

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 - 2019 - * 014 Amendment No. (req. for Amendments *)	
Filing by The Nasdaq Stock Market LLC Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <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"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<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"/>			
Description					
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).					
<input type="text" value="A proposal to amend Rule 4703 (Order Attributes)"/>					
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 * <input type="text" value="Sean"/>		Last Name * <input type="text" value="Bennett"/>			
Title * <input type="text" value="Principal Associate General Counsel"/>					
E-mail * <input type="text" value="sean.bennett@nasdaq.com"/>					
Telephone * <input type="text" value="(301) 978-8499"/>		Fax <input type="text"/>			
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 <input type="text" value="03/06/2019"/>		<input type="text" value="Global Chief Legal & Policy Officer"/>			
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="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 *

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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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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) The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend Rule 4703 (Order Attributes) to make clarifying changes to the Midpoint Trade Now and Trade Now Order Attributes.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).³

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”) on September 26, 2018. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

T. Sean Bennett
Principal Associate General Counsel

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

Nasdaq, Inc.
(301) 978-8499

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

a. Purpose

The Exchange proposes to amend Rule 4703 (Order Attributes) to make clarifying changes to the Midpoint Trade Now and Trade Now Order Attributes.

Midpoint Trade Now

On November 9, 2018, the Exchange filed an immediately effective filing to adopt Midpoint Trade Now,⁴ which has not yet been implemented.⁵ Midpoint Trade Now will be an Order Attribute⁶ that allows a resting Order that becomes locked at its non-displayed price by an incoming Midpoint Peg Post-Only Order⁷ to automatically

⁴ See Securities Exchange Act Release No. 84621 (November 19, 2018), 83 FR 60514 (November 26, 2018) (SR-NASDAQ-2018-090).

⁵ The Exchange plans on implementing Midpoint Trade Now in the first quarter of 2019. Id.

⁶ The term "Order" means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Rule 4701(e).

⁷ A Midpoint Peg Post-Only Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will execute upon entry only in circumstances where economically beneficial to the party

execute against crossing or locking interest, including potentially against the Midpoint Peg Post-Only Order that locked the resting Order, as a liquidity taker. The new Order Attribute was designed to primarily address execution with Midpoint Peg Post-Only Order locking interest and the rule was drafted as such; however, executions may occur following the Exchange's priority rules⁸ whereby a Midpoint Peg Post-Only Order may trigger Midpoint Trade Now, yet not receive a full or partial execution with the resting Order with Midpoint Trade Now.

In certain scenarios, the System⁹ will allow the resting Order with Midpoint Trade Now to resolve both the locked condition against the Midpoint Peg Post-Only Order triggering Midpoint Trade Now, as well as other locking or crossing Orders that have execution priority over the Midpoint Peg Post-Only Order.¹⁰ For example, assuming that the National Best Bid and Offer ("NBBO") is \$10.00 x \$10.01, Order #1 to buy 300 shares at the midpoint with Midpoint Trade Now posts at \$10.005 and Order #2 is a Post-Only Order to sell 200 shares with a limit \$10.00 that posts to the Nasdaq Book at \$10.00 and is displayed at \$10.01, if Order #3 is a Midpoint Peg Post-Only Order to sell 200

entering the Order. The Midpoint Peg Post-Only Order is available during Market Hours only. See Rule 4702(b)(5).

⁸ The Exchange follows a Price/Display/Time Execution Algorithm, whereby better priced Orders are presented for execution first, equally priced Orders with a Display Attribute will be ranked in time priority, and Orders with a Non-Display Attribute, including the Non-Displayed portion of an Order with Reserve Size, are ranked in time priority. See Rule 4757.

⁹ The term "Nasdaq Market Center," or "System" means the automated system for order execution and trade reporting owned and operated by The Nasdaq Stock Market LLC. See Rule 4701(a).

¹⁰ Thus, the System treats the Order similar to any new incoming Orders by executing against resting Orders in Price/Display/Time priority.

shares posts to the Nasdaq Book at \$10.005, Midpoint Trade Now would be triggered. Under the Midpoint Trade Now, Order #3 would not be the first Order that resting Order #1 would execute against. Instead, Order #1 would execute 200 shares against Order #2 at \$10.00, and then execute 100 shares against Order #3. In another example, assuming that the NBBO is \$10.00 x \$10.02, Order #1 to buy 200 shares at the midpoint with Midpoint Trade Now posts at \$10.01, and Order #2 is a Non-Displayed Order to sell 500 shares with a Minimum Quantity Order Attribute of 300 shares that posts at \$10.01. Both resting Orders will not execute because the size of Order #1 does not satisfy the Minimum Quantity requirement of Order #2. If Order #3 arrives as an Order to buy 400 shares, it would execute against Order #2 leaving 100 shares of Order #2.¹¹ If Order #4 then arrives as a Midpoint Peg Post-Only Order to sell 300 shares, it would trigger Midpoint Trade Now for Order #1 and Order #1 would first execute against the remaining 100 shares of Order #2, and then execute 100 shares against Order #4.

There is also the possibility that the Midpoint Peg Post-Only Order will not receive an execution at all, notwithstanding that it initiated the Midpoint Trade Now functionality. Using the first example above, if Order #2 was entered, as a Post-Only Order to sell for 300 shares, under the Midpoint Trade Now, Order #1 would execute in full against Order #2 at \$10.00. Thus, although the Midpoint Peg Post-Only Order triggered Midpoint Trade Now, it would not receive an execution with the Midpoint Trade Now Order.

¹¹ The minimum quantity value of Order #2 is reduced to equal the number of shares remaining following its partial execution against Order #3, since its size has become less than the minimum quantity originally specified. See Rule 4703(m).

As noted above, the rule text adopted by the Exchange does not account for executions against locking or crossing interest other than Midpoint Peg Post-Only Orders when Midpoint Trade Now is triggered. Specifically, the rule states that the resting Order that becomes locked at its non-displayed price by an incoming Midpoint Peg Post-Only Order would execute against “that Midpoint Peg Post-Only Order.” Thus, the rule as currently drafted does not address the executions described above. To account for how the functionality will operate, the Exchange is proposing to eliminate the text “that Midpoint Peg Post-Only Order” from Rule 4703(n) and to replace it with “a locking or crossing Order(s),” which will expressly allow the executions described above to occur.

Trade Now

The Exchange is also proposing a related clarifying change to the Trade Now Order Attribute.¹² Trade Now allows a resting Order that becomes locked by an incoming Displayed Order to execute against the available size of the contra-side locking Order as a liquidity taker, and any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority. Like an Order with Midpoint Trade Now, an Order with Trade Now may execute against both locking and crossing Orders;¹³ however, the current rule does not account for crossing Orders. Consequently, the Exchange is proposing to amend Rule 4703(m) to note that a Trade Now execution may also occur against an Order that crosses a resting Order with Trade Now.¹⁴ For example,

¹² Id.

¹³ See Supra note 10.

¹⁴ The Exchange is adding rule text that clarifies that an Order with Trade Now may execute against locking or crossing interest to both the introductory paragraph of the rule as well as under the second bullet thereunder, which describes how Trade Now functions under the OUCH and FLITE protocols. The Exchange is not

assuming that the NBBO is \$10.00 x \$10.02, Order #1 is a Non-Displayed Order to buy 500 shares with a Minimum Quantity Order Attribute of 300 shares posts at \$10.01, and Order #2 is a Non-Displayed Order to sell 200 shares that posts at \$10.00. Both resting Orders will not execute because the size of Order #2 does not satisfy the Minimum Quantity requirement of Order #1. Order #3 arrives as a Post-Only Order to sell 300 shares at \$10.01 and it posts at \$10.01. A Trade Now instruction for Order #1 would result in Order #1 executing 200 shares of Order #2 first, and then execute 300 shares against Order #3.

Another example involves a security priced below \$1. Assuming that the NBBO is \$0.9970 x \$1.00, Order #1 is a Non-Displayed Order with Trade Now to sell 500 shares at \$0.9970 resting on the Nasdaq Book. Order #2 is subsequently entered as a Post Only Order to buy 400 shares at \$0.9999, which posts to the book, crossing Order #1. If Order #3 is thereafter entered as a Post Only Order to buy 500 shares at \$0.9970 thereby locking Order #1, Order #3 would trigger Trade Now for Order #1 resulting in an execution between Order #1 and Order #2 for 400 shares, and an execution between Order #1 and Order #3 for 100 shares.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁶ in particular,

adding rule text to the first bullet thereunder, which describes how Trade Now functions under the RASH and FIX protocols, because the existing text describes what automatically triggers the functionality (i.e., a locked Order) and does not address the nature of the interest that may be executed against (i.e., locking and crossing interest), as described by this proposal.

¹⁵ 15 U.S.C. 78f(b).

in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by clarifying the operation of new functionality, which is effective but not yet implemented. The proposed change will allow the Midpoint Trade Now functionality to operate consistent with the Exchange's priority rules. Similarly, the proposed change to the Trade Now rule will clarify that a resting Order with Trade Now may execute against locking or crossing resting Orders. These clarifying changes will ensure that the Trade Now and Midpoint Trade Now rules are consistent with the rules governing priority of Orders on the Exchange and more fully describe their operation, respectively. Accordingly, the Exchange believes that the proposed changes are consistent with the Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes do not impose any burden on competition because they clarify the operation of rules so that they are consistent with the Exchange's rules concerning priority. Thus, the changes are done for non-competitive reasons and may promote competition to the extent that they better explain the operation of the two Order Attributes, allowing competitor exchanges and other market venues to make an informed decision on whether such functionality is warranted on those venues.

¹⁶ 15 U.S.C. 78f(b)(5).

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)¹⁷ of the Act and Rule 19b-4(f)(6) thereunder¹⁸ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

As described above, the proposed changes do not significantly affect the protection of investors or the public interest and do not impose any significant burden on competition because they clarify the operation of the two Order Attributes, which currently is inconsistent with the Exchange's rules on priority. Consequently, the changes will promote greater understanding of the Order Attributes and remove inconsistencies, which are both in the public interest and pro-competitive.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸ 17 CFR 240.19b-4(f)(6).

subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that these clarifying changes may be made at the earliest time possible, thereby minimizing any continuing market participant confusion that may be caused by the current rules. Trade Now is currently available and Midpoint Trade Now will be implemented soon. Thus, the Exchange believes waiving the operative delay will protect investors.

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2019-014)

March __, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 4703 to Make Clarifying Changes

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 March 6, 2019, 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 amend Rule 4703 (Order Attributes) to make clarifying changes to the Midpoint Trade Now and Trade Now Order Attributes.

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.

¹ 15 U.S.C. 78s(b)(1).

² 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, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Rule 4703 (Order Attributes) to make clarifying changes to the Midpoint Trade Now and Trade Now Order Attributes.

Midpoint Trade Now

On November 9, 2018, the Exchange filed an immediately effective filing to adopt Midpoint Trade Now,³ which has not yet been implemented.⁴ Midpoint Trade Now will be an Order Attribute⁵ that allows a resting Order that becomes locked at its

³ See Securities Exchange Act Release No. 84621 (November 19, 2018), 83 FR 60514 (November 26, 2018) (SR-NASDAQ-2018-090).

⁴ The Exchange plans on implementing Midpoint Trade Now in the first quarter of 2019. Id.

⁵ The term "Order" means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may

non-displayed price by an incoming Midpoint Peg Post-Only Order⁶ to automatically execute against crossing or locking interest, including potentially against the Midpoint Peg Post-Only Order that locked the resting Order, as a liquidity taker. The new Order Attribute was designed to primarily address execution with Midpoint Peg Post-Only Order locking interest and the rule was drafted as such; however, executions may occur following the Exchange's priority rules⁷ whereby a Midpoint Peg Post-Only Order may trigger Midpoint Trade Now, yet not receive a full or partial execution with the resting Order with Midpoint Trade Now.

In certain scenarios, the System⁸ will allow the resting Order with Midpoint Trade Now to resolve both the locked condition against the Midpoint Peg Post-Only Order triggering Midpoint Trade Now, as well as other locking or crossing Orders that have execution priority over the Midpoint Peg Post-Only Order.⁹ For example, assuming that

be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Rule 4701(e).

⁶ A Midpoint Peg Post-Only Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will execute upon entry only in circumstances where economically beneficial to the party entering the Order. The Midpoint Peg Post-Only Order is available during Market Hours only. See Rule 4702(b)(5).

⁷ The Exchange follows a Price/Display/Time Execution Algorithm, whereby better priced Orders are presented for execution first, equally priced Orders with a Display Attribute will be ranked in time priority, and Orders with a Non-Display Attribute, including the Non-Displayed portion of an Order with Reserve Size, are ranked in time priority. See Rule 4757.

⁸ The term "Nasdaq Market Center," or "System" means the automated system for order execution and trade reporting owned and operated by The Nasdaq Stock Market LLC. See Rule 4701(a).

⁹ Thus, the System treats the Order similar to any new incoming Orders by executing against resting Orders in Price/Display/Time priority.

the National Best Bid and Offer (“NBBO”) is \$10.00 x \$10.01, Order #1 to buy 300 shares at the midpoint with Midpoint Trade Now posts at \$10.005 and Order #2 is a Post-Only Order to sell 200 shares with a limit \$10.00 that posts to the Nasdaq Book at \$10.00 and is displayed at \$10.01, if Order #3 is a Midpoint Peg Post-Only Order to sell 200 shares posts to the Nasdaq Book at \$10.005, Midpoint Trade Now would be triggered. Under the Midpoint Trade Now, Order #3 would not be the first Order that resting Order #1 would execute against. Instead, Order #1 would execute 200 shares against Order #2 at \$10.00, and then execute 100 shares against Order #3. In another example, assuming that the NBBO is \$10.00 x \$10.02, Order #1 to buy 200 shares at the midpoint with Midpoint Trade Now posts at \$10.01, and Order #2 is a Non-Displayed Order to sell 500 shares with a Minimum Quantity Order Attribute of 300 shares that posts at \$10.01. Both resting Orders will not execute because the size of Order #1 does not satisfy the Minimum Quantity requirement of Order #2. If Order #3 arrives as an Order to buy 400 shares, it would execute against Order #2 leaving 100 shares of Order #2.¹⁰ If Order #4 then arrives as a Midpoint Peg Post-Only Order to sell 300 shares, it would trigger Midpoint Trade Now for Order #1 and Order #1 would first execute against the remaining 100 shares of Order #2, and then execute 100 shares against Order #4.

There is also the possibility that the Midpoint Peg Post-Only Order will not receive an execution at all, notwithstanding that it initiated the Midpoint Trade Now functionality. Using the first example above, if Order #2 was entered, as a Post-Only Order to sell for 300 shares, under the Midpoint Trade Now, Order #1 would execute in

¹⁰ The minimum quantity value of Order #2 is reduced to equal the number of shares remaining following its partial execution against Order #3, since its size has become less than the minimum quantity originally specified. See Rule 4703(m).

full against Order #2 at \$10.00. Thus, although the Midpoint Peg Post-Only Order triggered Midpoint Trade Now, it would not receive an execution with the Midpoint Trade Now Order.

As noted above, the rule text adopted by the Exchange does not account for executions against locking or crossing interest other than Midpoint Peg Post-Only Orders when Midpoint Trade Now is triggered. Specifically, the rule states that the resting Order that becomes locked at its non-displayed price by an incoming Midpoint Peg Post-Only Order would execute against “that Midpoint Peg Post-Only Order.” Thus, the rule as currently drafted does not address the executions described above. To account for how the functionality will operate, the Exchange is proposing to eliminate the text “that Midpoint Peg Post-Only Order” from Rule 4703(n) and to replace it with “a locking or crossing Order(s),” which will expressly allow the executions described above to occur.

Trade Now

The Exchange is also proposing a related clarifying change to the Trade Now Order Attribute.¹¹ Trade Now allows a resting Order that becomes locked by an incoming Displayed Order to execute against the available size of the contra-side locking Order as a liquidity taker, and any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority. Like an Order with Midpoint Trade Now, an Order with Trade Now may execute against both locking and crossing Orders;¹² however, the current rule does not account for crossing Orders. Consequently, the Exchange is proposing to amend Rule 4703(m) to note that a Trade Now execution may

¹¹ Id.

¹² See Supra note 9.

also occur against an Order that crosses a resting Order with Trade Now.¹³ For example, assuming that the NBBO is \$10.00 x \$10.02, Order #1 is a Non-Displayed Order to buy 500 shares with a Minimum Quantity Order Attribute of 300 shares posts at \$10.01, and Order #2 is a Non-Displayed Order to sell 200 shares that posts at \$10.00. Both resting Orders will not execute because the size of Order #2 does not satisfy the Minimum Quantity requirement of Order #1. Order #3 arrives as a Post-Only Order to sell 300 shares at \$10.01 and it posts at \$10.01. A Trade Now instruction for Order #1 would result in Order #1 executing 200 shares of Order #2 first, and then execute 300 shares against Order #3.

Another example involves a security priced below \$1. Assuming that the NBBO is \$0.9970 x \$1.00, Order #1 is a Non-Displayed Order with Trade Now to sell 500 shares at \$0.9970 resting on the Nasdaq Book. Order #2 is subsequently entered as a Post Only Order to buy 400 shares at \$0.9999, which posts to the book, crossing Order #1. If Order #3 is thereafter entered as a Post Only Order to buy 500 shares at \$0.9970 thereby locking Order #1, Order #3 would trigger Trade Now for Order #1 resulting in an execution between Order #1 and Order #2 for 400 shares, and an execution between Order #1 and Order #3 for 100 shares.

¹³ The Exchange is adding rule text that clarifies that an Order with Trade Now may execute against locking or crossing interest to both the introductory paragraph of the rule as well as under the second bullet thereunder, which describes how Trade Now functions under the OUCH and FLITE protocols. The Exchange is not adding rule text to the first bullet thereunder, which describes how Trade Now functions under the RASH and FIX protocols, because the existing text describes what automatically triggers the functionality (i.e., a locked Order) and does not address the nature of the interest that may be executed against (i.e., locking and crossing interest), as described by this proposal.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by clarifying the operation of new functionality, which is effective but not yet implemented. The proposed change will allow the Midpoint Trade Now functionality to operate consistent with the Exchange's priority rules. Similarly, the proposed change to the Trade Now rule will clarify that a resting Order with Trade Now may execute against locking or crossing resting Orders. These clarifying changes will ensure that the Trade Now and Midpoint Trade Now rules are consistent with the rules governing priority of Orders on the Exchange and more fully describe their operation, respectively. Accordingly, the Exchange believes that the proposed changes are consistent with the Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes do not impose any burden on competition because they clarify the operation of rules so that they are consistent with the Exchange's rules concerning priority. Thus, the changes are done for non-competitive reasons and may

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

promote competition to the extent that they better explain the operation of the two Order Attributes, allowing competitor exchanges and other market venues to make an informed decision on whether such functionality is warranted on those venues.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁶ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁷

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁷ 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-2019-014 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2019-014. 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-2019-014 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.¹⁸

Eduardo A. Aleman
Assistant Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

The Nasdaq Stock Market Rules

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4703. Order Attributes

As described in Rule 4702, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) – (l) No change.

(m) Trade Now. Trade Now is an Order Attribute that allows a resting Order that becomes locked by an incoming Displayed Order to execute against a locking or crossing Order(s)[the available size of the contra-side locking Order] as a liquidity taker, and any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority.

- An Order entered through RASH or FIX protocol with a Trade Now Order Attribute will execute against locking interest automatically. When entered through RASH or FIX protocol, the Trade Now Order Attribute may be enabled on an order-by-order or a port-level basis.
- An Order entered through OUCH or FLITE may not be assigned a Trade Now attribute upon entry, but rather the Participant that entered the Order must send a Trade Now instruction after the Order becomes locked. If a Trade Now instruction is given when there is no locking or crossing interest, the instruction will be ignored by the System and the Order will remain on the Nasdaq Book with the same priority. When entered through OUCH or FLITE protocol, the Trade Now instruction must be sent on an order-by-order basis.

(n) Midpoint Trade Now. Midpoint Trade Now is an Order Attribute that allows a resting Order that becomes locked at its non-displayed price by an incoming Midpoint Peg Post-Only Order to execute against a locking or crossing Order(s)[that Midpoint Peg Post-Only Order] as a liquidity taker. Any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority.

- The Midpoint Trade Now Order Attribute may be enabled on a port-level basis for all Order Types that support it, and for the Non-Displayed Order Type, also on an order-by-order basis.
- A resting Order that is entered with the Midpoint Trade Now Order Attribute will execute against locking interest automatically.

- If there is a resting Order on the Nasdaq Book without the Midpoint Trade Now Attribute that is locked at its non-displayed price by a Midpoint Peg Post-Only Order, new incoming Orders (with or without the Midpoint Trade Now Attribute, as applicable) will be able to execute against the Midpoint Peg Post-Only Order at the locking price. The resting Order will remain on the Nasdaq Book and will retain its priority relative to other resting orders on the same side of the market after the subsequent Order has executed against the Midpoint Peg Post-Only Order.

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