Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2023 - * 030

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 * ✓	Amendment * ☐	Withdrawal ☐

Section 19(b)(2) * ☐	Section 19(b)(3)(A) * ✓	Section 19(b)(3)(B) * ☐

Pilot ☐	Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1)   ☐ 19b-4(f)(4)
☐ 19b-4(f)(2)   ☐ 19b-4(f)(5)
☐ 19b-4(f)(3)   ✓ 19b-4(f)(6)

Submit with link to Prefiling or Request for Waiver option

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 delay implementation of pending amendments to Equity 4, Rules 4120, 4702 and 4703 as well as to make further amendments to Rules 4702 and 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 * Brett   Last Name * Kitt

Title * Principal Associate General Counsel

E-mail * Brett.kitt@nasdaq.com

Telephone * (301) 978-8132   Fax

Signature

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

Date   08/16/2023

By   John Zecca

(Name *)

(Title *)

EVP and Chief Legal Officer

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.

John A. Zecca Date: 2023.08.16
14:12:20 -04'00'

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *	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.

Add   Remove   View

SR-NASDAQ-2023-030 19b-4.doc

Exhibit 1 - Notice of Proposed Rule Change *	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)

Add   Remove   View

SR-NASDAQ-2023-030 Exhibit 1.doc

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

Add   Remove   View

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

Add   Remove   View

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

Add   Remove   View

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

Add   Remove   View

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

Add   Remove   View

SR-NASDAQ-2023-030 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

Add   Remove   View

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 delay implementation of pending amendments to Equity 4,

Rules 4120, 4702 and 4703[3] as well as to make further amendments to Rules 4702 and

4703, as described further below.

A notice of the proposed rule change for publication in the Federal Register is

attached as Exhibit 1.

(b)   This proposed rule change will delay the operative date of a pending rule

change.

(c)   SR-Nasdaq-2022-51.

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 of the Exchange (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:

<div align="center">

Brett Kitt
Principal Associate General Counsel
Nasdaq, Inc.
(301) 978-8132

</div>

---

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

[2]   17 CFR 240.19b-4.

[3]   References herein to Nasdaq Rules in the 4000 Series shall mean Rules in Nasdaq Equity 4.

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

        a.   Purpose

The Exchange is in the process of introducing a new upgraded version of the

OUCH Order entry protocol[4] that will, when fully implemented, enable the Exchange to

make functional improvements to specific Order Types[5] and Order Attributes.[6] The

Exchange filed its initial proposal (the "Proposal") for these enhancements with the SEC

on September 14, 2022, and in the Proposal the Exchange stated that its operative date

would be November 14, 2022.[7] The Exchange subsequently informed the Commission

that it intended to delay implementation of the migration due to ongoing development

work.[8] The Exchange now wishes to inform participants that while it has commenced

and systematically affected migration on a feature-by-feature basis, as described in a

series of Equity Trader Alerts, [9] the migration will not be complete until Q1 2024 – again,

---

[4]   The OUCH Order entry protocol is a proprietary protocol that allows subscribers to quickly enter
        orders into the System and receive executions. OUCH accepts limit Orders from members, and if
        there are matching Orders, they will execute. Non-matching Orders are added to the Limit Order
        Book, a database of available limit Orders, where they are matched in price-time priority. OUCH
        only provides a method for members to send Orders and receive status updates on those Orders.
        See https://www.nasdaqtrader.com/Trader.aspx?id=OUCH.

[5]   An "Order Type" is a standardized set of instructions associated with an Order that define how it
        will behave with respect to pricing, execution, and/or posting to the Exchange Book when
        submitted to Nasdaq. See Equity 1, Section 1(a)(7).

[6]   An "Order Attribute" is a further set of variable instructions that may be associated with an Order
        to further define how it will behave with respect to pricing, execution, and/or posting to the
        Exchange Book when submitted to the Exchange. See id.

[7]   See Securities Exchange Act Release No. 34-95768 (September 14, 2022); 87 FR 57534
        (September 20, 2022) (SR-Nasdaq-2022-051).

[8]   See Securities Exchange Act Release No. 34-96341 (November 17, 2022), 87 FR 71712
        (November 22, 2022) (SR-Nasdaq-2022-065).

[9]   See Equity Trader Alert 2023-35 (August 2, 2023) (announcing implementation of Midpoint Peg
        Order functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-
        35; Equity Trader Alert 2023-28 (June 22, 2023) (announcing implementation of Market Peg
        functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-28;
        Equity Trader Alert 2023-20 (May 9, 2023) (announcing implementation of Primary Peg order

due to ongoing development work. Until the migration is complete, the Exchange will continue to announce the implementation dates for the remaining new OUCH functionalities, in Equity Trader Alerts at least 30 days prior to implementation.

Additionally, the Exchange also proposes amendments to its Rules to address inconsistencies between the Rule Text and observed System behavior as well as behavior unaccounted for in the existing and pending Rule text, as follows.

FIRST RULE CHANGE

The first proposed rule change addresses an edge case of inconsistency between the Rule text and System behavior, this time regarding Market Maker Peg Orders.[10] Rule 4702(b)(7)(A) states that, if after entry of a Market Maker Peg Order that has a displayed price based on the NBBO, and the NBBO subsequently shifts such that the displayed price of the Market Maker Peg Order to buy (sell) is equal to or greater (less) than the National Best Bid (or National Best Offer), the Market Maker Peg Order will not be subsequently repriced until a new reference price is established that is more aggressive than the displayed price of the Market Maker Peg Order. System testing revealed that the

---

functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-20; Equity Trader Alert 2023-17 (April 27, 2023) (announcing implementation of Reserve Order functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-17; Equity Trader Alert 2023-6 (January 31, 2023) (announcing implementation of Trade Now functionality); Equity Trader Alert 2022-96 (October 26, 2022) (announcing implementation delay until Q2/Q3 2023), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=%20ETA2022-96.

[10]   Pursuant to Rule 4702(b)(7)(A), a "Market Maker Peg Order" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Equity 2, Section 5(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including Nasdaq), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

System does not reprice Market Maker Peg Orders in this scenario, but only if such

Orders are in round lot sizes, whereas it does reprice such Orders when they are in odd lot

sizes. After evaluation, the Exchange determined to maintain this System behavior and

amend the Rule to conform to it. The Exchange proposes to do so because the existing

language proscribing repricing only makes sense within the context of round lot Market

Maker Peg Orders, which this scenario would set a new NBBO and when they do so,

cannot reprice with respect to the reference price they just set. By contrast, odd lot

Market Maker Peg Orders are ineligible to set the NBBO, and do not have this same

problem. Accordingly, the Exchange proposes to amend Rule 4702(b)(7)(A) to clarify

that the prohibition against repricing only applies to Market Maker Peg Orders in odd lot

sizes.

SECOND RULE CHANGE

The second proposed amendment addresses how the System prices a Market on

Open Order[11] with the Market Pegging Attribute[12] and an offset assigned to it that a

participant enters after the Nasdaq Opening Cross occurs. Rule 4702(b)(8)(B) currently

provides as follows with respect to this scenario:

> An MOO Order entered through RASH or FIX with a Time-in-Force of IOC and
> flagged to participate in the Nasdaq Opening Cross that is entered after the time of
> the Nasdaq Opening Cross will be accepted but will be converted into a Non-

---

[11]   See Rule 4702(b)(8) (defining a "Market on Open Order" or "MOO" as follows: "an Order Type
         entered without a price that may be executed only during the Nasdaq Opening Cross. Subject to
         the qualifications provided below, MOO Orders may be entered between 4 a.m. ET and
         immediately prior to 9:28 a.m. ET. An MOO Order may be cancelled or modified until
         immediately prior to 9:25 a.m. ET. An MOO Order shall execute only at the price determined by
         the Nasdaq Opening Cross.").

[12]   See Rule 4703(d)(8) (defining "market pegging" as pegging "with reference to the Inside
         Quotation on the opposite side of the market.").

Displayed Order with a Time-in-Force of IOC and a price established using the
Market Pegging Order Attribute with no offset.[13]

In testing System behavior, the Exchange observed that the System does not, in fact,
operate in this manner   Instead, the System determines the price of the Order in this
scenario using the offset. In evaluating whether to modify System behavior to match the
Rule, the Exchange determined to retain the current System behavior because it did not
see any reasonable basis to ignore the offset in this scenario. The Exchange proposes to
amend the Rule accordingly.

THIRD RULE CHANGE

The third proposed rule change regards an Order with the Pegging Attribute that a
participant: (1) enters before the Nasdaq Closing Cross occurs at 4:00 P.M.; and (2)
assigns a TIF which designates the Order for extended hours trading if it remains
unexecuted after the Cross concludes (while bypassing the Extended Trading Close).
Under the Rule, as amended by SR-Nasdaq-2022-051, such an Order would be booked
into the System, but if it remains unexecuted after the Nasdaq Closing Cross concludes,
the Order would remain booked and commence extended hours trading, but the System
would deactivate its Pegging Attribute when doing so. In other words, the Order would
cease managing the pegged price of the Order after 4 P.M.   This practice is consistent
with Equity 4, Rule 4703(d), which states that "Pegging is available only during Market
Hours."

The Exchange now proposes to amend Rule 4703(d) to state that if a participant
enters a Peg Managed Order[14] prior to the Nasdaq Closing Cross with a TIF that allows

---

13   A Time-in-Force or "TIF" is a period of time that the Exchange will hold an Order for potential
        execution. See Rule 4703(a). An Order with a TIF of Immediate-or-Cancel or "IOC" is
        designated to deactivate immediately after determining whether it is marketable. See id.

for extend hours trading (other than in the Extended Trading Close), the System will

cancel that Order if unexecuted after the Nasdaq Closing Cross concludes. By contrast, if

a participant enters a Fixed Midpoint Order[15] in the same scenario, the System will act as

it does now – it will deactivate the Pegging Attribute for the Order once extend hours

trading commences.

In time, the proposed treatment of Peg Managed Orders during extended hours

trading is that which the Exchange intends to apply to all Midpoint Pegging Orders.

However, this functionality is not yet ready to make it available for Fixed Midpoint

Orders. Thus, in the interim, existing practice will continue,

<div align="center">

FOURTH RULE CHANGE

</div>

The fourth proposal would amend Equity 4, Rule 4703(h), to correct its

description of behavior of the Non-Displayed portion of Orders with the Reserve

Attribute.[16] As amended by SR-Nasdaq-2022-051, Rule 4703(h) provides as follows, in

pertinent part:

> In all cases, if the remaining size of the Non-Displayed Order is less than the
> fixed or random amount stipulated by the Participant, the full remaining size of

---

[14]   A "Peg Managed Order" is a Primary Pegged, Market Pegged, or Managed Midpoint Order. See 4703(d) (as amended by SR-Nasdaq-2022-051). A "Managed Midpoint Order," in turn, is a Midpoint Pegging Order which the System may update in response to changes to the Midpoint. See id.

[15]   A "Fixed Midpoint Order" is a Midpoint Pegging Order which the System will cancel in response to changes to the Midpoint. See id.

[16]   "Reserve Size" is, in part, an Order Attribute that "permits a Participant to stipulate that an Order Type that is displayed may have its displayed size replenished from additional non-displayed size." Rule 4703(h). The Rule also states that Reserve "is not available for Orders that are not displayed; provided, however, that if a Participant enters Reserve Size for a Non-Displayed Order with a Time-in-Force of IOC, the full size of the Order, including Reserve Size, will be processed as a Non- Displayed Order." Id. In addition to the change proposed above, the Exchange proposes to eliminate from the immediately preceding language "with a Time-in-Force of IOC" because the Exchange does not assess a reason to include this qualifier. The statement that a Non-Displayed Order with Reserve will be entirely non-displayed is true even as to Non-Displayed Orders with other TIFs.

the Non-Displayed Order will be displayed and the Non-Displayed Order will be removed.

As stated, this Rule requires that the entire Non-Displayed portion of a Reserve Order will become Displayed the moment the size of the Non-Displayed portion[17] drops below an amount that a participant designates or has directed the System to randomly designate (the "Max Floor"). In conducting a test of System behavior, however, the Exchange observed that the System does not, in fact, operate in this manner. Instead, the System maintains the Non-Displayed portion of a Reserve Order as such when the size of that Non-Displayed Portion drops below the Max Floor. Rather than correct the current System behavior to match the Rule, the Exchange determined that users of Reserve Orders prefer the current System behavior because it is true to the underlying intent of Reserve functionality, which is to help limit the price impacts of trading large quantities of shares by displaying only small portions of such shares at a given time, while hiding the rest in reserve. Thus, the Exchange proposes to address the inconsistency between the Rule text and the behavior of the System by deleting the aforementioned language from Rule 4703(d). Going forward, the System will not convert to a Displayed Order the Non-Displayed remainder of a Reserve Order that falls below the Max Floor, and the System will not remove it.

---

[17]   Whenever a participant enters an Order with Reserve Size, the full size of the Order will be presented for potential execution in compliance with Regulation NMS; thereafter, unexecuted portions of the Order will be processed as two Orders: a Displayed Order (with the characteristics of its selected Order Type) and a Non-Displayed Order. See id. When an Order with Reserve Size is posted, if there is an execution against the Displayed Order that causes its size to decrease below a normal unit of trading, another Displayed Order will be entered at the limit price and size stipulated by the Participant while the size of the Non- Displayed Order will be reduced by the same amount. See id.

b.   Statutory Basis

The Exchange believes that its proposals are consistent with Section 6(b) of the

Act,[18] in general, and further the objectives of Section 6(b)(5) of the Act,[19] in particular,

in that they are 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.

It is consistent with the Act and in the best interests of investors and the public to

announce a delay in its completion of implementing the amendments to the Exchange's

Rulebook set forth in SR-Nasdaq-2022-051. Doing so will avoid confusion as to which

rules and functionality will apply during the interim period. As noted earlier, the

Exchange has and will continue to notify market participants through Equity Trader

Alerts in advance of implementing any new functionality set forth in SR-Nasdaq-2022-

051.

It is also consistent with the Act to amend the Exchange's Rules to address

inconsistencies between the Rule text and observed System behavior, including by

adapting the Rule text to codify observed System behavior, where the observed behavior

is more consistent with the underlying purpose of an Order Attribute than is the Rule text

(maintaining the Non-Displayed status of a reserve portion of a Reserve Order that drops

below the Max Floor), where the Exchange discerns no logical reason to maintain the

existing Rule text (ignoring an offset assigned to MOOs with Market Pegging entered

after the Nasdaq Opening Cross occurs), and where System behavior reflects a nuance

---

not contemplated by the existing Rules (clarifying that the prohibition against repricing Market Maker Peg Orders that have prices equal to or better than the NBBO only applies to round lot Market Maker Peg Orders, and not to odd lots).

Likewise, it is consistent with the Act to amend the Exchange's Rules to provide for the System to cancel Managed Peg Orders designated for extended hours trading, when such Orders remain unexecuted in the Nasdaq Closing Cross, due to the fact that the Rule text provides that pegging is only available during market hours. It is also consistent with the Act to maintain its existing practice for Fixed Midpoint Orders, in the same scenario, of deactivating the Pegging Attribute during extended hours trading. Although the proposal will create disparate treatment of Managed Peg Orders and Fixed Midpoint Orders, the Exchange intends to eliminate this disparity over time by providing for Fixed Midpoint Orders to behave in the same way as Managed Peg Orders. Until that occurs, maintaining existing practice for Fixed Midpoint Orders is consistent with the Rule.

Finally, it is consistent with the Act to amend Rule 4703(h) to delete qualifying language which erroneously suggests that Non-Displayed Orders with Reserve are only non-displayed when such Orders have a TIF of IOC. Investors and the public have an interest in the Exchange maintaining a Rulebook that is accurate.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposals merely delay completion of its implementation of SR-Nasdaq-2022-051 as well as address inconsistencies between Rule text and System behavior that

became apparent during the course of this implementation. The Exchange neither intends

nor perceives that these rule changes will have any impact 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)[20] of the Act and Rule 19b-4(f)(6) thereunder[21] 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

interest.

        As noted above, the proposed changes will further the interests of investors and

the public by clarifying the implementation schedule for the Proposal as well as the Rules

that will apply to participants and their Orders in the interim period. It is in the interest of

investors and the public for the Exchange to communicate operative Rules clearly,

particularly during a technology upgrade that will take time to accomplish. It is also in

the interests of investors and the public for the Exchange to address inconsistencies

---

[20]   15 U.S.C. 78s(b)(3)(A)(iii).

[21]   17 CFR 240.19b-4(f)(6).

between its Rulebook and observed behavior, including by proposing modifications to Rules to conform to System behavior where the System behavior is more logical or consistent with the Exchange's underlying intent. Further, it is in the interests of the public and investors to correct inaccuracies in the Exchange's Rulebook. Lastly, it is in the interests of investors and the public to clarify its Rules to address behavior previously unaccounted for, including the idiosyncratic order handling behaviors of the Exchange's Order Entry Protocols. The proposed changes will not impose any significant or undue burden on competition to the extent that they serve these purposes.

Furthermore, Rule 19b-4(f)(6)(iii)[22] 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.

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

Not applicable.

---

[22]   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-2023-030)

August __, 2023

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and
Immediate Effectiveness of Proposed Rule to Delay Implementation of Pending
Amendments to Equity 4, Rules 4120, 4702 and 4703

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and

Rule 19b-4 thereunder,[2] notice is hereby given that on August 16, 2023, 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 delay implementation of pending amendments to

Equity 4, Rules 4120, 4702 and 4703[3] as well as to make further amendments to Rules

4702 and 4703, as described further below.

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.

---

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

[2]   17 CFR 240.19b-4.

[3]   References herein to Nasdaq Rules in the 4000 Series shall mean Rules in Nasdaq Equity 4.

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

In its filing with the Commission, the Exchange included statements concerning

the purpose of and basis for the proposed rule change and discussed any comments it

received on the proposed rule change. The text of these statements may be examined at

the places specified in Item IV below. The Exchange has prepared summaries, set forth

in sections A, B, and C below, of the most significant aspects of such statements.

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

                1.   Purpose

The Exchange is in the process of introducing a new upgraded version of the

OUCH Order entry protocol[4] that will, when fully implemented, enable the Exchange to

make functional improvements to specific Order Types[5] and Order Attributes.[6] The

Exchange filed its initial proposal (the "Proposal") for these enhancements with the SEC

on September 14, 2022, and in the Proposal the Exchange stated that its operative date

would be November 14, 2022.[7] The Exchange subsequently informed the Commission

that it intended to delay implementation of the migration due to ongoing development

---

[4]   The OUCH Order entry protocol is a proprietary protocol that allows subscribers to quickly enter
        orders into the System and receive executions. OUCH accepts limit Orders from members, and if
        there are matching Orders, they will execute. Non-matching Orders are added to the Limit Order
        Book, a database of available limit Orders, where they are matched in price-time priority. OUCH
        only provides a method for members to send Orders and receive status updates on those Orders.
        See https://www.nasdaqtrader.com/Trader.aspx?id=OUCH.

[5]   An "Order Type" is a standardized set of instructions associated with an Order that define how it
        will behave with respect to pricing, execution, and/or posting to the Exchange Book when
        submitted to Nasdaq. See Equity 1, Section 1(a)(7).

[6]   An "Order Attribute" is a further set of variable instructions that may be associated with an Order
        to further define how it will behave with respect to pricing, execution, and/or posting to the
        Exchange Book when submitted to the Exchange. See id.

[7]   See Securities Exchange Act Release No. 34-95768 (September 14, 2022); 87 FR 57534
        (September 20, 2022) (SR-Nasdaq-2022-051).

work.[8] The Exchange now wishes to inform participants that while it has commenced

and systematically affected migration on a feature-by-feature basis, as described in a

series of Equity Trader Alerts, [9] the migration will not be complete until Q1 2024 – again,

due to ongoing development work. Until the migration is complete, the Exchange will

continue to announce the implementation dates for the remaining new OUCH

functionalities, in Equity Trader Alerts at least 30 days prior to implementation.

Additionally, the Exchange also proposes amendments to its Rules to address

inconsistencies between the Rule Text and observed System behavior as well as behavior

unaccounted for in the existing and pending Rule text, as follows.

<div align="center">

FIRST RULE CHANGE

</div>

The first proposed rule change addresses an edge case of inconsistency between

the Rule text and System behavior, this time regarding Market Maker Peg Orders.[10] Rule

---

[8]   <u>See</u> Securities Exchange Act Release No. 34-96341 (November 17, 2022), 87 FR 71712 (November 22, 2022) (SR-Nasdaq-2022-065).

[9]   <u>See</u> Equity Trader Alert 2023-35 (August 2, 2023) (announcing implementation of Midpoint Peg Order functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-35; Equity Trader Alert 2023-28 (June 22, 2023) (announcing implementation of Market Peg functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-28; Equity Trader Alert 2023-20 (May 9, 2023) (announcing implementation of Primary Peg order functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-20; Equity Trader Alert 2023-17 (April 27, 2023) (announcing implementation of Reserve Order functionality), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2023-17; Equity Trader Alert 2023-6 (January 31, 2023) (announcing implementation of Trade Now functionality); Equity Trader Alert 2022-96 (October 26, 2022) (announcing implementation delay until Q2/Q3 2023), available at http://www.nasdaqtrader.com/TraderNews.aspx?id=%20ETA2022-96.

[10]   Pursuant to Rule 4702(b)(7)(A), a "Market Maker Peg Order" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Equity 2, Section 5(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including Nasdaq), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

4702(b)(7)(A) states that, if after entry of a Market Maker Peg Order that has a displayed price based on the NBBO, and the NBBO subsequently shifts such that the displayed price of the Market Maker Peg Order to buy (sell) is equal to or greater (less) than the National Best Bid (or National Best Offer), the Market Maker Peg Order will not be subsequently repriced until a new reference price is established that is more aggressive than the displayed price of the Market Maker Peg Order. System testing revealed that the System does not reprice Market Maker Peg Orders in this scenario, but only if such Orders are in round lot sizes, whereas it does reprice such Orders when they are in odd lot sizes. After evaluation, the Exchange determined to maintain this System behavior and amend the Rule to conform to it. The Exchange proposes to do so because the existing language proscribing repricing only makes sense within the context of round lot Market Maker Peg Orders, which this scenario would set a new NBBO and when they do so, cannot reprice with respect to the reference price they just set. By contrast, odd lot Market Maker Peg Orders are ineligible to set the NBBO, and do not have this same problem. Accordingly, the Exchange proposes to amend Rule 4702(b)(7)(A) to clarify that the prohibition against repricing only applies to Market Maker Peg Orders in odd lot sizes.

<div align="center">

SECOND RULE CHANGE

</div>

The second proposed amendment addresses how the System prices a Market on Open Order[11] with the Market Pegging Attribute[12] and an offset assigned to it that a

---

11   See Rule 4702(b)(8) (defining a "Market on Open Order" or "MOO" as follows: "an Order Type entered without a price that may be executed only during the Nasdaq Opening Cross. Subject to the qualifications provided below, MOO Orders may be entered between 4 a.m. ET and immediately prior to 9:28 a.m. ET. An MOO Order may be cancelled or modified until immediately prior to 9:25 a.m. ET. An MOO Order shall execute only at the price determined by the Nasdaq Opening Cross.").

participant enters after the Nasdaq Opening Cross occurs. Rule 4702(b)(8)(B) currently

provides as follows with respect to this scenario:

> An MOO Order entered through RASH or FIX with a Time-in-Force of IOC and
> flagged to participate in the Nasdaq Opening Cross that is entered after the time of
> the Nasdaq Opening Cross will be accepted but will be converted into a Non-
> Displayed Order with a Time-in-Force of IOC and a price established using the
> Market Pegging Order Attribute with no offset.[13]

In testing System behavior, the Exchange observed that the System does not, in fact,

operate in this manner   Instead, the System determines the price of the Order in this

scenario using the offset. In evaluating whether to modify System behavior to match the

Rule, the Exchange determined to retain the current System behavior because it did not

see any reasonable basis to ignore the offset in this scenario. The Exchange proposes to

amend the Rule accordingly.

THIRD RULE CHANGE

The third proposed rule change regards an Order with the Pegging Attribute that a

participant: (1) enters before the Nasdaq Closing Cross occurs at 4:00 P.M.; and (2)

assigns a TIF which designates the Order for extended hours trading if it remains

unexecuted after the Cross concludes (while bypassing the Extended Trading Close).

Under the Rule, as amended by SR-Nasdaq-2022-051, such an Order would be booked

into the System, but if it remains unexecuted after the Nasdaq Closing Cross concludes,

the Order would remain booked and commence extended hours trading, but the System

would deactivate its Pegging Attribute when doing so. In other words, the Order would

cease managing the pegged price of the Order after 4 P.M.   This practice is consistent

---

12   See Rule 4703(d)(8) (defining "market pegging" as pegging "with reference to the Inside
        Quotation on the opposite side of the market.").

13   A Time-in-Force or "TIF" is a period of time that the Exchange will hold an Order for potential
        execution. See Rule 4703(a). An Order with a TIF of Immediate-or-Cancel or "IOC" is
        designated to deactivate immediately after determining whether it is marketable. See id.

with Equity 4, Rule 4703(d), which states that "Pegging is available only during Market Hours."

The Exchange now proposes to amend Rule 4703(d) to state that if a participant enters a Peg Managed Order[14] prior to the Nasdaq Closing Cross with a TIF that allows for extend hours trading (other than in the Extended Trading Close), the System will cancel that Order if unexecuted after the Nasdaq Closing Cross concludes. By contrast, if a participant enters a Fixed Midpoint Order[15] in the same scenario, the System will act as it does now – it will deactivate the Pegging Attribute for the Order once extend hours trading commences.

In time, the proposed treatment of Peg Managed Orders during extended hours trading is that which the Exchange intends to apply to all Midpoint Pegging Orders. However, this functionality is not yet ready to make it available for Fixed Midpoint Orders. Thus, in the interim, existing practice will continue,

FOURTH RULE CHANGE

The fourth proposal would amend Equity 4, Rule 4703(h), to correct its description of behavior of the Non-Displayed portion of Orders with the Reserve Attribute.[16] As amended by SR-Nasdaq-2022-051, Rule 4703(h) provides as follows, in pertinent part:

---

[14]   A "Peg Managed Order" is a Primary Pegged, Market Pegged, or Managed Midpoint Order. See 4703(d) (as amended by SR-Nasdaq-2022-051). A "Managed Midpoint Order," in turn, is a Midpoint Pegging Order which the System may update in response to changes to the Midpoint. See id.

[15]   A "Fixed Midpoint Order" is a Midpoint Pegging Order which the System will cancel in response to changes to the Midpoint. See id.

[16]   "Reserve Size" is, in part, an Order Attribute that "permits a Participant to stipulate that an Order Type that is displayed may have its displayed size replenished from additional non-displayed size." Rule 4703(h). The Rule also states that Reserve "is not available for Orders that are not displayed; provided, however, that if a Participant enters Reserve Size for a Non-Displayed Order

In all cases, if the remaining size of the Non-Displayed Order is less than the
fixed or random amount stipulated by the Participant, the full remaining size of
the Non-Displayed Order will be displayed and the Non-Displayed Order will be
removed.

As stated, this Rule requires that the entire Non-Displayed portion of a Reserve

Order will become Displayed the moment the size of the Non-Displayed portion[17] drops

below an amount that a participant designates or has directed the System to randomly

designate (the "Max Floor"). In conducting a test of System behavior, however, the

Exchange observed that the System does not, in fact, operate in this manner. Instead, the

System maintains the Non-Displayed portion of a Reserve Order as such when the size of

that Non-Displayed Portion drops below the Max Floor. Rather than correct the current

System behavior to match the Rule, the Exchange determined that users of Reserve

Orders prefer the current System behavior because it is true to the underlying intent of

Reserve functionality, which is to help limit the price impacts of trading large quantities

of shares by displaying only small portions of such shares at a given time, while hiding

the rest in reserve. Thus, the Exchange proposes to address the inconsistency between

the Rule text and the behavior of the System by deleting the aforementioned language

from Rule 4703(d). Going forward, the System will not convert to a Displayed Order the

---

with a Time-in-Force of IOC, the full size of the Order, including Reserve Size, will be processed
as a Non- Displayed Order." Id. In addition to the change proposed above, the Exchange
proposes to eliminate from the immediately preceding language "with a Time-in-Force of IOC"
because the Exchange does not assess a reason to include this qualifier. The statement that a Non-
Displayed Order with Reserve will be entirely non-displayed is true even as to Non-Displayed
Orders with other TIFs.

17   Whenever a participant enters an Order with Reserve Size, the full size of the Order will be
presented for potential execution in compliance with Regulation NMS; thereafter, unexecuted
portions of the Order will be processed as two Orders: a Displayed Order (with the characteristics
of its selected Order Type) and a Non-Displayed Order. See id. When an Order with Reserve
Size is posted, if there is an execution against the Displayed Order that causes its size to decrease
below a normal unit of trading, another Displayed Order will be entered at the limit price and size
stipulated by the Participant while the size of the Non- Displayed Order will be reduced by the
same amount. See id.

Non-Displayed remainder of a Reserve Order that falls below the Max Floor, and the System will not remove it.

  2. Statutory Basis

  The Exchange believes that its proposals are consistent with Section 6(b) of the Act,[18] in general, and further the objectives of Section 6(b)(5) of the Act,[19] in particular, in that they are 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.

  It is consistent with the Act and in the best interests of investors and the public to announce a delay in its completion of implementing the amendments to the Exchange's Rulebook set forth in SR-Nasdaq-2022-051. Doing so will avoid confusion as to which rules and functionality will apply during the interim period. As noted earlier, the Exchange has and will continue to notify market participants through Equity Trader Alerts in advance of implementing any new functionality set forth in SR-Nasdaq-2022-051.

  It is also consistent with the Act to amend the Exchange's Rules to address inconsistencies between the Rule text and observed System behavior, including by adapting the Rule text to codify observed System behavior, where the observed behavior is more consistent with the underlying purpose of an Order Attribute than is the Rule text (maintaining the Non-Displayed status of a reserve portion of a Reserve Order that drops below the Max Floor), where the Exchange discerns no logical reason to maintain the existing Rule text (ignoring an offset assigned to MOOs with Market Pegging entered

---

after the Nasdaq Opening Cross occurs), and where System behavior reflects a nuance
not contemplated by the existing Rules (clarifying that the prohibition against repricing
Market Maker Peg Orders that have prices equal to or better than the NBBO only applies
to round lot Market Maker Peg Orders, and not to odd lots).

Likewise, it is consistent with the Act to amend the Exchange's Rules to provide
for the System to cancel Managed Peg Orders designated for extended hours trading,
when such Orders remain unexecuted in the Nasdaq Closing Cross, due to the fact that
the Rule text provides that pegging is only available during market hours. It is also
consistent with the Act to maintain its existing practice for Fixed Midpoint Orders, in the
same scenario, of deactivating the Pegging Attribute during extended hours trading.
Although the proposal will create disparate treatment of Managed Peg Orders and Fixed
Midpoint Orders, the Exchange intends to eliminate this disparity over time by providing
for Fixed Midpoint Orders to behave in the same way as Managed Peg Orders. Until that
occurs, maintaining existing practice for Fixed Midpoint Orders is consistent with the
Rule.

Finally, it is consistent with the Act to amend Rule 4703(h) to delete qualifying
language which erroneously suggests that Non-Displayed Orders with Reserve are only
non-displayed when such Orders have a TIF of IOC. Investors and the public have an
interest in the Exchange maintaining a Rulebook that is accurate.

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

The Exchange does not believe that the proposed rule changes will impose any
burden on competition not necessary or appropriate in furtherance of the purposes of the
Act. The proposals merely delay completion of its implementation of SR-Nasdaq-2022-
051 as well as address inconsistencies between Rule text and System behavior that

became apparent during the course of this implementation. The Exchange neither intends

nor perceives that these rule changes will have any impact 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[20] and subparagraph (f)(6) of Rule 19b-4

thereunder.[21]

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.

---

[20]   15 U.S.C. 78s(b)(3)(A)(iii).

[21]   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.

IV.   Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or

- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ -2023-030 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-2023-030. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the 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 a.m. and 3

p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2023-030 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[22] "?

Sherry R. Haywood,

Assistant Secretary.

---

[22]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is <u>underlined</u>.

The Nasdaq Stock Market LLC Rules

* * * * *

Equity 4: Equity Trading Rules

...

4702. Order Types

(a) No change.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

…

   (7) (A) A "**Market Maker Peg Order**" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Equity 2, Section 5(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through RASH, FIX or QIX only. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including Nasdaq), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

   …

   A new timestamp is created for a Market Maker Peg Order each time that it is repriced. In the absence of a Reference Price, a Market Maker Peg Order will be cancelled (if on the Nasdaq Book) or rejected (if it is an incoming Order). If, after entry, a Market Maker Peg Order has a displayed price based on a Reference Price other than the NBBO and such Market Maker Peg Order is established as the National Best Bid or National Best Offer, the Market Maker Peg Order will not be subsequently repriced in accordance with this rule until a new Reference Price is established. Additionally, if after entry, a Market Maker Peg Order <u>of round lot size </u>has a displayed price based on the NBBO, and the NBBO subsequently shifts such that the displayed price of the Market Maker Peg Order to buy (sell) is equal to or greater (less) than the

National Best Bid (or National Best Offer), the Market Maker Peg Order will not be subsequently repriced in accordance with this Rule until a new Reference Price is established that is more aggressive than the displayed price of the Market Maker Peg Order. In such cases, the new Reference Price may be established by a change in the NBBO based on another market center's quotation or by the entry into the System of any Displayed Order with a price better than the displayed price of the Market Maker Peg Order, whether the new Order is at a price that is lower than, higher than or equal to the prior Reference Price.

…

(8) (A) A "**Market On Open Order**" or "**MOO Order**" is an Order Type entered without a price that may be executed only during the Nasdaq Opening Cross. Subject to the qualifications provided below, MOO Orders may be entered between 4 a.m. ET and immediately prior to 9:28 a.m. ET. An MOO Order may be cancelled or modified until immediately prior to 9:25 a.m. ET. An MOO Order shall execute only at the price determined by the Nasdaq Opening Cross.

(B) The following Order Attributes may be assigned to a Market On Open Order:

• Price. An MOO Order is entered without a price and shall execute only at the price determined by the Nasdaq Opening Cross.

• Size.

• Time-in-Force. An MOO Order may execute only in the Nasdaq Opening Cross. However, a Participant may designate the Time-in-Force for an MOO Order either by designating a Time-in-Force of "On Open" or by entering another Order Type with a Market Pegging Attribute and flagging the Order to participate in the Nasdaq Opening Cross. An MOO Order entered through RASH or FIX with a Time-in-Force of IOC and flagged to participate in the Nasdaq Opening Cross that is entered after the time of the Nasdaq Opening Cross will be accepted but will be converted into a Non-Displayed Order with a Time-in-Force of IOC and a price established using the Market Pegging Order Attribute[with no offset]. An Order with a Market Pegging Attribute and a Time-in-Force other than IOC that is flagged to participate in the Nasdaq Opening Cross and entered at or after 9:28 a.m. will be held and entered into the System after the completion of the Nasdaq Opening Cross. All other MOO Orders entered at or after 9:28 a.m. will be rejected.

• Participation in the Nasdaq Opening Cross is required for this Order Type.

(9) – (17) No change.

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) – (c) No change.

(d) **Pegging**.

…

Pegging is available only during Market Hours. <u>The System will cancel a Peg Managed Order that is designated for extended hours trading if that Order remains unexecuted upon completion of the Nasdaq Closing Cross, whereas for a Fixed Midpoint Order in the same scenario, the System will deactivate the Pegging Attribute for the Order once extend hours trading commences.</u> An Order with Pegging may specify a limit price beyond which the Order may not be executed; provided, however, that if an Order has been assigned a Pegging Order Attribute and a Discretion Order Attribute, the Order may execute at any price within the discretionary price range, even if beyond the limit price specified with respect to the Pegging Order Attribute. If an Order with Pegging is priced at its limit price, the price of the Order may nevertheless be changed to a less aggressive price based on changes to the Inside Quotation. In addition, an Order with Primary Pegging or Market Pegging may specify an Offset Amount, such that the price of the Order will vary from the Inside Quotation by the selected Offset Amount. The Offset Amount may be either aggressive or passive. Thus, for example, if a Participant entered an Order to buy with Primary Pegging and a passive Offset Amount of $0.05 and the Inside Bid was $11, the Order would be priced at $10.95. If the Participant selected an aggressive Offset Amount of $0.02, however, the Order would be priced at $11.02. An Order with Primary Pegging and an Offset Amount will not be Displayed, unless the Order is Attributable. An Order with Midpoint Pegging will not be Displayed. An Order with Market Pegging and no Offset behaves as a "market order" with respect to any liquidity on the Nasdaq Book at the Inside Quotation on the opposite side of the market because it is immediately executable at that price.

…

(e) – (g) No change.

(h) Reserve Size. Reserve Size is an Order Attribute that permits a Participant to stipulate that an Order Type that is displayed may have its displayed size replenished from additional non-displayed size. An Order with Reserve Size may be referred to as a "Reserve Order." At the time of entry, the displayed size of such an Order selected by the Participant must be one or more normal units of trading; an Order with a displayed size of a mixed lot will be rounded down to the nearest round lot. A Reserve Order with displayed size of an odd lot will be accepted but with the full size of the Order displayed. Reserve Size is not available for Orders that are not displayed; provided, however, that if a Participant enters Reserve Size for a Non-Displayed Order[with a Time-in-Force of

IOC], the full size of the Order, including Reserve Size, will be processed as a Non-Displayed Order.

…

[In all cases, if the remaining size of the Non-Displayed Order is less than the fixed or random amount stipulated by the Participant, the full remaining size of the Non-Displayed Order will be displayed and the Non-Displayed Order will be removed.]

…

* * * * *