

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 - * 044	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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input 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 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 allow an odd lot-sized Order to be eligible for the Midpoint Extended Life Order"/>				
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="05/20/2019"/>	<input type="text" value="Global Chief Legal & Policy Officer"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>		
(Name *)		<input type="text" value="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 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 *

Add Remove View

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

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

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

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) 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 allow an odd lot-sized Order to be eligible for the Midpoint Extended Life Order.

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 the Board of Directors of the Exchange on January 30, 2019. 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
Nasdaq, Inc.
(301) 978-8499

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange is proposing to allow an odd lot³-sized Order⁴ to be eligible for the Midpoint Extended Life Order.⁵ The Midpoint Extended Life Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until the Holding Period of one half of a second has passed after acceptance of the Order by the System. Once a Midpoint Extended Life Order becomes eligible to execute, the Order may only execute against other eligible Midpoint Extended Life Orders. Nasdaq adopted the Midpoint Extended Life Order to address the needs of market participants that focus their trading on receiving midpoint execution where time to execution is less important when working to meet their long term

³ The terms “normal unit of trading” or “round lot” means the size generally employed by traders when trading a particular security, which is 100 shares in most instances. The term “odd lot” means a size of less than one normal unit of trading. See Rule 4703(b).

⁴ 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).

⁵ See Rule 4702(b)(14).

investment needs. Since its implementation in 2018,⁶ the Midpoint Extended Life Order Type has achieved its design expectations. One metric that Nasdaq measures is the change in the NBBO after a Midpoint Extended Life Order executes. In the month of April 2019, the NBBO price was the same as it was prior to a Midpoint Extended Life Order execution approximately 88 – 90 percent of the time one second later. This shows that the executions are generally not impacting the overall market price. Furthermore, Nasdaq believes the sample size is robust as there are approximately 12.5 million shares transacted as Midpoint Extended Life Orders a day.

Currently, a Midpoint Extended Life Order must be entered with a size of at least one round lot and any shares of a Midpoint Extended Life Order remaining after an execution that are less than a round lot will be cancelled by the System. Over the last several years, the number of high priced securities has increased (see Figure 1)

⁶ See Securities Exchange Act Release No. 82825 (March 7, 2018), 83 FR 10937 (March 13, 2018) (SR-NASDAQ-2017-074).

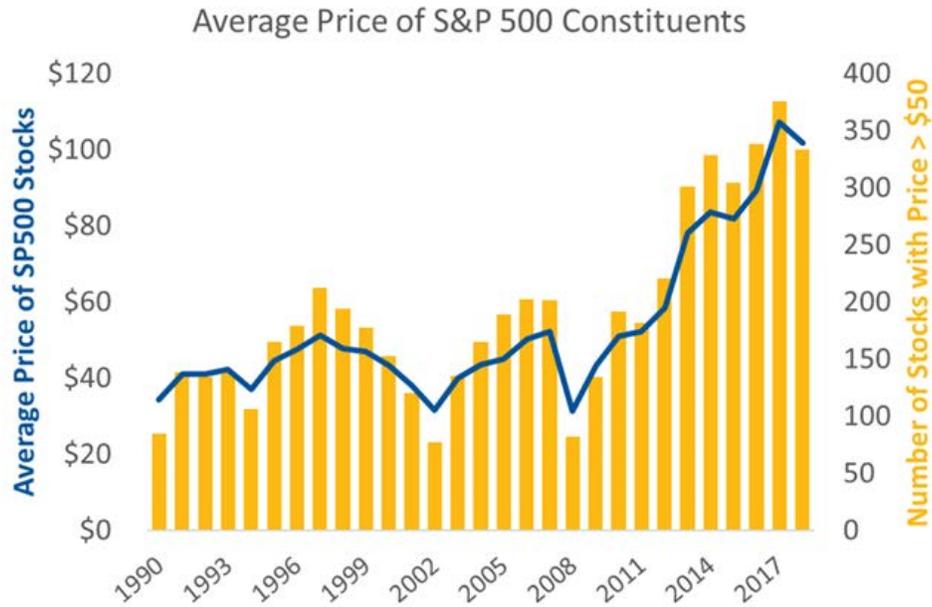


Figure 1 (Source: Nasdaq Economic Research)

and the number of stock splits have decreased (see Figure 2).



Figure 2 (Source: Nasdaq Economic Research)

There is a notably large percentage of odd lot trades in relatively high priced securities. For example, in October 2018, such transactions accounted for approximately 5 percent of total consolidated volume during the month, and accounted for 30 percent of all transactions occurring in the month across all securities. In contrast, for stocks with a price of \$500 or more during the same timeframe the Exchange observed that 39 percent of total consolidated volume was due to odd lot trades and 85 percent of all transactions

occurring in the month were odd lots. Thus, a significant number of higher priced securities have transactions occurring in odd lot transactions. The Exchange believes that allowing entry of odd lot-sized Midpoint Extended Life Orders will eliminate a limitation of the Order and give users more control over their Orders.

In the first quarter of 2019 for example, the Exchange executed approximately 2,000,000 trades in one issuer whose stock has a price greater than \$1,000, with an average trade size of approximately 34 shares. Using this stock's closing price of approximately \$1,700 for March 2019, the notional value of a 34 share trade would be \$56,000. Most would agree that \$56,000 in value does not represent a small trade. For this stock to execute as a Midpoint Extended Life Order, the average trade size would need to triple to achieve the current minimum Order size of 100 shares or one round lot for this particular stock, and as such has only traded 20 times as a Midpoint Extended Life Order in the first quarter of 2019. Nasdaq believes that eliminating the minimum Order size from the Midpoint Extended Life Order will provide like-minded investors the opportunity to transact in high-priced stocks such as the example above in an ecosystem where the quote remains stable approximately 88 – 90 percent of time one second post-execution,⁷ notably higher than off-exchange venues where the quote remains stable 75 – 80 percent of time one second post-execution based on Nasdaq's internal assessment.

As of March 12, 2019, there are nearly 550 securities that trade on the Exchange that are priced greater than \$100, 76 securities greater than \$250, 24 securities greater than \$500, and 10 securities over \$1,000. Odd lot Orders account for 46 percent of trades for stocks above \$100, and for securities over \$500 this number rises to over 85 percent.

⁷ As of April 2019.

Odd lot transactions now represent a large percentage of trades, yet are ineligible for the Midpoint Extended Life Order, even for transactions that would be identified by many as institutional sized and some even being classified as a block trade.⁸

Nasdaq recognizes that not all participants may desire to execute odd lots. Such participants may elect to use the Minimum Quantity Order Attribute to avoid such transactions, much like they would do for executing on the Nasdaq Book. Nasdaq notes that other exchanges and many Alternative Trading Systems (ATSS) allow for odd lots and customers there use minimum quantity attributes to manage the execution sizes for their orders. The Exchange notes that the Minimum Quantity Order Attribute is limited to Orders of at least one round lot upon entry.⁹ Consequently, members entering odd lot-sized Midpoint Extended Life Orders would not be able to limit their interaction with other odd lot-sized Midpoint Extended Life Orders based on size, which the Exchange believes is appropriate because members understand the limitation and have made the decision to accept such possible interaction.

In proposing the Midpoint Extended Life Order round lot requirement, the Exchange noted that round lots would promote size and provide members with the most efficient processing of Midpoint Extended Life Orders.¹⁰ This was based on the Exchange's observation at the time that many participants that would likely avail themselves of Midpoint Extended Life Orders tend to route their Orders in round lot sizes, and that many strategies are modeled based on receipt of a round lot execution.

⁸ See, e.g., <https://otctransparency.finra.org/otctransparency/AtsBlocks> (providing Block Data of \$100,000 transactions and greater).

⁹ See Rule 4703(e).

¹⁰ See supra note 6.

Nasdaq has since observed that the members that use Midpoint Extended Life Orders are now modeling strategies based on individual securities or grouping of securities based on attributes such as price, average daily volume, and volatility. Consequently, round lot size is no longer a wide-spread need among users of Midpoint Extended Life Orders. Notwithstanding, as noted above a member may elect to associate a Minimum Quantity Order Attribute with its round lot-sized Midpoint Extended Life Order to avoid interaction with odd lot-sized Midpoint Extended Life Orders, which because of their size may not be attractive as a contra-side Order to some market participants.¹¹ Last, the Exchange notes that most other Order Types under Rule 4702 allow entry of odd lot-sized Orders. Permitting entry of odd lot-sized Midpoint Extended Life Orders will increase liquidity in the Order Type and improve the chances that a Midpoint Extended Life Order will receive an execution for higher priced stocks.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ 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 allowing for

¹¹ For example, an odd lot-sized Midpoint Extended Life Order takes on less risk as it rests in the Holding Period for any given security. As noted above, this may not be the case when comparing an odd lot-size Midpoint Extended Life Order in a high priced security and a Midpoint Extended Life Order in a low priced security of a round lot size.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

more widespread use of Midpoint Extended Life Orders, particularly in high priced securities. Nasdaq adopted the Midpoint Extended Life Order to address the needs of market participants that focus their trading on receiving midpoint execution where time to execution is less important when working to meet their long term investment needs. As described above, the Exchange believes the proposed change will benefit market participants by expanding the available sizes of orders available which in turn will provide greater opportunities for interaction in higher priced securities in Midpoint Extended Life Orders. The Exchange notes that members with round lot-sized Midpoint Extended Life Orders that are seeking to interact with only other round lot-sized Midpoint Extended Life Orders may do so by applying the Minimum Quantity Order Attribute. Members that have odd lot-sized Midpoint Extended Life Orders are unable to similarly limit the size of Order with which they interact, since the Minimum Quantity Order Attribute is limited to Orders with a size of at least one round lot. The Exchange believes that this is consistent with the Act because it is the same limitation that all other Orders have with respect to the use of Minimum Quantity Order Attribute and a member may merely enter a round lot-sized Midpoint Extended Life Order with a Minimum Quantity Order Attribute if it does not want to interact with odd lot-sized Midpoint Extended Life Orders. Moreover, the Exchange believes the limitation is consistent with the Act because members understand the limitation and have made the decision to accept possible interaction with Orders of any size. For these reasons, the Exchange believes that the proposed change is consistent with the purposes of the Order Type.

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 Midpoint Extended Life Order was adopted as a pro-competitive measure to improve participation on the Exchange by allowing certain market participants that may currently be underserved on regulated exchanges to compete based on elements other than speed. The proposed change is a natural extension of the original proposal because it broadens interaction opportunities in Midpoint Extended Life Orders, particularly in higher priced stocks, while also ensuring that market participants use the Order Type consistent with its original purposes. In sum, the proposed change will not burden competition but rather may promote competition for liquidity in Midpoint Extended Life Orders by expanding the pool of market participants that may seek to enter such Orders. These market participants may have otherwise found the cost of a round lot Order in the securities in which they desire to trade as Midpoint Extended Life Orders too high. The proposed change will not place a burden on competition among market venues, as any market may adopt an order type that operates like the Midpoint Extended Life Order, including allowing for the execution of odd lot-sized orders, as proposed herein.

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

The Exchange does not consent to an extension of the time period for Commission action.

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

Not applicable.

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-2019-044)

May __, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Allow an Odd Lot-Sized Order to be Eligible for the Midpoint Extended Life Order

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 May 20, 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 allow an odd lot-sized Order to be eligible for the Midpoint Extended Life Order. The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange is proposing to allow an odd lot³-sized Order⁴ to be eligible for the Midpoint Extended Life Order.⁵ The Midpoint Extended Life Order is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until the Holding Period of one half of a second has passed after acceptance of the Order by the System. Once a Midpoint Extended Life Order becomes eligible to execute, the Order may only execute against other eligible Midpoint Extended Life Orders. Nasdaq adopted the Midpoint Extended Life Order to

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⁵ See Rule 4702(b)(14).

address the needs of market participants that focus their trading on receiving midpoint execution where time to execution is less important when working to meet their long term investment needs. Since its implementation in 2018,⁶ the Midpoint Extended Life Order Type has achieved its design expectations. One metric that Nasdaq measures is the change in the NBBO after a Midpoint Extended Life Order executes. In the month of April 2019, the NBBO price was the same as it was prior to a Midpoint Extended Life Order execution approximately 88 – 90 percent of the time one second later. This shows that the executions are generally not impacting the overall market price. Furthermore, Nasdaq believes the sample size is robust as there are approximately 12.5 million shares transacted as Midpoint Extended Life Orders a day.

Currently, a Midpoint Extended Life Order must be entered with a size of at least one round lot and any shares of a Midpoint Extended Life Order remaining after an execution that are less than a round lot will be cancelled by the System. Over the last several years, the number of high priced securities has increased (see Figure 1)

⁶ See Securities Exchange Act Release No. 82825 (March 7, 2018), 83 FR 10937 (March 13, 2018) (SR-NASDAQ-2017-074).

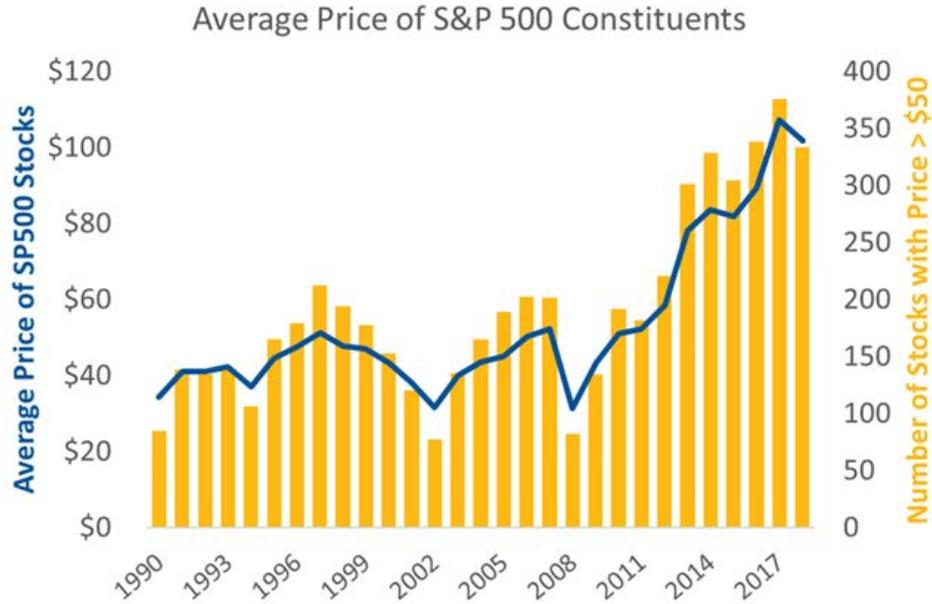


Figure 1 (Source: Nasdaq Economic Research)

and the number of stock splits have decreased (see Figure 2).

The number of stock splits by S&P 500 companies has fallen in recent years

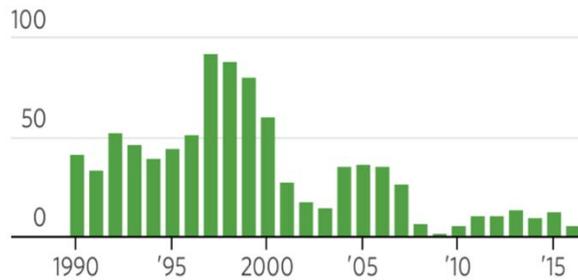


Figure 2 (Source: Nasdaq Economic Research)

There is a notably large percentage of odd lot trades in relatively high priced securities. For example, in October 2018, such transactions accounted for approximately 5 percent of total consolidated volume during the month, and accounted for 30 percent of all transactions occurring in the month across all securities. In contrast, for stocks with a price of \$500 or more during the same timeframe the Exchange observed that 39 percent of total consolidated volume was due to odd lot trades and 85 percent of all transactions

occurring in the month were odd lots. Thus, a significant number of higher priced securities have transactions occurring in odd lot transactions. The Exchange believes that allowing entry of odd lot-sized Midpoint Extended Life Orders will eliminate a limitation of the Order and give users more control over their Orders.

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⁷ As of April 2019.

Odd lot transactions now represent a large percentage of trades, yet are ineligible for the Midpoint Extended Life Order, even for transactions that would be identified by many as institutional sized and some even being classified as a block trade.⁸

Nasdaq recognizes that not all participants may desire to execute odd lots. Such participants may elect to use the Minimum Quantity Order Attribute to avoid such transactions, much like they would do for executing on the Nasdaq Book. Nasdaq notes that other exchanges and many Alternative Trading Systems (ATs) allow for odd lots and customers there use minimum quantity attributes to manage the execution sizes for their orders. The Exchange notes that the Minimum Quantity Order Attribute is limited to Orders of at least one round lot upon entry.⁹ Consequently, members entering odd lot-sized Midpoint Extended Life Orders would not be able to limit their interaction with other odd lot-sized Midpoint Extended Life Orders based on size, which the Exchange believes is appropriate because members understand the limitation and have made the decision to accept such possible interaction.

In proposing the Midpoint Extended Life Order round lot requirement, the Exchange noted that round lots would promote size and provide members with the most efficient processing of Midpoint Extended Life Orders.¹⁰ This was based on the Exchange's observation at the time that many participants that would likely avail themselves of Midpoint Extended Life Orders tend to route their Orders in round lot sizes, and that many strategies are modeled based on receipt of a round lot execution.

⁸ See, e.g., <https://otctransparency.finra.org/otctransparency/AtsBlocks> (providing Block Data of \$100,000 transactions and greater).

⁹ See Rule 4703(e).

¹⁰ See *supra* note 6.

Nasdaq has since observed that the members that use Midpoint Extended Life Orders are now modeling strategies based on individual securities or grouping of securities based on attributes such as price, average daily volume, and volatility. Consequently, round lot size is no longer a wide-spread need among users of Midpoint Extended Life Orders. Notwithstanding, as noted above a member may elect to associate a Minimum Quantity Order Attribute with its round lot-sized Midpoint Extended Life Order to avoid interaction with odd lot-sized Midpoint Extended Life Orders, which because of their size may not be attractive as a contra-side Order to some market participants.¹¹ Last, the Exchange notes that most other Order Types under Rule 4702 allow entry of odd lot-sized Orders. Permitting entry of odd lot-sized Midpoint Extended Life Orders will increase liquidity in the Order Type and improve the chances that a Midpoint Extended Life Order will receive an execution for higher priced stocks.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ 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 allowing for

¹¹ For example, an odd lot-sized Midpoint Extended Life Order takes on less risk as it rests in the Holding Period for any given security. As noted above, this may not be the case when comparing an odd lot-size Midpoint Extended Life Order in a high priced security and a Midpoint Extended Life Order in a low priced security of a round lot size.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

more widespread use of Midpoint Extended Life Orders, particularly in high priced securities. Nasdaq adopted the Midpoint Extended Life Order to address the needs of market participants that focus their trading on receiving midpoint execution where time to execution is less important when working to meet their long term investment needs. As described above, the Exchange believes the proposed change will benefit market participants by expanding the available sizes of orders available which in turn will provide greater opportunities for interaction in higher priced securities in Midpoint Extended Life Orders. The Exchange notes that members with round lot-sized Midpoint Extended Life Orders that are seeking to interact with only other round lot-sized Midpoint Extended Life Orders may do so by applying the Minimum Quantity Order Attribute. Members that have odd lot-sized Midpoint Extended Life Orders are unable to similarly limit the size of Order with which they interact, since the Minimum Quantity Order Attribute is limited to Orders with a size of at least one round lot. The Exchange believes that this is consistent with the Act because it is the same limitation that all other Orders have with respect to the use of Minimum Quantity Order Attribute and a member may merely enter a round lot-sized Midpoint Extended Life Order with a Minimum Quantity Order Attribute if it does not want to interact with odd lot-sized Midpoint Extended Life Orders. Moreover, the Exchange believes the limitation is consistent with the Act because members understand the limitation and have made the decision to accept possible interaction with Orders of any size. For these reasons, the Exchange believes that the proposed change is consistent with the purposes of the Order Type.

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 Midpoint Extended Life Order was adopted as a pro-competitive measure to improve participation on the Exchange by allowing certain market participants that may currently be underserved on regulated exchanges to compete based on elements other than speed. The proposed change is a natural extension of the original proposal because it broadens interaction opportunities in Midpoint Extended Life Orders, particularly in higher priced stocks, while also ensuring that market participants use the Order Type consistent with its original purposes. In sum, the proposed change will not burden competition but rather may promote competition for liquidity in Midpoint Extended Life Orders by expanding the pool of market participants that may seek to enter such Orders. These market participants may have otherwise found the cost of a round lot Order in the securities in which they desire to trade as Midpoint Extended Life Orders too high. The proposed change will not place a burden on competition among market venues, as any market may adopt an order type that operates like the Midpoint Extended Life Order, including allowing for the execution of odd lot-sized orders, as proposed herein.

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

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. 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-2019-044 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-2019-044. 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-2019-044 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.¹⁴

Eduardo A. Aleman
Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed].

The Nasdaq Stock Market Rules

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4702. Order Types

(a) No change.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) – (13) No change.

(14) (A) No change.

(B) The following Order Attributes may be assigned to a Midpoint Extended Life Order:

- Minimum Quantity.
- Size.[A Midpoint Extended Life Order must be entered with a size of at least one round lot. Any shares of a Midpoint Extended Life Order remaining after an execution that are less than a round lot will be cancelled by the System.]
- A Time-in-Force other than IOC; provided that regardless of the Time-in-Force entered, a Midpoint Extended Life Order may not be active outside of Market Hours. A Midpoint Extended Life Order entered during Pre-Market Hours will be held by the System in time priority until Market Hours. Midpoint Extended Life Orders entered during Post-Market Hours will not be accepted by the System. A Midpoint Extended Life Order remaining unexecuted after 4:00 p.m. ET will be cancelled by the System.
- Non-Display. All Midpoint Extended Life Orders are Non-Displayed.

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