

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 24	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2014 - * 123 Amendment No. (req. for Amendments *)
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Filing by NASDAQ Stock Market
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

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

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

A proposed rule change to make changes to Rules 4751(h) and 4754(b) relating to the closing process.

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 * Sean Last Name * Bennett
 Title * Associate General Counsel
 E-mail * sean.bennett@nasdaq.com
 Telephone * (301) 978-8499 Fax (301) 978-8472

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.

(Title *)
 Executive Vice President and General Counsel

Date 12/16/2014
 By Edward S. Knight
 (Name *)

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.

edward.knight@nasdaq.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice 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

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) 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 “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to make changes to Rules 4751(h) and 4754(b) relating to the closing process.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on July 16, 2014. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to T. Sean Bennett, Associate General Counsel, at (301) 978-8499 (telephone) or (301) 978-8472 (fax).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange is proposing to adopt changes related to the close of Regular Market Session³ on NASDAQ, which are designed to bring consistency and stability to the processing of securities in the NASDAQ Closing Cross.⁴ Each trading day, NASDAQ accepts orders designated to participate in the Closing Cross.⁵ The Closing Cross is the process by which NASDAQ determines the price at which orders will be executed at market close. Beginning at 3:50 p.m. Eastern Time, NASDAQ disseminates an Order Imbalance Indicator⁶ every five seconds until market close, which allows market participants to see the nature of interest in a security and make investment decisions accordingly. The NASDAQ closing process is initiated at 4:00 p.m. Eastern Time.⁷ During the brief period between the initiation of the closing process and the conclusion of the last Closing Cross,⁸ the continuous order book is open to accept orders and cancellations in a security until the Closing Cross for that security is complete.

These orders can affect the ultimate closing price of the security. Although accepting

³ As defined by Rule 4120(b)(4)(D).

⁴ See Rule 4754.

⁵ See Rule 4754(a)(1) for a description of quotes and orders eligible for participation in the Closing Cross.

⁶ The Order Imbalance Indicator provides information about orders eligible to participate in the Closing Cross and the price at which those orders would execute at the time of dissemination.

⁷ Once the closing process is initiated, the System will execute crosses in each individual security traded on NASDAQ one by one. The order in which each security is processed is random and differs day by day.

⁸ This brief period is normally well under one second.

orders and cancellations through the completion of a security's Closing Cross allows the greatest interest to participate in the Closing Cross, the Exchange has observed that in cases where there is aberrant volatility in a security due to an error,⁹ accepting such order activity may also significantly alter the closing price. In normal trading, NASDAQ has observed that allowing order entry and cancellation in a security up to the completion of a security's Closing Cross provides little additional price discovery to offset the greater risk in allowing such order activity. Accordingly, NASDAQ is proposing to close the order book for participation in the Closing Cross once the closing process is initiated at 4:00 p.m. Eastern Time (the "Lockdown Period"). As a consequence of closing the order book, orders entered for participation in the continuous market after the Lockdown Period has begun, but prior to completion of the Closing Cross, will not be accepted by the System.

Under the proposed process, at 4:00 p.m. Eastern Time, when the closing process is initiated, the Lockdown Period is triggered at which point the order book will no longer accept new orders for execution, and will cease to process order cancellation requests for resting orders. New orders received for participation in the Closing Cross after initiation of the Lockdown Period will be cancelled back to the member firm, and cancellations of resting orders will be processed after the Closing Cross is complete.¹⁰ NASDAQ notes

⁹ For example, a member firm that enters an order that is erroneous in price and/or size may cause significant order imbalances, which may cause the closing price of the security to be significantly different from what is anticipated.

¹⁰ A member firm that sends a cancellation request during the Lockdown Period will receive an execution message for that order if it is executed in the Closing Cross.

that the processing and calculation of the Closing Cross will remain unchanged.¹¹

Moreover, in proposing the Lockdown Period, NASDAQ is not altering how orders are processed prior to the Closing Cross, and after it is completed. Rather, NASDAQ is merely providing a precise time at which orders will not participate in the Closing Cross, in lieu of the uncertain, albeit brief, time under the current process. In addition to amending Rule 4754(b) to reflect the changes discussed above, NASDAQ is making a clarifying change to the rule text to make it clear that the Closing Cross begins at 4:00:00 p.m.

In a related change, the Exchange is also proposing to harmonize the processing of Market Hours Day (“MDAY”) orders¹² in the Closing Cross. MDAY is a time-in-force characteristic of orders, which allows the order to be executed during the Regular Market Session. Under NASDAQ rules, MDAY-designated orders are available from 4:00 a.m. to 4:00 p.m. Eastern Time.¹³ Currently, an order designated as MDAY entered after completion of the Closing Cross in a particular security may be rejected, cancelled, or modified to an order with a time-in-force of Immediate or Cancel, depending on the means of entry. Member firms may enter MDAY-designated orders through OUCH, FLITE, RASH, INET FIX, QIX or SUMO FIX ports.¹⁴ These various means of connecting to the Exchange for order entry provide member firms with differing

¹¹ The closing process will still be initiated at 4:00 p.m. Eastern Time, and the order in which securities enter into their individual Closing Crosses will continue to be random.

¹² See Rule 4751(h)(6).

¹³ Id.

¹⁴ See <http://www.nasdaqtrader.com/Trader.aspx?id=TradingSpecs> for a description of the various order entry port specifications.

functionality. The Exchange notes that a MDAY-designated order entered after the conclusion of the Regular Market Session through an OUCH, FLITE or RASH port will be modified to an order with a time-in-force of Immediate or Cancel. A MDAY-designated order entered after the conclusion of Regular Market Session through an INET FIX port will be modified to a System Hours Day order.¹⁵ Lastly, a MDAY-designated order entered after the conclusion of the Regular Market Session through a QIX or SUMO FIX port will be rejected. The Exchange notes that the vast majority of such orders are entered near the end of the Regular Market Session by member firms seeking to execute prior to the conclusion of the session. In an effort to simplify the treatment of order handling on the Exchange, NASDAQ is proposing to harmonize how MDAY orders entered after the closing cross is initiated are handled. Specifically, NASDAQ is proposing to no longer accept orders with a time-in-force of MDAY that are entered after initiation of the Lockdown Period. The Exchange notes that not accepting orders after the Closing Cross is initiated will simplify market participant processing and avoid confusion concerning how such orders are handled upon conclusion of the Regular Market Session. Lastly, with the proposed implementation of the Lockdown Period, such simplification will also aid NASDAQ in operating the Closing Cross by reducing the logical steps necessary to process MDAY-designated orders. As a consequence, NASDAQ is adding language to the rule to reflect that such orders will not be accepted after 4:00 p.m.

¹⁵ A System Hours Day order remains available for potential display and/or execution from 4:00 a.m. until 8:00 p.m. Eastern Time on the day it was submitted unless cancelled by the entering party. See Rule 4751(h)(2).

Similarly, NASDAQ is proposing to modify the processing of Good-till-market close orders (“GTMC”).¹⁶ GTMC is a time-in-force characteristic of orders, which allows the order to be executed from 4:00 a.m. to 8:00 p.m. Eastern Time. GTMC orders entered after the Closing Cross are converted to a time-in-force of System Hours Immediate or Cancel. In lieu of converting such orders, NASDAQ is proposing to no longer accept GTMC orders after initiation of the Lockdown Period at 4:00 p.m. Eastern Time. As a consequence, NASDAQ is amending language in the rule concerning acceptance of GTMC orders up to 8:00 p.m. Eastern Time to reflect that such orders will not be accepted after 4:00 p.m., and is deleting text concerning conversion of the order. NASDAQ is also making a technical change to the rule text to harmonize the terminology used under the other time-in-force designations under Rule 4751(h). Specifically, NASDAQ is replacing the word “and” with “until.”

The Exchange plans on implementing the proposed changes in mid-February 2015, and will provide at least 30 days prior notice of the implementation date and testing opportunities for member firms via an Equity Trader Alert.

b. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6 of the Act,¹⁷ in general, and further the objectives of Section 6(b)(5) of the Act,¹⁸ in particular, in that they are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and

¹⁶ See Rule 4751(h)(8).

¹⁷ 15 U.S.C. 78f.

¹⁸ 15 U.S.C. 78f(b)(5).

coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Specifically, the proposed changes promote just and equitable principles of trade and perfect the mechanisms of a free and open market and the national market system by providing greater clarity concerning the System's operation during the closing process and how orders with certain time-in-force characteristics are processed at the market close. In addition, the proposed changes will contribute to the protection of investors and the public interest by making the Exchange's rules easier to understand. The proposed change to implement the Lockdown Period is designed to promote a stable closing process and avoid the impact of erroneous order activity on the market close process. Closing the order book to new orders and cancellations during the very brief period between the initiation of the closing process at 4:00 p.m. Eastern Time and the completion of the last Closing Cross will ensure that the System is able to cross all securities without impact from erroneous order activity in a single security. Accordingly, the proposed change promotes a fair and orderly market during the closing process, and thereby further perfects the mechanism of a free and open market. The proposed changes to the processing of MDAY-designated orders further these objectives because they simplify processing of orders, thereby avoiding any market participant confusion on how such orders are treated when entered after the Regular Market Session has ended. Uniformly rejecting such orders, which are designed to execute during Regular Market

Session, is consistent with a market participant's intent to execute during Regular Market Session and will remove complication in the handling of such orders. To the extent a member firm would like to participate in post-market hours trading, it may enter a new order eligible to participate in post-market trading. Likewise, the proposed changes to the processing of GTMC-designated orders further these objectives because the changes simplify processing of such orders when entered after the Closing Cross process has begun. Rather than converting GTMC-designated orders to an order with a different time-in-force if entered after the market close, NASDAQ will no longer accept them once the Closing Cross has been initiated, which is consistent with a market participant's intent to execute during the period from 4:00 a.m. and 4:00 p.m. As noted above, to the extent a member firm would like to participate in post-market hours trading, it may enter a new order eligible to participate in post-market trading. Moreover, simplifying the processing of both MDAY- and GTMC-designated orders will remove complication in the handling of such orders, thereby further improving the operation of the market.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Specifically, the changes are designed to promote consistency and stability in the closing process and in the handling of orders after the Regular Market Session has ended. Such changes do not place a burden on competition between market participants as the changes are applied consistently to all participants. Moreover, the proposed changes do not impose a burden on competition among exchanges as they are done for regulatory purposes and are therefore irrelevant to 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 proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act¹⁹ and paragraph (f)(6) of Rule 19b-4 thereunder,²⁰ in that the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) 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; provided the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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.

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

Not applicable.

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

Not applicable.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

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 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-2014-123)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Rules 4751(h) and 4754(b) Relating to the Closing Process

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 [DATE], 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 make changes to Rules 4751(h) and 4754(b) relating to the closing process.

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

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange is proposing to adopt changes related to the close of Regular Market Session³ on NASDAQ, which are designed to bring consistency and stability to the processing of securities in the NASDAQ Closing Cross.⁴ Each trading day, NASDAQ accepts orders designated to participate in the Closing Cross.⁵ The Closing Cross is the process by which NASDAQ determines the price at which orders will be executed at market close. Beginning at 3:50 p.m. Eastern Time, NASDAQ disseminates an Order Imbalance Indicator⁶ every five seconds until market close, which allows market participants to see the nature of interest in a security and make investment decisions accordingly. The NASDAQ closing process is initiated at 4:00 p.m. Eastern Time.⁷ During the brief period between the initiation of the closing process and the

³ As defined by Rule 4120(b)(4)(D).

⁴ See Rule 4754.

⁵ See Rule 4754(a)(1) for a description of quotes and orders eligible for participation in the Closing Cross.

⁶ The Order Imbalance Indicator provides information about orders eligible to participate in the Closing Cross and the price at which those orders would execute at the time of dissemination.

⁷ Once the closing process is initiated, the System will execute crosses in each individual security traded on NASDAQ one by one. The order in which each security is processed is random and differs day by day.

conclusion of the last Closing Cross,⁸ the continuous order book is open to accept orders and cancellations in a security until the Closing Cross for that security is complete.

These orders can affect the ultimate closing price of the security. Although accepting orders and cancellations through the completion of a security's Closing Cross allows the greatest interest to participate in the Closing Cross, the Exchange has observed that in cases where there is aberrant volatility in a security due to an error,⁹ accepting such order activity may also significantly alter the closing price. In normal trading, NASDAQ has observed that allowing order entry and cancellation in a security up to the completion of a security's Closing Cross provides little additional price discovery to offset the greater risk in allowing such order activity. Accordingly, NASDAQ is proposing to close the order book for participation in the Closing Cross once the closing process is initiated at 4:00 p.m. Eastern Time (the "Lockdown Period"). As a consequence of closing the order book, orders entered for participation in the continuous market after the Lockdown Period has begun, but prior to completion of the Closing Cross, will not be accepted by the System.

Under the proposed process, at 4:00 p.m. Eastern Time, when the closing process is initiated, the Lockdown Period is triggered at which point the order book will no longer accept new orders for execution, and will cease to process order cancellation requests for resting orders. New orders received for participation in the Closing Cross after initiation of the Lockdown Period will be cancelled back to the member firm, and cancellations of

⁸ This brief period is normally well under one second.

⁹ For example, a member firm that enters an order that is erroneous in price and/or size may cause significant order imbalances, which may cause the closing price of the security to be significantly different from what is anticipated.

resting orders will be processed after the Closing Cross is complete.¹⁰ NASDAQ notes that the processing and calculation of the Closing Cross will remain unchanged.¹¹ Moreover, in proposing the Lockdown Period, NASDAQ is not altering how orders are processed prior to the Closing Cross, and after it is completed. Rather, NASDAQ is merely providing a precise time at which orders will not participate in the Closing Cross, in lieu of the uncertain, albeit brief, time under the current process. In addition to amending Rule 4754(b) to reflect the changes discussed above, NASDAQ is making a clarifying change to the rule text to make it clear that the Closing Cross begins at 4:00:00 p.m.

In a related change, the Exchange is also proposing to harmonize the processing of Market Hours Day (“MDAY”) orders¹² in the Closing Cross. MDAY is a time-in-force characteristic of orders, which allows the order to be executed during the Regular Market Session. Under NASDAQ rules, MDAY-designated orders are available from 4:00 a.m. to 4:00 p.m. Eastern Time.¹³ Currently, an order designated as MDAY entered after completion of the Closing Cross in a particular security may be rejected, cancelled, or modified to an order with a time-in-force of Immediate or Cancel, depending on the means of entry. Member firms may enter MDAY-designated orders through OUCH,

¹⁰ A member firm that sends a cancellation request during the Lockdown Period will receive an execution message for that order if it is executed in the Closing Cross.

¹¹ The closing process will still be initiated at 4:00 p.m. Eastern Time, and the order in which securities enter into their individual Closing Crosses will continue to be random.

¹² See Rule 4751(h)(6).

¹³ Id.

FLITE, RASH, INET FIX, QIX or SUMO FIX ports.¹⁴ These various means of connecting to the Exchange for order entry provide member firms with differing functionality. The Exchange notes that a MDAY-designated order entered after the conclusion of the Regular Market Session through an OUCH, FLITE or RASH port will be modified to an order with a time-in-force of Immediate or Cancel. A MDAY-designated order entered after the conclusion of Regular Market Session through an INET FIX port will be modified to a System Hours Day order.¹⁵ Lastly, a MDAY-designated order entered after the conclusion of the Regular Market Session through a QIX or SUMO FIX port will be rejected. The Exchange notes that the vast majority of such orders are entered near the end of the Regular Market Session by member firms seeking to execute prior to the conclusion of the session. In an effort to simplify the treatment of order handling on the Exchange, NASDAQ is proposing to harmonize how MDAY orders entered after the closing cross is initiated are handled. Specifically, NASDAQ is proposing to no longer accept orders with a time-in-force of MDAY that are entered after initiation of the Lockdown Period. The Exchange notes that not accepting orders after the Closing Cross is initiated will simplify market participant processing and avoid confusion concerning how such orders are handled upon conclusion of the Regular Market Session. Lastly, with the proposed implementation of the Lockdown Period, such simplification will also aid NASDAQ in operating the Closing Cross by reducing the logical steps necessary to process MDAY-designated orders. As a consequence,

¹⁴ See <http://www.nasdaqtrader.com/Trader.aspx?id=TradingSpecs> for a description of the various order entry port specifications.

¹⁵ A System Hours Day order remains available for potential display and/or execution from 4:00 a.m. until 8:00 p.m. Eastern Time on the day it was submitted unless cancelled by the entering party. See Rule 4751(h)(2).

NASDAQ is adding language to the rule to reflect that such orders will not be accepted after 4:00 p.m.

Similarly, NASDAQ is proposing to modify the processing of Good-til-market close orders (“GTMC”).¹⁶ GTMC is a time-in-force characteristic of orders, which allows the order to be executed from 4:00 a.m. to 8:00 p.m. Eastern Time. GTMC orders entered after the Closing Cross are converted to a time-in-force of System Hours Immediate or Cancel. In lieu of converting such orders, NASDAQ is proposing to no longer accept GTMC orders after initiation of the Lockdown Period at 4:00 p.m. Eastern Time. As a consequence, NASDAQ is amending language in the rule concerning acceptance of GTMC orders up to 8:00 p.m. Eastern Time to reflect that such orders will not be accepted after 4:00 p.m., and is deleting text concerning conversion of the order. NASDAQ is also making a technical change to the rule text to harmonize the terminology used under the other time-in-force designations under Rule 4751(h). Specifically, NASDAQ is replacing the word “and” with “until.”

The Exchange plans on implementing the proposed changes in mid-February 2015, and will provide at least 30 days prior notice of the implementation date and testing opportunities for member firms via an Equity Trader Alert.

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6 of the Act,¹⁷ in general, and further the objectives of Section 6(b)(5) of the Act,¹⁸ in

¹⁶ See Rule 4751(h)(8).

¹⁷ 15 U.S.C. 78f.

¹⁸ 15 U.S.C. 78f(b)(5).

particular, in that they are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Specifically, the proposed changes promote just and equitable principles of trade and perfect the mechanisms of a free and open market and the national market system by providing greater clarity concerning the System's operation during the closing process and how orders with certain time-in-force characteristics are processed at the market close. In addition, the proposed changes will contribute to the protection of investors and the public interest by making the Exchange's rules easier to understand. The proposed change to implement the Lockdown Period is designed to promote a stable closing process and avoid the impact of erroneous order activity on the market close process. Closing the order book to new orders and cancellations during the very brief period between the initiation of the closing process at 4:00 p.m. Eastern Time and the completion of the last Closing Cross will ensure that the System is able to cross all securities without impact from erroneous order activity in a single security. Accordingly, the proposed change promotes a fair and orderly market during the closing process, and thereby further perfects the mechanism of a free and open market. The proposed changes to the processing of MDAY-designated orders further these objectives because they simplify processing of orders, thereby avoiding any market participant confusion on how

such orders are treated when entered after the Regular Market Session has ended.

Uniformly rejecting such orders, which are designed to execute during Regular Market Session, is consistent with a market participant's intent to execute during Regular Market Session and will remove complication in the handling of such orders. To the extent a member firm would like to participate in post-market hours trading, it may enter a new order eligible to participate in post-market trading. Likewise, the proposed changes to the processing of GTMC-designated orders further these objectives because the changes simplify processing of such orders when entered after the Closing Cross process has begun. Rather than converting GTMC-designated orders to an order with a different time-in-force if entered after the market close, NASDAQ will no longer accept them once the Closing Cross has been initiated, which is consistent with a market participant's intent to execute during the period from 4:00 a.m. and 4:00 p.m. As noted above, to the extent a member firm would like to participate in post-market hours trading, it may enter a new order eligible to participate in post-market trading. Moreover, simplifying the processing of both MDAY- and GTMC-designated orders will remove complication in the handling of such orders, thereby further improving the operation of the market.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Specifically, the changes are designed to promote consistency and stability in the closing process and in the handling of orders after the Regular Market Session has ended. Such changes do not place a burden on competition between market participants as the changes are applied consistently to all participants. Moreover, the

proposed changes do not impose a burden on competition among exchanges as they are done for regulatory purposes and are therefore irrelevant to 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)(ii) of the Act¹⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.²⁰ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹⁹ 15 U.S.C. 78s(b)(3)(a)(ii).

²⁰ 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2014-123 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2014-123. 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-2014-123 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.²¹

Kevin M. O'Neill
Deputy Secretary

²¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are bracketed.

* * * * *

4751. Definitions

The following definitions apply to the Rule 4600 and 4750 Series for the trading of securities listed on Nasdaq or a national securities exchange other than Nasdaq.

(a) – (g) No change.

(h) The term “Time in Force” shall mean the period of time that the System will hold an order for potential execution, and shall include:

(1) – (5) No change.

(6) “Market Hours Day” or “MDAY” shall mean for orders so designated, that if after entry into the System, the order is not fully executed, the order (or unexecuted portion thereof) shall remain available for potential display and/or execution until 4:00 p.m. Eastern Time, unless canceled by the entering party, after which it shall be returned to the entering party. MDAY Orders shall be available for entry from 4:00 a.m. until 4:00 p.m. Eastern Time and for potential execution from 9:30 a.m. until 4:00 p.m. Eastern Time. MDAY orders entered after 4:00 p.m. Eastern Time will not be accepted.

(7) No change.

(8) “Good-til-market close” or “GTMC” shall mean for orders so designated, that if after entry into the System, the order is not fully executed, the order (or unexecuted portion thereof) shall remain available for potential display and/or execution until cancelled by the entering party, or until the completion of the Nasdaq Closing Cross, after which it shall be returned to the entering party. GTMC orders shall be available for entry and potential execution from 4:00 a.m. until [and 8:00]4:00 p.m. Eastern Time. GTMC orders entered after [the Nasdaq Closing Cross]4:00 p.m. Eastern Time will not be accepted[treated as SIOC orders].

(i) No change.

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4754. Nasdaq Closing Cross

(a) No change.

(b) Processing of Nasdaq Closing Cross. The Nasdaq Closing Cross will begin at 4:00:00[,] p.m., at which time no further orders for participation in the Closing Cross or the continuous market will be accepted. [and p]Post-market hours trading will commence when the Nasdaq Closing Cross concludes, at which time extended hours orders will be accepted.

(1) – (7) No change.

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