

Required fields are shown with yellow backgrounds and asterisks.

Proposed Rule Change by NASDAQ Stock Market
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

| | |
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| Exhibit 2 Sent As Paper Document | Exhibit 3 Sent As Paper Document |
| <input type="checkbox"/> | <input type="checkbox"/> |

Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

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 proposed rule change.

First Name * Last Name *
Title *
E-mail *
Telephone * Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date
By
(Name *) (Title *)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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 (required)

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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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Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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 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

Add Remove View

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) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² the NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend NASDAQ Options Market LLC (“NOM”)³ Rules at Chapter XIV, Sections 5 (Position Limits for Broad-Based Index Options) and 7 (Position Limits for Industry and Micro-Narrow Based Index Options) to apply the position limit exemption rules of NASDAQ OMX PHLX LLC (“Phlx”) for certain broad-based index options and industry and micro-narrow based index options.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and the text of the proposed Rules are attached hereto 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 NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on June 10, 2012. NASDAQ staff will advise the Board of Directors of NASDAQ of any action taken pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ NOM is NASDAQ’s facility for executing and routing standardized equity and index options.

Questions regarding this rule filing may be directed to Angela Saccomandi Dunn, Associate General Counsel, at (215) 496-5692.

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

a. Purpose

The Exchange is proposing to amend Chapter XIV, Sections 5 (Position Limits for Broad-Based Index Options) and Section 7 (Position Limits for Industry and Micro-Narrow Based Index Options) of the NASDAQ Rules to permit NASDAQ Options Market LLC (“NOM”) Options Participants to utilize position limit exemptions,⁴ which are currently available on Phlx with respect to certain index options discussed below.

Currently, Chapter XIV, Sections 5 and 7 state that NOM Options Participants shall comply with the applicable rules of the Chicago Board Options Exchange, Incorporated (“CBOE”) with respect to position limits, both for broad-based and industry or micro-narrow index options. The Exchange recently filed to list options on several Phlx proprietary and non-proprietary indexes on NOM, which are not listed on CBOE: MSCI EM, MSCI EAFE, PHLX Oil Service SectorSM index (OSX), PHLX Semiconductor SectorSM Index (SOX) and PHLX Housing SectorTM Index (HGX)⁵ (collectively “MSCI and PHLX Indexes”). In each of these filings, the Exchange sought to list and trade the MSCI and PHLX Indexes on NOM by amending the NOM rules to provide for the same

⁴ This would include all rules relating to exemptions. See Phlx Rule 1001A Position Limits.

⁵ See Securities Exchange Act Release Nos. 67582 (August 2, 2012), 77 FR 47455 (August 8, 2012) (SR-NASDAQ-2012-092) (an immediately effective filing relating to option on the MSCI EM and MSCI EAFE Index) and 67105 (June 4, 2012), 77 FR 34110 (June 8, 2012) (SR-NASDAQ-2012-065) (an immediately effective filing relating to strike price intervals and position limits for OSX, SOX and HGX).

position limits that are applied currently on Phlx for options overlying the MSCI and PHLX Indexes.⁶ Both filings intended that options on the MSCI and PHLX Indexes would be listed and traded on NOM as they are on Phlx.⁷ Both filings added new sections to Chapter XIV, Sections 5 and 7 to specify the applicable position limits because options on the MSCI and PHLX Indexes were not listed on another exchange other than Phlx.⁸

Unlike index options that are listed on CBOE, where applicable CBOE rules relating to position limits, including exemptions from position limits, are incorporated by reference in NOM's rules, all applicable Phlx rules relating to position limits for the MSCI and PHLX Indexes, including specifically position limit exemptions, are not incorporated by reference in NOM's rules.⁹ Rather, only the specified position limits for these indexes as set forth in Phlx's rules are replicated in NOM's rules.¹⁰

The Exchange is proposing to incorporate by reference the entirety of Phlx's rules relating to position limits with respect to options overlying the MSCI and PHLX Indexes. This would allow NOM Options Participants desiring to trade options on the MSCI and PHLX Indexes to avail themselves of the same exemptions as Phlx members receive today.

⁶ Id. Today, this does not include the application of Phlx exemptions.

⁷ Id.

⁸ Id.

⁹ See Phlx Rules 1001A Position Limits. See also NOM Rules at Chapter XIV, Section 5(d) and Section 7(d) which replicate the Phlx position limits for the MSCI and Phlx Indexes within the NOM Rules.

¹⁰ See Phlx Rules 1001A Position Limits. See also NOM Rules at Chapter XIV, Section 7(d) and (e) which replicate the Phlx position limits for Phlx Indexes within the NOM Rules.

To this end, the Exchange is proposing to amend Chapter XIV, Section 5 to state that the applicable Phlx position limit rules would apply to the MSCI EAFE and MSCI EM broad-based index options. Also, the Exchange would amend Chapter XIV, Section 7 to state that the applicable Phlx position limit rules would apply to PHLX Oil Service SectorSM index (OSX), PHLX Semiconductor SectorSM Index (SOX) and PHLX Housing SectorTM Index (HGX) industry and micro-narrow based index options. The Exchange proposes to remove section (d) of Chapter XIV, Section 5 and sections (d) and (e) of Chapter XIV, Section 7 as that rule text is no longer necessary because all applicable Phlx position limit rules and exemptions would apply going forward to the MSCI and PHLX Indexes.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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, by providing NOM Options Participants that desire to transact options on MSCI and PHLX Indexes the ability to avail themselves of the same position limit rules and exemptions as Phlx members. It was the intent of the Exchange to list and trade options on the MSCI and PHLX Indexes in the same manner as those index options are traded on Phlx. This would include providing the same position limit rules and exemptions on position limits as are permitted on Phlx. The Exchange

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

believes that permitting applicable Phlx position limit exemption rules, in addition to position limits, to be applied will ensure that the same exemptions would apply to options on the MSCI and PHLX Indexes on both NOM and Phlx.

Today the CBOE rules are applied on NOM in the same manner as the Exchange proposes to apply Phlx rules relating to position limits and exemptions. Those index options which trade on CBOE and NOM are subject to applicable CBOE rules with respect to index option position limits and exemptions. The Exchange believes that because NOM does not have its own rules governing exemptions, applying the CBOE position limit rules, including exemptions, ensures that NOM Options Participants are able to trade index options in much the same manner as they are traded on CBOE, subject to the same regulatory requirements. The Exchange is proposing to similarly apply Phlx rules in the same manner with respect to the MSCI and PHLX Indexes. The Exchange believes that this filing is non-controversial because it seeks to apply the rules of another self-regulatory organization to NOM Options Participants in the same way as those rules apply today to Phlx members trading the MSCI and PHLX Indexes.

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

The Exchange does not believe that the rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Rather, this rule change will allow NOM Options Participants to take advantage of the same exemptions that Phlx members today are able to avail themselves of when trading the PHLX Indexes.

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)

Pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6)¹⁴ thereunder, the Exchange has designated this proposal as one that 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.

In its guidance on the proposed rules of Self-Regulatory Organizations (“SROs”),¹⁵ the Commission concluded that filings based on the rules of another SRO already approved by the Commission are eligible for immediate effectiveness under Rule 19b-4(f)(6). The Commission noted that “a proposed rule change appropriately may be filed as an immediately effective rules so long as it is based on and similar to another SRO’s rule and each policy issue raised by the proposed rule (i) has been considered previously by the Commission when the Commission approved another exchange’s rule (that was subject to notice and comment), and (ii) the rule change resolved such policy

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR. 240.19b-4(f)(6).

¹⁵ See Securities Exchange Act Release No. 58092 (July 3, 2008), 73 FR 40144 (July 11, 2008).

issue in a manner consistent with such prior approval.”¹⁶ The Exchange is proposing to apply the same position limit rules as today and also apply position limit exemptions applicable to options overlying the MSCI and PHLX Indexes to NOM Options Participants that today are available to Phlx members. The Exchange believes this filing is non-controversial because it is based on existing Phlx Rules. The proposed amendments only amend the NOM Rules to the extent that the Phlx position limit exemptions may be applied. The Exchange believes that this proposal would enable NOM Options Participants to trade the MSCI and PHLX Indexes in the same manner as Phlx members.

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. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹⁷ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)¹⁸ 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 and designate the proposed rule change to become operative upon filing. The Exchange believes providing NOM Options Participants the ability to transact options on the MSCI and PHLX Index options in the same manner as Phlx members today, in that the position limit exemptions will be available to NOM Options Participants,

¹⁶ Id. at 40149.

¹⁷ 17 CFR. 240.19b-4(f)(6).

¹⁸ 17 CFR. 240.19b-4(f)(6).

provides market participants the ability to take advantage of available exemptions on either market. The Exchange believes that applying Phlx position limit exemptions to the MSCI and PHLX Indexes on NOM, similar to the manner in which CBOE position limit rules are applied to products traded on CBOE and NOM, would provide NOM Options Participants the added ability to utilize position limit exemptions for the MSCI and PHLX Indexes. The Exchange believes that providing NOM Options Participants the ability to utilize position limit exemptions would allow NOM to remain competitive. The Exchange therefore believes the waiver should be granted and this filing should become immediately effective.

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

The proposed rule change is based on a similar rule at Phlx.¹⁹

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.
5. Proposed Rule Text.

¹⁹ See Phlx Rule 1001A.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2012-121)

October __, 2012

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of
Proposed Rule Change by The NASDAQ Stock Market LLC Relating to Position Limits

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹, and Rule 19b-4² thereunder, notice is hereby given that on October 18, 2012, 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 NASDAQ. 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 NASDAQ Stock Market to amend NASDAQ Options Market LLC ("NOM")³ Rules at Chapter XIV, Sections 5 (Position Limits for Broad-Based Index Options) and 7 (Position Limits for Industry and Micro-Narrow Based Index Options) to apply the position limit exemption rules of NASDAQ OMX PHLX LLC ("Phlx") for certain broad-based index options and industry and micro-narrow based index options.

The text of the proposed rule change is available on the Exchange's Website at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ NOM is NASDAQ's facility for executing and routing standardized equity and index options.

<http://www.nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. 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 proposing to amend Chapter XIV, Sections 5 (Position Limits for Broad-Based Index Options) and Section 7 (Position Limits for Industry and Micro-Narrow Based Index Options) of the NASDAQ Rules to permit NASDAQ Options Market LLC ("NOM") Options Participants to utilize position limit exemptions,⁴ which are currently available on Phlx with respect to certain index options discussed below.

Currently, Chapter XIV, Sections 5 and 7 state that NOM Options Participants shall comply with the applicable rules of the Chicago Board Options Exchange, Incorporated ("CBOE") with respect to position limits, both for broad-based and industry or micro-narrow index options. The Exchange recently filed to list options on several Phlx proprietary and non-proprietary indexes on NOM, which are not listed on

⁴ This would include all rules relating to exemptions. See Phlx Rule 1001A Position Limits.

CBOE: MSCI EM, MSCI EAFE, PHLX Oil Service SectorSM index (OSX), PHLX Semiconductor SectorSM Index (SOX) and PHLX Housing SectorTM Index (HGX)⁵ (collectively “MSCI and PHLX Indexes”). In each of these filings, the Exchange sought to list and trade the MSCI and PHLX Indexes on NOM by amending the NOM rules to provide for the same position limits that are applied currently on Phlx for options overlying the MSCI and PHLX Indexes.⁶ Both filings intended that options on the MSCI and PHLX Indexes would be listed and traded on NOM as they are on Phlx.⁷ Both filings added new sections to Chapter XIV, Sections 5 and 7 to specify the applicable position limits because options on the MSCI and PHLX Indexes were not listed on another exchange other than Phlx.⁸

Unlike index options that are listed on CBOE, where applicable CBOE rules relating to position limits, including exemptions from position limits, are incorporated by reference in NOM’s rules, all applicable Phlx rules relating to position limits for the MSCI and PHLX Indexes, including specifically position limit exemptions, are not

⁵ See Securities Exchange Act Release Nos. 67582 (August 2, 2012), 77 FR 47455 (August 8, 2012) (SR-NASDAQ-2012-092) (an immediately effective filing relating to option on the MSCI EM and MSCI EAFE Index) and 67105 (June 4, 2012), 77 FR 34110 (June 8, 2012) (SR-NASDAQ-2012-065) (an immediately effective filing relating to strike price intervals and position limits for OSX, SOX and HGX).

⁶ Id. Today, this does not include the application of Phlx exemptions.

⁷ Id.

⁸ Id.

incorporated by reference in NOM's rules.⁹ Rather, only the specified position limits for these indexes as set forth in Phlx's rules are replicated in NOM's rules.¹⁰

The Exchange is proposing to incorporate by reference the entirety of Phlx's rules relating to position limits with respect to options overlying the MSCI and PHLX Indexes. This would allow NOM Options Participants desiring to trade options on the MSCI and PHLX Indexes to avail themselves of the same exemptions as Phlx members receive today.

To this end, the Exchange is proposing to amend Chapter XIV, Section 5 to state that the applicable Phlx position limit rules would apply to the MSCI EAFE and MSCI EM broad-based index options. Also, the Exchange would amend Chapter XIV, Section 7 to state that the applicable Phlx position limit rules would apply to PHLX Oil Service SectorSM index (OSX), PHLX Semiconductor SectorSM Index (SOX) and PHLX Housing SectorTM Index (HGX) industry and micro-narrow based index options. The Exchange proposes to remove section (d) of Chapter XIV, Section 5 and sections (d) and (e) of Chapter XIV, Section 7 as that rule text is no longer necessary because all applicable Phlx position limit rules and exemptions would apply going forward to the MSCI and PHLX Indexes.

2. Statutory Basis

⁹ See Phlx Rules 1001A Position Limits. See also NOM Rules at Chapter XIV, Section 5(d) and Section 7(d) which replicate the Phlx position limits for the MSCI and Phlx Indexes within the NOM Rules.

¹⁰ See Phlx Rules 1001A Position Limits. See also NOM Rules at Chapter XIV, Section 7(d) and (e) which replicate the Phlx position limits for Phlx Indexes within the NOM Rules.

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹² 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, by providing NOM Options Participants that desire to transact options on MSCI and PHLX Indexes the ability to avail themselves of the same position limit rules and exemptions as Phlx members. It was the intent of the Exchange to list and trade options on the MSCI and PHLX Indexes in the same manner as those index options are traded on Phlx. This would include providing the same position limit rules and exemptions on position limits as are permitted on Phlx. The Exchange believes that permitting applicable Phlx position limit exemption rules, in addition to position limits, to be applied will ensure that the same exemptions would apply to options on the MSCI and PHLX Indexes on both NOM and Phlx.

Today the CBOE rules are applied on NOM in the same manner as the Exchange proposes to apply Phlx rules relating to position limits and exemptions. Those index options which trade on CBOE and NOM are subject to applicable CBOE rules with respect to index option position limits and exemptions. The Exchange believes that because NOM does not have its own rules governing exemptions, applying the CBOE position limit rules, including exemptions, ensures that NOM Options Participants are able to trade index options in much the same manner as they are traded on CBOE, subject

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

to the same regulatory requirements. The Exchange is proposing to similarly apply Phlx rules in the same manner with respect to the MSCI and PHLX Indexes. The Exchange believes that this filing is non-controversial because it seeks to apply the rules of another self-regulatory organization to NOM Options Participants in the same way as those rules apply today to Phlx members trading the MSCI and PHLX Indexes.

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.

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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6)¹⁴ thereunder.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 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.

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-2012-121 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2012-121. 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-2012-121 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.¹⁵

Kevin M. O'Neill
Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).

Exhibit 5

The NASDAQ Stock Market LLC

* * * * *

Chapter XIV Index Rules

* * * * *

Sec. 5 Position Limits for Broad-Based Index Options

(a) Options Participants shall comply with the following applicable rules:

(1) rules of the Chicago Board Options Exchange Incorporated (“CBOE”) with respect to position limits for broad-based index options if the broad-based index options are traded on CBOE and NOM;

(2) rules of NASDAQ OMX PHLX LLC (“Phlx”) with respect to position limits for the following broad-based index options: MSCI EM and MSCI EAFE;

(3) [or with the applicable] rules of NOM for broad-based index options with respect to position limits for broad-based index options if the broad-based index options are traded only on NOM and [but] not traded on [the Chicago Board Options Exchange] CBOE and are not listed in (2) above.

(b) Index options contracts shall not be aggregated with options contracts on any stocks whose prices are the basis for calculation of the index.

(c) Positions in reduced-value index options shall be aggregated with positions in full-value indices. For such purposes, ten reduced-value contracts shall equal one contract.

[(d) The position limit for option contracts on the MSCI EM and the MSCI EAFE Indexes shall be 25,000 contracts on the same side of the market.]

* * * * *

Sec. 7 Position Limits for Industry and Micro-Narrow Based Index Options

(a) Options Participants shall comply with the following applicable rules:

(1) rules of the Chicago Board Options Exchange Incorporated (“CBOE”) with respect to position limits for Industry and Micro-Narrow Based Index Options if the Industry and Micro-Narrow Based Index Options are traded on CBOE and NOM;

(2) rules of NASDAQ OMX PHLX LLC (“Phlx”) with respect to position limits for the following Industry and Micro-Narrow Based Index Options: PHLX Oil Service SectorSM index (OSX), PHLX Semiconductor SectorSM Index (SOX) and PHLX Housing SectorTM Index (HGX);

(3) [traded on NOM and also on the Chicago Board Options Exchange or with the applicable] rules of NOM with respect to position limits for Industry and Micro-Narrow Based Index Options [industry index options] if the Industry and Micro-Narrow Based Index Options are traded only on NOM [but] and not traded on [the Chicago Board Options Exchange] CBOE and are not listed in (2) above.

(b) Index options contracts shall not be aggregated with options contracts on any stocks whose prices are the basis for calculation of the index.

(c) Positions in reduced-value index options shall be aggregated with positions in full-value index options. For such purposes, ten (10) reduced-value options shall equal one (1) full-value contract.

[(d) In determining compliance with this Section 7, option contracts on the following narrow-based (industry) indexes shall be subject to the following position limits:

- (1) 54,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, and PHLX Housing Sector, if the Exchange determines, at the time of a review conducted pursuant to this Section 7, that any single underlying stock accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or
- (2) 72,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, and PHLX Housing Sector, if the Exchange determines, at the time of a review conducted pursuant to this Section 7, that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value, during the 30-day period immediately preceding the review; or
- (3) 94,500 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, and PHLX Housing Sector if the Exchange determines that the conditions specified above which would require the establishment of a lower limit have not occurred.]

[(e) The Exchange shall make the determinations required by subparagraph (d) of this Section 7 with respect to options on each industry index at the commencement of trading of such options on the Exchange and thereafter review the determination semi-annually on January 1 and July 1.

- (1) If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index is lower than the maximum position limit permitted by the criteria set forth in subparagraph (d) of this Section 7, the Exchange may affect an appropriate position limit increase immediately. If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index exceeds the maximum position limit permitted by the criteria set forth in subparagraph (d) of this Section 7, the Exchange shall reduce the position limit applicable to such options to a level consistent with such criteria; provided,

however, that such a reduction shall not become effective until after the expiration date of the most distantly expiring option series relating to such particular industry index, which is open for trading on the date of the review; and provided further that such a reduction shall not become effective if the Exchange determines, at the next succeeding semi-annual review, that the existing position limit applicable to such options is consistent with the criteria set forth in subparagraph (d) of this Section 7.]

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