

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of * 5	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2017 - * 061	Amendment No. (req. for Amendments *) 1
Filing by NASDAQ Stock Market Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
			Rule	
Pilot <input type="checkbox"/>	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)(2) <input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(5) <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) * <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"/>		
<b>Description</b>				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposed rule change to amend Rule 4702 (Order Types) and Rule 4754 (Nasdaq Closing Cross) to enhance the Nasdaq Closing Cross"/>				
<b>Contact Information</b>				
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 *	<input type="text" value="Adrian"/>	Last Name *	<input type="text" value="Griffiths"/>	
Title *	<input type="text" value="Senior Associate General Counsel"/>			
E-mail *	<input type="text" value="adrian.griffiths@nasdaq.com"/>			
Telephone *	<input type="text" value="(212) 231-5176"/>	Fax	<input type="text"/>	
<b>Signature</b>				
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	<input type="text" value="08/22/2017"/>	<input type="text" value="Executive Vice President and General Counsel"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>		
(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.				
<input type="button" value="Digitally Sign and Lock Form"/>				

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Partial Amendment No. 1 to SR-Nasdaq-2017-061**

On July 13, 2017, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Rule 4702 (Order Types) and Rule 4754 (Nasdaq Closing Cross) to enhance the Nasdaq Closing Cross by permitting members to submit LOC Orders until immediately prior to 3:55 p.m. ET subject to certain conditions, and to make other changes related to Closing Cross/Extended Hours Orders. The SEC published the proposed rule change in the Federal Register for notice and comment on July 27, 2017.<sup>1</sup>

The Exchange is filing this Partial Amendment No. 1 to: (1) modify the proposed rule change to add an illustration of how the Exchange believes the proposed changes would facilitate price discovery in the Nasdaq Closing Cross, and (2) remove references to Retail Orders and RPI Orders in the Nasdaq Closing Cross and Nasdaq Opening Cross rules, as these order types are not currently offered on the Exchange.

**19b-4 and Exhibit 1 Changes**

- 1) The Exchange proposes to add the following paragraph after the first full paragraph on page 17 and page 39:

The following example illustrates how the Exchange believes the proposed changes would facilitate price discovery in the Nasdaq Closing Cross. At 3:50 p.m. ET each day Nasdaq disseminates an Order Imbalance Indicator that includes order imbalances and indicated auction prices for individual securities. Let’s assume the national best bid or offer at 3:50 p.m. ET in security ABCD is \$9.99 (bid) x \$10.00 (offer) and the Exchange disseminates an Order Imbalance Indicator showing a buy imbalance for 10,000 shares. Along with the buy imbalance Nasdaq will publish a First Reference Price of \$10.00, which indicates the current inside market price at the time of the information dissemination — i.e., the offer for a buy imbalance. In addition, Nasdaq publishes a Near Clearing Price of \$10.20 indicating the currently calculated cross price based upon all eligible cross orders in the Nasdaq book at that time. This order information is updated and disseminated every 5 seconds based on new orders that are entered up until the Nasdaq Closing Cross occurs. Firms use this information to react and make informed decisions on entering liquidity providing orders to offset the published imbalance. With the proposed changes, firms will be able to enter sell and buy LOC Orders between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET at prices no more aggressive than the \$10.00 First Reference Price. LOC Orders entered at more aggressive prices will be re-priced to the First Reference Price. The proposed re-pricing of orders is done to promote pricing stability and prevent the imbalance from flipping. The Exchange expects this information will attract

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<sup>1</sup> See Securities Exchange Act Release No. 81188 (July 21, 2017), 82 FR 35014 (July 27, 2017).

liquidity providing orders that would improve upon the initial \$10.20 calculated Near Clearing Price disseminated at 3:50 p.m. ET. Suppose, for example, that members reacting to the buy imbalance submit sell LOC Orders for 5,000 shares at \$10.05 and 5,000 shares at \$10.10. Those sell LOC Orders would offset the published buy imbalance and update the Near Clearing Price and subsequent 4:00 Nasdaq Closing Cross price to \$10.10. Allowing these late LOC orders to be included in the auction results in a more effective price discovery in the closing auction.

- 2) The Exchange proposes to amend the last paragraph of page 11 and the first paragraph of page 34 by deleting the third, fourth, and fifth sentences and replacing with the following:

In fact, although these orders are eligible to participate in the Nasdaq Closing Cross when entered on the continuous book, Post-Only Orders, Midpoint Peg Post-Only Orders, and Supplemental Orders cannot be entered with a flag designating an on-close instruction, and therefore cannot operate as a Closing Cross/Extended Hours Order. Furthermore, Retail Orders and RPI Orders are not currently offered on the Exchange.\* The Exchange therefore proposes to clarify the rule so that it is more transparent to members that a Post-Only Order, Midpoint Peg Post-Only Order, or Supplemental Order may not operate as a Closing Cross/Extend Hours Order.

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\*In connection with the changes described above with respect to Closing Cross/Extended Hours Orders, the Exchange also proposes to amend Rule 4703(1) to remove references to Retail Orders and RPI Orders. Today, the first sentence of that rule states that all Order Types except Supplemental Orders, Retail Orders, and RPI Orders participate in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross if the Order has a Time-in-Force that would cause the Order to be in effect at the time of the Nasdaq Opening Cross and/or Nasdaq Closing Cross. Since Retail Orders and RPI Orders are not available on the Exchange, the Exchange proposes to remove those references.

- 3) The Exchange proposes to delete the first full sentence on page 21 and the second full sentence of page 43 and replace with the following:

The Exchange also believes that the other changes to this rule to clarify that a Post-Only Order, Midpoint Peg Post-Only Order, or Supplemental Order may not operate as a Closing Cross/Extend Hours Order will benefit members by increasing transparency with respect to order handling.\*

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\*With respect to Retail Orders and RPI Orders the Exchange is removing references to these order types in Rule 4702 and 4703 as these order types are not

available on the Exchange. The Exchange believes these changes will also increase transparency to the benefit of members and investors.

### **Exhibit 5 Changes**

- 4) The Exchange proposes to delete the first sentence of the first full paragraph on page 49 and replace with the following:

[Following the Nasdaq Closing Cross, a Closing Cross/Extended Hours Order may not operate as a] A Post-Only Order, Midpoint Peg Post-Only Order, Supplemental Order, or [Retail Order, or RPI Order] Market Maker Peg Order may not operate as a Closing Cross/Extend Hours Order.

- 5) The Exchange proposes to add the following language at page 49 immediately before the header “4752. Opening Process”:

#### **4703. Order Attributes**

\* \* \*

(1) Participation in the Nasdaq Opening Cross or the Nasdaq Closing Cross. All Order Types except Supplemental Orders[, Retail Orders, and RPI Orders] participate in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross if the Order has a Time-in-Force that would cause the Order to be in effect at the time of the Nasdaq Opening Cross and/or Nasdaq Closing Cross. MOO Orders, LOO Orders, and IOI Orders participate in the Nasdaq Opening Cross in the manner specified in Rule 4752. Other Order Types eligible to participate in the Nasdaq Opening Cross operate as "Market Hours Orders" or "Open Eligible Interest" as specified in Rule 4752. MOC Orders, LOC Orders and IO Orders participate in the Nasdaq Closing Cross in the manner specified in Rule 4754. Other Order Types eligible to participate in the Nasdaq Closing Cross operate as "Close Eligible Interest" in the manner specified in Rule 4754. For purposes of the Nasdaq Opening Cross or Closing Cross, an Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book shall be deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order.

\* \* \*