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**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 - 2016 - \* 101

Amendment No. (req. for Amendments \*)

Filing by NASDAQ Stock Market

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) *			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule					
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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 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) *			Section 3C(b)(2) *					
<input type="checkbox"/>			<input type="checkbox"/>					

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 proposed rule change to add Nasdaq Rule 7046 (Nasdaq Trading Insights) to the Nasdaq rule book.

### 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 *	Jonathan	Last Name *	Cayne
Title *	Senior Associate General Counsel		
E-mail *	jonathan.cayne@nasdaq.com		
Telephone *	(301) 978-8493	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 \*)

Date 07/13/2016

Executive Vice President and General Counsel

By Edward S. Knight

(Name \*)

edward.knight@nasdaq.com

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 EDDS website.

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

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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 \***

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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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to add Nasdaq Rule 7046 (Nasdaq Trading Insights) to the Nasdaq rule book.

The Exchange has designated that this filing be operative on September 1, 2016.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Board of Directors of the Exchange approved the submission of this proposed rule change on June 13, 2016. 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:

Jonathan F. Cayne  
Senior Associate General Counsel  
Nasdaq, Inc.  
(301) 978-8493

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

a. Purpose

The Exchange proposes to add Nasdaq Rule 7046 (Nasdaq Trading Insights) to the Nasdaq rule book. The Nasdaq Trading Insights product is an optional market data

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

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

service comprised of four distinct market data components. Specifically, and as described in greater detail below, the market data components include: (a) Missed Opportunity – Liquidity; (b) Missed Opportunity – Latency; (c) Peer Benchmarking; and (d) Liquidity Dynamics Analysis. Market participants may opt to choose to receive any or all of the market data components and the corresponding fee will be assessed based on the number of components selected.<sup>3</sup>

Currently, Nasdaq provides real-time prices and analytics in the marketplace. The Exchange believes that the additional data points from the matching engine outlined below may help market participants to gain a better understanding about their interactions with the Exchange. The four optional market data components that comprise the Nasdaq Trading Insights product will help market participants by providing them with a chance to learn more about when they may have better opportunities to access liquidity and to receive better execution rates. The proposed market data product will increase transparency and democratize information so that all firms that themselves may not have the expertise to generate such information may elect to subscribe to one or all of the components of the Nasdaq Trading Insights product.

(a) Missed Opportunity - Liquidity

Trading firms may seek to submit orders for the greatest number of shares possible without exceeding the amount of shares actually available. This component identifies when an order from a market participant might have been increased in size and thus executed more shares.

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<sup>3</sup> A separate filing will address the pricing for the Nasdaq Trading Insights product, which also will be implemented on September 1, 2016.

For example, if a firm sends in an order that was fully executed and subsequently sends another order (or multiple orders) at the same or inferior price-level than originally executed, this indicates that they could have oversize their original order. This missed opportunity could have resulted in a larger fill which will allow firms to change their trading patterns to trade more efficiently. This component usually will be provided to market participants no later than the next trading day.

The Missed Opportunity - Liquidity component may also benefit firms by providing greater visibility into exactly what was missed in trading so they may optimize their models and trading patterns to yield better returns. Firms may value learning if they can submit additional orders without impacting the market or if they could wait longer to discover missed opportunities.

The data included in this component is unique for each market participant's port and only that market participant is eligible to receive this data upon voluntarily opting to pay the corresponding fee (as previously noted, the corresponding fees will be included in a future filing). The Exchange will restrict all other market participants from receiving this market participant's unique data.

(b) Missed Opportunity – Latency

Market participants generally seek liquidity accessing orders if there is a high probability that it will execute an order resting on the Exchange order book. This component identifies by how much time an order that may have been marketable missed executing. As with the Missed Opportunity - Liquidity component described above, this component also will provide greater visibility into exactly what was missed in trading so

market participants may optimize their models and trading patterns to yield better execution results.

This component will help market participants to better understand by how much time they missed specific orders, thus determining whether they want to invest in the technology to mitigate the misses. For example, if a market participant sends in a marketable order, but it was subsequently canceled or executed, the Exchange will let the market participant know for each of these orders submitted by how much time they missed an execution. The Exchange will provide this information to firms no later than the next trading day.

Additionally, the data included in this component will be based only on the data of the market participant that opts to pay the corresponding fee to receive it (as previously noted, the corresponding fees will be included in a future filing). The Exchange will restrict all other market participants from receiving another market participant's data.

(c) Peer Benchmarking

This component ranks the quality of a market participant's trading performance against its peers. Market participants will be able to view their own trading activity broken out by port with each being ranked independently for each metric against their peers, as well as all market participants trading with the Exchange. By understanding its ranking and its associated ranking with peers, market participants will have a better idea of how the competition is performing vis-à-vis their own trading.

Peer Benchmarking will help market participants better understand trending over time and whether behavioral changes they make translate into the expected results.

Additionally, this component will assist market participants in understanding their rankings independent of any changes. It will let market participants know whether their metric is changing against its peer group. Peer groups will be based upon a given set of metrics that will share similar trading behavior characteristics and must include at least ten peers within a security. The Exchange will provide this information to firms no later than the next trading day.

The data included in Peer Benchmarking is specific to a particular market participant's port and only the market participant who pays the optional fee to receive the component is eligible to receive Peer Benchmarking. Nasdaq will restrict all other market participants from receiving this market participant's Peer Benchmark, but aggregated and non-attributed data associated with other market participants will be provided to illustrate how the firm ranks vis-à-vis their peers (as previously noted, the corresponding fees will be included in a future filing).

(d) Liquidity Dynamics Analysis

This component offers extensive historical insight into displayed and hidden orders on the Exchange for Reg NMS securities traded on Nasdaq, the New York Stock Exchange, and other U.S. equity exchanges. Specifically, this component will contain aggregated metrics and statistics about the liquidity on Nasdaq, including aggregated hidden liquidity on a security level. This will be presented as reports and calculated statistics over various time windows. For example, the data will be analyzed every 30 seconds starting at 10 minutes prior to the market open and 10 minutes after the market close and it will include all orders that are visible, anonymous or non-displayed

for each security. The Exchange will provide this information to firms no later than the next trading day.

Market participants may opt to utilize this component to better understand when pockets of accessible liquidity exist. This may help market participants optimize their algorithm and Smart Order Routers to potentially oversize orders and get better fill rates.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>4</sup> in general and with Sections 6(b)(5) of the Act,<sup>5</sup> in particular in that it is 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. This proposal is in keeping with those principles in that it promotes increased transparency through the dissemination of the optional Nasdaq Trading Insights market data product to those interested in paying to receive any or all of the four distinct market data components comprising the product.

The Exchange also believes this proposal is consistent with Section 6(b)(5) of the Act because it protects investors and the public interest and promotes just and equitable principles of trade by providing investors with new options for receiving market data as requested by potential purchasers. The proposed rule change would benefit investors by

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<sup>4</sup> 15 U.S.C. 78f.

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

facilitating their prompt access to the value added information that is included in the Nasdaq Trading Insights market data product, which include the following components: (a) Missed Opportunity – Liquidity; (b) Missed Opportunity – Latency; (c) Peer Benchmarking; and (d) Liquidity Dynamics Analysis.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker dealers increased authority and flexibility to offer new and unique market data to consumers of such data. It was believed that this authority would expand the amount of data available to users and consumers of such data and also spur innovation and competition for the provision of market data. The Exchange believes that the Nasdaq Trading Insights product is the sort of market data product that the Commission envisioned when it adopted Regulation NMS.

The Commission concluded that Regulation NMS—by deregulating the market in proprietary data—would itself further the Act’s goals of facilitating efficiency and competition:

[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data. The Commission also believes that efficiency is promoted when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.<sup>6</sup>

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. This proposed new market data product provides

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<sup>6</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (“Regulation NMS Adopting Release”).

investors with new options for receiving market data, which was a primary goal of the market data amendments adopted by Regulation NMS.<sup>7</sup>

The Nasdaq Trading Insights market data product will help to protect a free and open market by providing additional non-core data (offered on an optional basis for a fee) to the marketplace and by providing investors with greater choices.<sup>8</sup> Additionally, the proposal would not permit unfair discrimination because the product will be available to all of the Exchange's participants.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. In fact, the Exchange believes that the Nasdaq Trading Insights market data product will enhance competition<sup>9</sup> by providing new options for receiving market data to market participants, which was a primary goal of the market data amendments adopted by Regulation NMS.<sup>10</sup>

5. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

6. **Extension of Time Period for Commission Action**

Not applicable.

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<sup>7</sup> See Regulation NMS Adopting Release, *supra*, at 37503.

<sup>8</sup> See Sec. Indus. Fin. Mkts. Ass'n (SIFMA), Initial Decision Release No. 1015, 2016 SEC LEXIS 2278 (ALJ June 1, 2016) (finding the existence of vigorous competition with respect to non-core market data).

<sup>9</sup> *Id.*

<sup>10</sup> See Regulation NMS Adopting Release, *supra*, at 37503.

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

The Exchange respectfully requests accelerated effectiveness of this proposed rule change pursuant to Section 19(b)(2) of the Act.<sup>11</sup> The Exchange believes that there is good cause for the Commission to accelerate effectiveness by September 1, 2016 because the proposed rule change may help market participants to gain a better understanding about their interactions with the Exchange and will increase transparency and democratize information so that all firms that themselves may not have the expertise to generate such information may elect to subscribe to one or all of the components of the Nasdaq Trading Insights product.

The Exchange is providing market participants with new options for receiving market data, in part, in response to requests by potential purchasers. The proposed rule change would benefit participants by facilitating their prompt access to the value added information that is included in the Nasdaq Trading Insights market data product.

The Exchange also believes there is good cause to accelerate effectiveness of this proposed rule change because it will enhance competition by providing new options for receiving market data to market participants, which was a primary goal of the market data amendments adopted by Regulation NMS.

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will

- A. by order approve or disapprove such proposed rule change, or

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<sup>11</sup> 15 U.S.C. 78s(b)(2).

- B. institute proceedings to determine whether the proposed rule change should be disapproved.
8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission  
Not applicable.
9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act  
Not applicable.
10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act  
Not applicable.
11. Exhibits
1. Form of Notice of the Proposed Rule Change for the Federal Register.
  5. Text of Proposed Rule Change.

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-NASDAQ-2016-101)

July \_\_, 2016

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change to Add Nasdaq Rule 7046 (Nasdaq Trading Insights)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 13, 2016, 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 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

Nasdaq proposes to add Nasdaq Rule 7046 (Nasdaq Trading Insights) to the Nasdaq rule book.

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

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

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

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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 proposes to add Nasdaq Rule 7046 (Nasdaq Trading Insights) to the Nasdaq rule book. The Nasdaq Trading Insights product is an optional market data service comprised of four distinct market data components. Specifically, and as described in greater detail below, the market data components include: (a) Missed Opportunity – Liquidity; (b) Missed Opportunity – Latency; (c) Peer Benchmarking; and (d) Liquidity Dynamics Analysis. Market participants may opt to choose to receive any or all of the market data components and the corresponding fee will be assessed based on the number of components selected.<sup>3</sup>

Currently, Nasdaq provides real-time prices and analytics in the marketplace. The Exchange believes that the additional data points from the matching engine outlined below may help market participants to gain a better understanding about their interactions with the Exchange. The four optional market data components that comprise the Nasdaq

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<sup>3</sup> A separate filing will address the pricing for the Nasdaq Trading Insights product, which also will be implemented on September 1, 2016.

Trading Insights product will help market participants by providing them with a chance to learn more about when they may have better opportunities to access liquidity and to receive better execution rates. The proposed market data product will increase transparency and democratize information so that all firms that themselves may not have the expertise to generate such information may elect to subscribe to one or all of the components of the Nasdaq Trading Insights product.

(a) Missed Opportunity - Liquidity

Trading firms may seek to submit orders for the greatest number of shares possible without exceeding the amount of shares actually available. This component identifies when an order from a market participant might have been increased in size and thus executed more shares.

For example, if a firm sends in an order that was fully executed and subsequently sends another order (or multiple orders) at the same or inferior price-level than originally executed, this indicates that they could have oversize their original order. This missed opportunity could have resulted in a larger fill which will allow firms to change their trading patterns to trade more efficiently. This component usually will be provided to market participants no later than the next trading day.

The Missed Opportunity - Liquidity component may also benefit firms by providing greater visibility into exactly what was missed in trading so they may optimize their models and trading patterns to yield better returns. Firms may value learning if they can submit additional orders without impacting the market or if they could wait longer to discover missed opportunities.

The data included in this component is unique for each market participant's port and only that market participant is eligible to receive this data upon voluntarily opting to pay the corresponding fee (as previously noted, the corresponding fees will be included in a future filing). The Exchange will restrict all other market participants from receiving this market participant's unique data.

(b) Missed Opportunity – Latency

Market participants generally seek liquidity accessing orders if there is a high probability that it will execute an order resting on the Exchange order book. This component identifies by how much time an order that may have been marketable missed executing. As with the Missed Opportunity - Liquidity component described above, this component also will provide greater visibility into exactly what was missed in trading so market participants may optimize their models and trading patterns to yield better execution results.

This component will help market participants to better understand by how much time they missed specific orders, thus determining whether they want to invest in the technology to mitigate the misses. For example, if a market participant sends in a marketable order, but it was subsequently canceled or executed, the Exchange will let the market participant know for each of these orders submitted by how much time they missed an execution. The Exchange will provide this information to firms no later than the next trading day.

Additionally, the data included in this component will be based only on the data of the market participant that opts to pay the corresponding fee to receive it (as previously noted, the corresponding fees will be included in a future filing). The

Exchange will restrict all other market participants from receiving another market participant's data.

(c) Peer Benchmarking

This component ranks the quality of a market participant's trading performance against its peers. Market participants will be able to view their own trading activity broken out by port with each being ranked independently for each metric against their peers, as well as all market participants trading with the Exchange. By understanding its ranking and its associated ranking with peers, market participants will have a better idea of how the competition is performing vis-à-vis their own trading.

Peer Benchmarking will help market participants better understand trending over time and whether behavioral changes they make translate into the expected results. Additionally, this component will assist market participants in understanding their rankings independent of any changes. It will let market participants know whether their metric is changing against its peer group. Peer groups will be based upon a given set of metrics that will share similar trading behavior characteristics and must include at least ten peers within a security. The Exchange will provide this information to firms no later than the next trading day.

The data included in Peer Benchmarking is specific to a particular market participant's port and only the market participant who pays the optional fee to receive the component is eligible to receive Peer Benchmarking. Nasdaq will restrict all other market participants from receiving this market participant's Peer Benchmark, but aggregated and non-attributed data associated with other market participants will be

provided to illustrate how the firm ranks vis-à-vis their peers (as previously noted, the corresponding fees will be included in a future filing).

(d) Liquidity Dynamics Analysis

This component offers extensive historical insight into displayed and hidden orders on the Exchange for Reg NMS securities traded on Nasdaq, the New York Stock Exchange, and other U.S. equity exchanges. Specifically, this component will contain aggregated metrics and statistics about the liquidity on Nasdaq, including aggregated hidden liquidity on a security level. This will be presented as reports and calculated statistics over various time windows. For example, the data will be analyzed every 30 seconds starting at 10 minutes prior to the market open and 10 minutes after the market close and it will include all orders that are visible, anonymous or non-displayed for each security. The Exchange will provide this information to firms no later than the next trading day.

Market participants may opt to utilize this component to better understand when pockets of accessible liquidity exist. This may help market participants optimize their algorithm and Smart Order Routers to potentially oversize orders and get better fill rates.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>4</sup> in general and with Sections 6(b)(5) of the Act,<sup>5</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination

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<sup>4</sup> 15 U.S.C. 78f.

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

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. This proposal is in keeping with those principles in that it promotes increased transparency through the dissemination of the optional Nasdaq Trading Insights market data product to those interested in paying to receive any or all of the four distinct market data components comprising the product.

The Exchange also believes this proposal is consistent with Section 6(b)(5) of the Act because it protects investors and the public interest and promotes just and equitable principles of trade by providing investors with new options for receiving market data as requested by potential purchasers. The proposed rule change would benefit investors by facilitating their prompt access to the value added information that is included in the Nasdaq Trading Insights market data product, which include the following components:

(a) Missed Opportunity – Liquidity; (b) Missed Opportunity – Latency; (c) Peer Benchmarking; and (d) Liquidity Dynamics Analysis.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker dealers increased authority and flexibility to offer new and unique market data to consumers of such data. It was believed that this authority would expand the amount of data available to users and consumers of such data and also spur innovation and competition for the provision of market data. The Exchange believes that the Nasdaq Trading Insights product is the sort of market data product that the Commission envisioned when it adopted Regulation NMS.

The Commission concluded that Regulation NMS—by deregulating the market in proprietary data—would itself further the Act’s goals of facilitating efficiency and competition:

[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data. The Commission also believes that efficiency is promoted when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.<sup>6</sup>

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. This proposed new market data product provides investors with new options for receiving market data, which was a primary goal of the market data amendments adopted by Regulation NMS.<sup>7</sup>

The Nasdaq Trading Insights market data product will help to protect a free and open market by providing additional non-core data (offered on an optional basis for a fee) to the marketplace and by providing investors with greater choices.<sup>8</sup> Additionally, the proposal would not permit unfair discrimination because the product will be available to all of the Exchange’s participants.

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<sup>6</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (“Regulation NMS Adopting Release”).

<sup>7</sup> See Regulation NMS Adopting Release, supra, at 37503.

<sup>8</sup> See Sec. Indus. Fin. Mkts. Ass’n (SIFMA), Initial Decision Release No. 1015, 2016 SEC LEXIS 2278 (ALJ June 1, 2016) (finding the existence of vigorous competition with respect to non-core market data).

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. In fact, the Exchange believes that the Nasdaq Trading Insights market data product will enhance competition<sup>9</sup> by providing new options for receiving market data to market participants, which was a primary goal of the market data amendments adopted by Regulation NMS.<sup>10</sup>

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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.

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<sup>9</sup> Id.

<sup>10</sup> See Regulation NMS Adopting Release, supra, at 37503.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form  
[\(http://www.sec.gov/rules/sro.shtml\)](http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2016-101 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-NASDAQ-2016-101. 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 website <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 Nasdaq. 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-2016-101 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Robert W. Errett  
Deputy Secretary

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<sup>11</sup> 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.

**The NASDAQ Stock Market Rules**

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**7046. [Reserved]Nasdaq Trading Insights**

(a) The Nasdaq Trading Insights product will consist of one or more of the following products:

(1) Missed Opportunity – Liquidity. This component identifies when an order from a market participant could have been increased in size and executed more shares.

(2) Missed Opportunity – Latency. This component identifies by how much time a marketable order missed executing a resting order that was canceled or executed.

(3) Peer Benchmarking. This component ranks the quality of a firm's trading performance against their peers.

(4) Liquidity Dynamics Analysis. This component offers extensive historical insight into visible and non-displayed orders on the Nasdaq exchange.

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