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

File No. * SR 2022 - * 076

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)		
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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 *).

Amend Equity 4 Rule 4754

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 * Last Name *

Title *

E-mail *

Telephone * 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 (Title *)

By
(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: 2022.12.12
16:16:17 -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-2022-076 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-2022-076 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-2022-076 Exhibit 5.doc

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”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Equity 4, Rule 4754.

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

¹ 15 U.S.C. 78s(b)(1).

² 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

The purpose of the proposed rule change is to amend Equity 4, Rule 4754³ as it relates to Close Eligible Interest.⁴ Specifically, the Exchange proposes to amend (a)(1) of Rule 4754 to specify that: (1) the System will delay processing any full cancellation request⁵ for Close Eligible Interest made during the Nasdaq Closing Cross until such time as the Nasdaq Closing Cross concludes, except for securities in a halt or pause; and (2) during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross.

The Nasdaq Closing Cross is a transparent auction process that determines a single price for the close. Members can submit Limit on Close (“LOC”) Orders,⁶ Market on Close (“MOC”) Orders,⁷ and Imbalance Only (“IO”) Orders⁸ that are available to

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

⁴ “Close Eligible Interest” means any quotation or any order that may be entered into the system and designated with a time-in-force of SDAY, SGTC, MDAY, MGTC, SHEX, or GTMC. See Rule 4754(a)(1).

⁵ Partial cancellation requests for Close Eligible Interest would continue to be processed during the Nasdaq Closing Cross.

⁶ A “Limit On Close Order” or “LOC Order” is an Order Type entered with a price that may be executed only in the Nasdaq Closing Cross or the LULD Closing Cross, and only if the price determined by the Nasdaq Closing Cross or the LULD Closing Cross is equal to or better than the price at which the LOC Order was entered. See Rule 4702(b)(12).

⁷ A “Market On Close Order” or “MOC Order” is an Order Type entered without a price that may be executed only during the Nasdaq Closing Cross. See Rule 4702(b)(11).

participate in the Nasdaq Closing Cross along with Close Eligible Interest. LOC Orders, MOC Orders, and IO Orders cannot be cancelled or modified at or after 3:58 p.m. ET (or at or after two minutes prior to the early closing time on a day when Nasdaq closes early).⁹ In contrast, currently, Close Eligible Interest on the continuous book is eligible for cancellation during the Nasdaq Closing Cross.

At 4:00 p.m. ET (or at the early closing time on a day when Nasdaq closes early), the Exchange executes the Nasdaq Closing Cross at a price determined in accordance with Rule 4754(b)(2). The cross in each security is performed sequentially in a random order each day and in total takes approximately 700 milliseconds on average. Therefore, the time between the commencement and conclusion of the Nasdaq Closing Cross for a particular security can range from less than one millisecond up to 700 milliseconds or greater. During this gap, currently, cancellations of Close Eligible Interest on the continuous book can continue to take place, which can affect the closing price of a security.

In addition to impacting the closing price of the security, allowing cancellations of Close Eligible Interest during the Nasdaq Closing Cross has another negative impact in that it causes divergence between the closing price and the Order Imbalance Indicator. The Order Imbalance Indicator disseminates information about MOC Orders, LOC Orders, IO Orders, and Close Eligible Interest and the price at which those orders would execute at the time of dissemination. The Exchange disseminates an Order Imbalance

⁸ An “Imbalance Only Order” or “IO Order” is an Order entered with a price that may be executed only in the Nasdaq Closing Cross and only against MOC Orders or LOC Orders. See Rule 4702(b)(13).

⁹ See Rule 4702(b)(11) – (13).

Indicator every second until market close beginning at 3:55 p.m. ET (or five minutes prior to the early closing time on a day when Nasdaq closes early). The Order Imbalance Indicator is intended to facilitate participation in the close. Therefore, full cancellations of Close Eligible Interest during the Nasdaq Closing Cross that cause divergences between the Order Imbalance Indicator and the closing price are undesirable.¹⁰

The proposed rule change to delay processing of any full cancellation request for Close Eligible Interest made during the Nasdaq Closing Cross until the Nasdaq Closing Cross concludes (except for securities in a halt or pause) would better align with the practice to not allow cancellations of other orders available to participate in the Nasdaq Closing Cross (i.e., LOC Orders, MOC Orders, and IO Orders) during the Nasdaq Closing Cross. In addition, this change would provide for a more stable closing price that is more in line with the Order Imbalance Indicator and participants' expectations. The proposed rule change would also clarify that, during a halt or pause, the System would process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, consistent with current practice.

Implementation Date

The Exchange will issue an Equities Trader Alert to provide notification of the change and relevant date of implementation prior to introducing the new functionality.¹¹

¹⁰ Although partial cancellations of Close Eligible Interest during the Nasdaq Closing Cross could also impact the closing price of the security and cause a divergence between the closing price and the Order Imbalance Indicator, in practice, partial cancellations of Close Eligible Interest during the Nasdaq Closing Cross occur less frequently and have less impact on the closing price than full cancellations.

¹¹ The proposed functionality herein was recently produced and taken out of production, pending filing with the Commission.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ 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 its proposal will promote just and equitable principles of trade because it will create a more standardized process that does not allow for full cancellation of Close Eligible Interest during the Nasdaq Closing Cross. As explained above, the Exchange currently allows for cancellation of Close Eligible Interest during the Nasdaq Closing Cross yet does not allow for full or partial cancellation of other orders during the Nasdaq Closing Cross. The Exchange believes that the proposed change to no longer allow for full cancellation of Close Eligible Interest during the Nasdaq Closing Cross (unless the securities are in a halt or pause) will benefit investors by providing a more consistent experience for members and investors, and reducing any potential confusion regarding Nasdaq's closing processes.

Furthermore, the current process of allowing for cancellations of Close Eligible Interest during the Nasdaq Closing Cross can impact the closing price of the security and cause divergence from the Order Imbalance Indicator. The Exchange believes that delaying full cancellations until the end of the Nasdaq Closing Cross (unless the securities are in a halt or pause) would facilitate fair and orderly pricing at the Nasdaq

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

Closing Cross, consistent with participants' expectations, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system. The Exchange's proposal to clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, will provide increased clarity and help limit any potential confusion in the future, protecting investors and the public interest.

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 proposed rule change is designed to create a more standardized process and improve the Nasdaq Closing Cross process by delaying the processing of any full cancellation request for Close Eligible Interest made for any securities not halted or paused during the Nasdaq Closing Cross until such time as the Nasdaq Closing Cross concludes. The change would apply to all full cancellation requests in Close Eligible Interest (except for securities in a halt or pause) and would benefit participants by providing for a more stable closing price that is more in line with the Order Imbalance Indicator, consistent with expectations. The proposed rule change would also clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, benefiting participants by providing increased clarity and helping to limit any potential confusion in the future.

The Exchange does not believe that the proposed change to (a) delay the processing of any full cancellation request for Close Eligible Interest made during the Nasdaq Closing Cross until the Nasdaq Closing Cross ends (except for securities in a halt

or pause) and (b) clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, will have any significant impact on competition. The Exchange operates in a highly competitive market in which market participants can easily direct their Orders to competing venues, including off-exchange venues. In such an environment, the Exchange must continually review and consider adjusting the services it offers and the requirements it imposes to remain competitive with other venues. Therefore, the Exchange believes that the proposed change in interpretation reflects this competitive environment.

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)¹⁴ of the Act and Rule 19b-4(f)(6) thereunder¹⁵ in that it effects a change 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

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

interest.

The Exchange believes that the proposal does not significantly affect the protection of investors or the public interest as it is designed to create a more standardized process that does not allow for full cancellation of Close Eligible Interest during the Nasdaq Closing Cross, providing a more consistent experience for members and investors, and reducing any potential confusion regarding Nasdaq's closing processes. Furthermore, the change to delay full cancellations of Close Eligible Interest until the end of the Nasdaq Closing Cross (except for securities in a halt or pause) would provide for a more stable closing price that is more in line with the Order Imbalance Indicator, consistent with participants' expectations. The Exchange's proposal to clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, does not significantly affect the protection of investors or the public interest as the proposed change is designed to provide increased clarity and help limit any potential confusion in the future.

Additionally, the Exchange believes that the proposal does not impose any significant burden on competition. As described above, the proposal is intended to create a more standardized process and improve the Nasdaq Closing Cross process by delaying the processing of any full cancellation request for Close Eligible Interest made during the Nasdaq Closing Cross until such time as the Nasdaq Closing Cross concludes, except for securities in a halt or pause. The proposal would also provide that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, thereby providing increased

clarity and helping to limit any potential confusion in the future. The proposed changes do not impact the ability of any market participant or trading venue to compete, but rather are intended to provide for a more stable closing price that is more in line with the Order Imbalance Indicator, consistent with participants' expectations. The Exchange therefore believes that the proposed rule change qualifies for immediate effectiveness as a "non-controversial" rule change.

Furthermore, Rule 19b-4(f)(6)(iii)¹⁶ 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 implement the change to delay processing full cancellation requests for

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

Close Eligible Interest during Nasdaq Closing Cross until conclusion of the Nasdaq Closing Cross (except for securities in a halt or pause), thereby immediately providing a more standardized process and a more stable closing price in line with the Order Imbalance Indicator and consistent with participants' expectations.

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

Not applicable.

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-2022-076)

December __, 2022

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 4, Rule 4754

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 December 12, 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 amend Equity 4, Rule 4754. The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Equity 4, Rule 4754³ as it relates to Close Eligible Interest.⁴ Specifically, the Exchange proposes to amend (a)(1) of Rule 4754 to specify that: (1) the System will delay processing any full cancellation request⁵ for Close Eligible Interest made during the Nasdaq Closing Cross until such time as the Nasdaq Closing Cross concludes, except for securities in a halt or pause; and (2) during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross.

The Nasdaq Closing Cross is a transparent auction process that determines a single price for the close. Members can submit Limit on Close ("LOC") Orders,⁶ Market

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

⁴ "Close Eligible Interest" means any quotation or any order that may be entered into the system and designated with a time-in-force of SDAY, SGTC, MDAY, MGTC, SHEX, or GTMC. See Rule 4754(a)(1).

⁵ Partial cancellation requests for Close Eligible Interest would continue to be processed during the Nasdaq Closing Cross.

⁶ A "Limit On Close Order" or "LOC Order" is an Order Type entered with a price that may be executed only in the Nasdaq Closing Cross or the LULD Closing Cross, and only if the price determined by the Nasdaq Closing Cross or the LULD Closing Cross is equal to or better than the price at which the LOC Order was entered. See Rule 4702(b)(12).

on Close (“MOC”) Orders,⁷ and Imbalance Only (“IO”) Orders⁸ that are available to participate in the Nasdaq Closing Cross along with Close Eligible Interest. LOC Orders, MOC Orders, and IO Orders cannot be cancelled or modified at or after 3:58 p.m. ET (or at or after two minutes prior to the early closing time on a day when Nasdaq closes early).⁹ In contrast, currently, Close Eligible Interest on the continuous book is eligible for cancellation during the Nasdaq Closing Cross.

At 4:00 p.m. ET (or at the early closing time on a day when Nasdaq closes early), the Exchange executes the Nasdaq Closing Cross at a price determined in accordance with Rule 4754(b)(2). The cross in each security is performed sequentially in a random order each day and in total takes approximately 700 milliseconds on average. Therefore, the time between the commencement and conclusion of the Nasdaq Closing Cross for a particular security can range from less than one millisecond up to 700 milliseconds or greater. During this gap, currently, cancellations of Close Eligible Interest on the continuous book can continue to take place, which can affect the closing price of a security.

In addition to impacting the closing price of the security, allowing cancellations of Close Eligible Interest during the Nasdaq Closing Cross has another negative impact in that it causes divergence between the closing price and the Order Imbalance Indicator.

⁷ A “Market On Close Order” or “MOC Order” is an Order Type entered without a price that may be executed only during the Nasdaq Closing Cross. See Rule 4702(b)(11).

⁸ An “Imbalance Only Order” or “IO Order” is an Order entered with a price that may be executed only in the Nasdaq Closing Cross and only against MOC Orders or LOC Orders. See Rule 4702(b)(13).

⁹ See Rule 4702(b)(11) – (13).

The Order Imbalance Indicator disseminates information about MOC Orders, LOC Orders, IO Orders, and Close Eligible Interest and the price at which those orders would execute at the time of dissemination. The Exchange disseminates an Order Imbalance Indicator every second until market close beginning at 3:55 p.m. ET (or five minutes prior to the early closing time on a day when Nasdaq closes early). The Order Imbalance Indicator is intended to facilitate participation in the close. Therefore, full cancellations of Close Eligible Interest during the Nasdaq Closing Cross that cause divergences between the Order Imbalance Indicator and the closing price are undesirable.¹⁰

The proposed rule change to delay processing of any full cancellation request for Close Eligible Interest made during the Nasdaq Closing Cross until the Nasdaq Closing Cross concludes (except for securities in a halt or pause) would better align with the practice to not allow cancellations of other orders available to participate in the Nasdaq Closing Cross (i.e., LOC Orders, MOC Orders, and IO Orders) during the Nasdaq Closing Cross. In addition, this change would provide for a more stable closing price that is more in line with the Order Imbalance Indicator and participants' expectations. The proposed rule change would also clarify that, during a halt or pause, the System would process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, consistent with current practice.

¹⁰ Although partial cancellations of Close Eligible Interest during the Nasdaq Closing Cross could also impact the closing price of the security and cause a divergence between the closing price and the Order Imbalance Indicator, in practice, partial cancellations of Close Eligible Interest during the Nasdaq Closing Cross occur less frequently and have less impact on the closing price than full cancellations.

Implementation Date

The Exchange will issue an Equities Trader Alert to provide notification of the change and relevant date of implementation prior to introducing the new functionality.¹¹

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ 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 its proposal will promote just and equitable principles of trade because it will create a more standardized process that does not allow for full cancellation of Close Eligible Interest during the Nasdaq Closing Cross. As explained above, the Exchange currently allows for cancellation of Close Eligible Interest during the Nasdaq Closing Cross yet does not allow for full or partial cancellation of other orders during the Nasdaq Closing Cross. The Exchange believes that the proposed change to no longer allow for full cancellation of Close Eligible Interest during the Nasdaq Closing Cross (unless the securities are in a halt or pause) will benefit investors by providing a more consistent experience for members and investors, and reducing any potential confusion regarding Nasdaq's closing processes.

¹¹ The proposed functionality herein was recently produced and taken out of production, pending filing with the Commission.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

Furthermore, the current process of allowing for cancellations of Close Eligible Interest during the Nasdaq Closing Cross can impact the closing price of the security and cause divergence from the Order Imbalance Indicator. The Exchange believes that delaying full cancellations until the end of the Nasdaq Closing Cross (unless the securities are in a halt or pause) would facilitate fair and orderly pricing at the Nasdaq Closing Cross, consistent with participants' expectations, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system. The Exchange's proposal to clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, will provide increased clarity and help limit any potential confusion in the future, protecting investors and the public interest.

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 proposed rule change is designed to create a more standardized process and improve the Nasdaq Closing Cross process by delaying the processing of any full cancellation request for Close Eligible Interest made for any securities not halted or paused during the Nasdaq Closing Cross until such time as the Nasdaq Closing Cross concludes. The change would apply to all full cancellation requests in Close Eligible Interest (except for securities in a halt or pause) and would benefit participants by providing for a more stable closing price that is more in line with the Order Imbalance Indicator, consistent with expectations. The proposed rule change would also clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross,

benefiting participants by providing increased clarity and helping to limit any potential confusion in the future.

The Exchange does not believe that the proposed change to (a) delay the processing of any full cancellation request for Close Eligible Interest made during the Nasdaq Closing Cross until the Nasdaq Closing Cross ends (except for securities in a halt or pause) and (b) clarify that, during a halt or pause, the System will process any cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross, will have any significant impact on competition. The Exchange operates in a highly competitive market in which market participants can easily direct their Orders to competing venues, including off-exchange venues. In such an environment, the Exchange must continually review and consider adjusting the services it offers and the requirements it imposes to remain competitive with other venues. Therefore, the Exchange believes that the proposed change in interpretation reflects this competitive environment.

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 Act¹⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁵

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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2022-076 on the subject line.

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 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.

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-2022-076. 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-2022-076 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.¹⁶

J. Matthew DeLesDernier
Assistant Secretary

¹⁶ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

THE NASDAQ STOCK MARKET LLC RULES

* * * * *

Equity Rules

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Equity 4: Equity Trading Rules

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4754. Nasdaq Closing Cross

(a) **Definitions.** For the purposes of this rule the term:

(1) "**Close Eligible Interest**" shall mean any quotation or any order that may be entered into the system and designated with a time-in-force of SDAY, SGTC, MDAY, MGTC, SHEX, or GTMC. The System will delay processing any full cancellation request for Close Eligible Interest made during the Nasdaq Closing Cross until such time as the Nasdaq Closing Cross concludes, except for securities in a halt or pause. During a halt or pause, the System will process any full or partial cancellation request for Close Eligible Interest made for such halted or paused security during the Nasdaq Closing Cross.

(2) – (11) No change.

(b) No change.

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