectations, is designed to promote just and equitable principles of trade and remove impediments to and perfect the mechanisms of a free and open market as it adds clarity to the Exchange's Rules and avoids the potential for any confusion.



4. 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. The proposal merely codifies and clarifies an existing practice of the Exchange to cancel IOC Orders for halted securities immediately after the Nasdaq Closing Cross in the case of an Order entered prior to the Nasdaq Closing Cross where the security remains halted upon commencement of the Nasdaq Closing Cross and at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) in the case of an Order entered after the Nasdaq Closing Cross where the security remains halted at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). The Exchange would also make technical changes to improve the clarity of the proposal. The proposed changes are designed to more clearly describe an existing practice and make technical and conforming changes to the Rules without changing existing practice and, therefore, the Exchange believes that the proposed changes will not impose a burden on competition.

5. 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.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>8</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>9</sup> in that it effects a change

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposal does not significantly affect the protection of investors or the public interest insofar as it is intended only to clarify and codify an existing practice of the Exchange with respect to cancelling IOC Orders for halted securities and make technical and conforming changes to improve the clarity of the proposal. The practice of the Exchange to cancel IOC Orders for a halted security entered prior to the Nasdaq Closing Cross immediately after the Nasdaq Closing Cross where the security remains halted upon commencement of the Nasdaq Closing Cross and to cancel IOC Orders for a halted security entered after the Nasdaq Closing Cross at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) where the security remains halted at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) is in the interest of investors as it is consistent with current practice and investor expectations. This practice helps to avoid IOC Orders being filled at an unexpected price.

The Exchange believes that the proposal does not impose any significant burden on competition. As described above, the proposal is intended to clarify and codify an existing practice of the Exchange with respect to cancelling IOC Orders for halted securities. The proposed changes do not impact the ability of any market participant or trading venue to compete, but rather are intended to clarify rule language and to promote

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<sup>9</sup> 17 CFR 240.19b-4(f)(6).

fair and orderly markets in the trading of the securities covered by the proposed rule changes.

Furthermore, Rule 19b-4(f)(6)(iii)<sup>10</sup> requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the Exchange can immediately clarify and eliminate any potential confusion as to cancellation of IOC Orders for halted securities.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.

5. Text of the proposed rule change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-NASDAQ-2022-069)

November \_\_, 2022

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 4, Rule 4753 and Equity 4, Rule 4703

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 25, 2022, 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 clarify when Immediate or Cancel Orders for halted securities are cancelled by amending Equity 4, Rule 4753 and Equity 4, Rule 4703. 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.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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

First, the Exchange proposes to amend Equity 4, Rule 4753<sup>3</sup>, which governs the Nasdaq Halt Cross process, to clarify the Exchange's existing practice that (1) any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross and for which the halt remains in effect at the commencement of the Nasdaq Closing Cross, is cancelled immediately after the Nasdaq Closing Cross; and (2) any IOC Order for a halted security that is entered after the Nasdaq Closing Cross and for which the halt remains in effect at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), is cancelled at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). Second, the Exchange proposes to delete the Time-in-Force definition of "System Hours Immediate or Cancel" or "SIOC" contained in Equity 4, Rule 4703(a)(1) to avoid confusion. Finally, the Exchange proposes adding a cross-reference to Rule 4703(a)(1), which would reference the new language in Rule 4753.

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<sup>3</sup> Hereinafter, references to the Rule 4000 Series shall mean the Rule Series set forth in Equity 4 of the Exchange's Rulebook.

An Order with a Time in Force of “Immediate or Cancel” or “IOC” is designated to deactivate or execute, as applicable, immediately after determining whether the Order is marketable. However, if an IOC Order is entered for a halted security, the System cannot determine the marketability of the Order. Assuming trading of the halted security does not resume, the Order is cancelled, either after the Nasdaq Closing Cross if the Order is entered prior to the Nasdaq Closing Cross or at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) if the Order is entered after the Nasdaq Closing Cross. The proposed rule change is specific to IOC Orders for halted securities (for which a halt cross will occur).<sup>4</sup>

When an IOC Order for a halted security is received prior to the Nasdaq Closing Cross, the Order remains valid until the Nasdaq Closing Cross. If the security remains halted at the commencement of the Nasdaq Closing Cross, the Exchange cancels the Order immediately after the Nasdaq Closing Cross. For example, consider Stock A is halted at 11:00 a.m. ET. The Exchange receives an IOC Order for Stock A at 2:00 p.m. ET. The Nasdaq Closing Cross commences at 4:00 p.m. ET and Stock A remains halted. The IOC Order for Stock A is cancelled immediately after the Nasdaq Closing Cross. This practice is consistent with customer expectations and how the Exchange currently operates. If the halt is lifted prior to the Nasdaq Closing Cross, the Orders execute in the re-opening auction, if marketable, or otherwise cancel. To the extent the halt remains in place at the commencement of the Nasdaq Closing Cross, participants do not expect the Orders to remain eligible after hours and therefore, expect the IOC Orders to expire

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<sup>4</sup> During any trading halt or pause for which a halt cross under Rule 4753 will not occur, orders entered during the trading halt or pause are not accepted, unless subject to instructions that the order will be directed to another exchange as described in Rule 4758. Rule 4120(c)(4)(B).

immediately after the Nasdaq Closing Cross.<sup>5</sup> If the IOC Order for Stock A described above was not cancelled after the Nasdaq Closing Cross and the halt was lifted in the extended trading hours, the Order could get filled at an unexpected price, particularly during extended trading hours when many securities are thinly traded.

When an IOC Order for a halted security is received after the Nasdaq Closing Cross, the Order remains valid until 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). If the security remains halted at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), the Exchange cancels the Order at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). For example, consider Stock A is halted at 11:00 a.m. ET. The Exchange receives an IOC Order for Stock A at 4:01 pm ET, after the Nasdaq Closing Cross. In this example, the IOC Order for Stock A remains valid until 8:00 p.m. ET. If the security remains halted at 8:00 p.m. ET, the Order is cancelled at that time. This practice is consistent with customer expectations and how the Exchange currently operates. Participants who enter IOC Orders for halted securities after the Nasdaq Closing Cross intend for the Order to be eligible for execution in the extended hours session, ending at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). If the Orders were not cancelled, the security may resume trading and the Order may be filled at a price not expected by the customer.

Notwithstanding the absence of express language in the Rules, the Exchange believes that the current practice is consistent with customer expectations. The Exchange is aware of no customer confusion on the issue. Nevertheless, the Exchange believes that

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<sup>5</sup> This is akin to the Exchange's practice to deactivate day orders after the Nasdaq Closing Cross. See Rule 4703(a)(5). The practice is also consistent with the definition of "Market Hours Immediate of Cancel" or "MIOC." See Rule 4703(a)(1).



the existing Rules would benefit from clarification so as to avoid the potential for any confusion in the future. Accordingly, the Exchange proposes to add a new section (e) to Rule 4753 to codify the existing practice.

In addition, the Exchange proposes to delete the Time-in-Force definition of “System Hours Immediate or Cancel” or “SIOC” from Equity 4, Rule 4703(a)(1).

Specifically, the Exchange proposes to delete the following language:

An Order with a Time-in-Force of IOC that is entered at any time between 4:00 a.m. ET and 8:00 p.m. ET may be referred to as having a Time-in-Force of "System Hours Immediate or Cancel" or "SIOC".

The defined term “System Hours Immediate or Cancel” or “SIOC” is not referenced elsewhere in Nasdaq’s Rules. Moreover, the language and purpose thereof are unclear. The Exchange believes that the language should be deleted to avoid confusion as the definitions of “Market Hours Immediate or Cancel” or “MIOC” and SIOC include overlapping hours. Furthermore, in the case of IOC Order for halted securities, the SIOC definition does not make clear the current practice that any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross is cancelled immediately after the Nasdaq Closing Cross if the security remains halted at the commencement of the Nasdaq Closing Cross. The Exchange also proposes adding a cross-reference to Rule 4703(a)(1), which would reference the new language in Rule 4753. The Exchange believes that the proposed deletion and cross-reference in Rule 4703, coupled with proposed Rule 4753(e), would help to avoid the potential for any confusion in the future.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange believes that it is just and equitable, and in the interests of the public and investors, for the Exchange to (1) remove unnecessary language from and add a cross-reference in Rule 4703 and (2) amend Rule 4753 to clarify the Exchange's existing practice to cancel IOC Orders for halted securities as described above. The Exchange believes that the public and investors will benefit from increased clarity, which will help limit any potential confusion in the future.

The Exchange also believes that the Exchange's existing practice that (1) any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross and for which the halt remains in effect at the commencement of the Nasdaq Closing Cross, is cancelled immediately after the Nasdaq Closing Cross; and (2) any IOC Order for a halted security that is entered after the Nasdaq Closing Cross and for which the halt remains in effect at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), is cancelled at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) is consistent with the protection of investors and the public interest. This practice is consistent with both current practice and investor expectations. It helps to avoid unexpected executions that might occur if such Orders are not cancelled and there are

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

significant changes in the price of the security once the halt is lifted, thereby protecting investors and the public interest. Furthermore, the Exchange believes that codifying its current practice to cancel IOC Orders for halted securities as described above, consistent with customer expectations, is designed to promote just and equitable principles of trade and remove impediments to and perfect the mechanisms of a free and open market as it adds clarity to the Exchange's Rules and avoids the potential for any confusion.

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. The proposal merely codifies and clarifies an existing practice of the Exchange to cancel IOC Orders for halted securities immediately after the Nasdaq Closing Cross in the case of an Order entered prior to the Nasdaq Closing Cross where the security remains halted upon commencement of the Nasdaq Closing Cross and at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close) in the case of an Order entered after the Nasdaq Closing Cross where the security remains halted at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close). The Exchange would also make technical changes to improve the clarity of the proposal. The proposed changes are designed to more clearly describe an existing practice and make technical and conforming changes to the Rules without changing existing practice and, therefore, the Exchange believes that the proposed changes will not impose a burden on competition.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. 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

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2022-069 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-2022-069. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2022-069 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined>.

**The Nasdaq Stock Market LLC Rules**

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**Equity Rules**

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**Equity 4: Equity Trading Rules**

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**4703. Order Attributes**

As described in Rule 4702, the following Order Attributes may be assigned to those Order Types for which they are available.

**(a) Time-in-Force**

The "**Time-in-Force**" assigned to an Order means the period of time that the Nasdaq Market Center will hold the Order for potential execution. Participants specify an Order's Time-in-Force by designating a time at which the Order will become active and a time at which the Order will cease to be active. The available times for activating Orders are:

- The time of the Order's receipt by the Nasdaq Market Center;
- the Nasdaq Opening Cross (or 9:30 a.m. ET in the case of a security for which no Nasdaq Opening Cross occurs);
- Market Hours, beginning after the completion of the Nasdaq Opening Cross (or at 9:30 a.m. ET in the case of a security for which no Nasdaq Opening Cross occurs);
- the Nasdaq Closing Cross (or the end of Market Hours in the case of a security for which no Nasdaq Closing Cross occurs);
- 7:00 a.m. ET, in the case of an Order using the SCAN or RTFY routing strategy that is entered prior to 7:00 a.m. ET;
- 8:00 a.m. ET, in the case of an Order using the SCAN or RTFY routing strategy that is entered prior to 8:00 a.m. ET
- the beginning of the Display-Only Period, in the case of a security that is the subject of a trading halt and for which trading will resume pursuant to a halt cross; and

- the resumption of trading, in the case of a security that is the subject of a trading halt and for which trading resumes without a halt cross.

The available times for deactivating Orders are:

- "Immediate" (i.e., immediately after determining whether the Order is marketable);
- the end of Market Hours;
- the end of System Hours;
- one year after entry; or
- a specific time identified by the Participant; provided, however, that an Order specifying an expire time beyond the current trading day will be cancelled at the end of the current trading day.

Notwithstanding the Time-in-Force originally designated for an Order, a Participant may always cancel an Order after it is entered.

The following Times-in-Force are referenced elsewhere in Nasdaq's Rules by the designations noted below:

- (1) An Order that is designated to deactivate immediately after determining whether the Order is marketable may be referred to as having a Time in Force of "Immediate or Cancel" or "IOC". Except as provided in Rule 4702 with respect to Opening Cross/Market Hours Orders and Closing Cross/Extended Hours Orders, MOO, LOO, OIO, MOC, LOC and OI Orders all have a Time in Force of IOC, because they are designated for execution in the Nasdaq Opening Cross or the Nasdaq Closing Cross, as applicable, and are cancelled after determining whether they are executable in such cross. Such an Order may also be referred to as having a Time-in-Force of "On Open" or "On Close", respectively. An MOO, LOO, OIO, MOC, LOC or IO Order, or any other Order with a Time-in-Force of IOC entered between 9:30 a.m. ET and 4:00 p.m. ET, may be referred to as having a Time-in-Force of "Market Hours Immediate or Cancel" or "MIOC". [An Order with a Time-in-Force of IOC that is entered at any time between 4:00 a.m. ET and 8:00 p.m. ET may be referred to as having a Time-in-Force of "System Hours Immediate or Cancel" or "SIOC".] For IOC Orders for halted securities, see Rule 4753(e).

(2) – (8) No change.

(b) – (n) No change.

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#### **4753. Nasdaq Halt Cross**



(a) – (d) No change.

(e) Any IOC Order for a halted security that is entered prior to the Nasdaq Closing Cross and for which the halt remains in effect at the commencement of the Nasdaq Closing Cross, shall be cancelled immediately after the Nasdaq Closing Cross. Any IOC Order for a halted security that is entered after the Nasdaq Closing Cross and for which the halt remains in effect at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close), shall be cancelled at 8:00 p.m. ET (or 5:00 p.m. ET in the event of a Scheduled Early Close).

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