

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * 18 | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | File No.* SR - 2020 - * 090 | Amendment No. (req. for Amendments *) |
|----------------|--|-----------------------------|---------------------------------------|

Filing by The Nasdaq Stock Market LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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|--|--|--|---|---|---|
| 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"/> |
| | | | 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)(4) | <input type="checkbox"/> 19b-4(f)(6) |
| | | | <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) | |

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| 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"/> | |

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

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

A proposal to amend Equity 4, Section 4703.

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 * Brett | Last Name * Kitt |
| Title * Principal Associate General Counsel | |
| E-mail * Brett.Kitt@nasdaq.com | |
| Telephone * (301) 978-8132 | Fax |

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 12/15/2020 | EVP and Chief Legal Counsel |
| By John Zecca <small>(Name *)</small> |  |

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 EFFS 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

Add Remove View

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

Add Remove View

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

Add Remove View

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 Equity 4, Section 4703, as described further below.

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 Nasdaq Stock Market (the “Board”) on November 5, 2020. 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:

Brett M. Kitt
Principal Associate General Counsel
Nasdaq, Inc.
(301) 978-8132

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 proposes to amend Equity 4, Section 4703(h), which describes Orders with “Reserve Size,”³ to clarify its existing practice relating to replenishments of such Orders. As set forth in Section 4703(h), “Reserve Size” is an Order Attribute that permits a Participant to stipulate that an Order Type that is Displayed may have its displayed size replenished from additional non-displayed size.⁴

The Exchange established the Reserve Orders with the intention that it would always act as a provider of liquidity upon replenishment. Indeed, this is what participants have come to expect from the operation of Reserve Orders.

In late 2016, however, a rule filing introduced a rare circumstance where a Reserve Order, upon replenishment of its Displayed Order component, theoretically could become a liquidity remover under the existing Exchange Rules.

An example of the rare theoretical circumstance is as follows. Order 1 is a Price to Comply Order to buy at \$10.00 resting on the Nasdaq book with 100 shares displayed and 3,000 shares in reserve (for a total order size of 3,100 shares). Order 2 is an Order to sell 100 shares at \$10.00, which executes against the 100 displayed shares from Order 1 upon entry. Order 3 is a Post Only order to sell 1,000 shares at \$10.00 that is entered and posts to the Book before Order 1 has been replenished. Following the rules of the Post Only Order Type, Order 3 does not execute against the non-displayed interest resting at

³ Securities Exchange Act Release No. 34-79290 (November 10, 2016), 81 FR 81184 (November 17, 2016) (SR-NASDAQ-2016-111).

⁴ An Order with Reserve Size may be referred to as a “Reserve Order.”

\$10.00, but instead posts at the locking price. Therefore, upon replenishment, the new 100 shares of Order 1 would lock Order 3 at \$10.00. As directed by the rule governing Price to Comply Orders,⁵ Order 1 would execute against Order 3 at \$10.00 as a liquidity taker.

The Exchange did not account for this scenario when drafting its rules. In fact, the Exchange does not presently handle this scenario as described above. Instead, upon replenishment, the Exchange reprices the new displayed Price to Comply Order such that it does not execute against Order 3 as a liquidity taker.

However, the Exchange now proposes to eliminate any unintended inconsistency as to how it handles this scenario and make clear in its Rules that a Reserve Order is an adder of liquidity after posting on the Nasdaq Book in all circumstances. Specifically, the Exchange proposes to amend the Rule to state that if the new Displayed Order would lock an Order that posted to the Nasdaq Book before replenishment can occur, the Displayed Order will post at the locking price if the resting Order is Non-Display or will be repriced, ranked, and displayed at one minimum price increment lower (higher) than the locking price if the resting order to sell (buy) is Displayed.^{6 7}

⁵ Pursuant to Equity 4, Section 4702(b)(1)(A), a "Price to Comply Order" is an Order Type designed to comply with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours. The Price to Comply Order is also designed to provide potential price improvement. When a Price to Comply Order is entered, the Price to Comply Order will be executed against previously posted Orders on the Exchange Book that are priced equal to or better than the price of the Price to Comply Order, up to the full amount of such previously posted Orders, unless such executions would trade through a Protected Quotation.

⁶ The Exchange notes that a Reserve Order that does not execute fully upon initial order entry will behavior in the same manner as described in this Proposal if the Displayed portion of the Reserve Order would lock or cross a resting Displayed Order upon entry.

Again, in the above example, the proposed rule will prevent Order 1 from becoming a liquidity remover because upon replenishment, the new Displayed Order will not attempt to execute against Order 3, but instead it will post to the Nasdaq Book and display at a price of \$9.99, while the remaining 2,900 non-display shares in reserve will remain posted at \$10.00.

By posting new Displayed Orders without attempting to execute, the Displayed Order will avoid removing liquidity upon replenishment.⁸

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ 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.

The proposed rule change is consistent with the Act because it will help ensure that the Exchange's Rule governing Reserve Orders will be consistent with the original

⁷ If a Displayed Order posts to the Nasdaq Book and locks a resting Non-Displayed Order with the Trade Now attribute enabled, then consistent with the definition of Trade Now, as set forth in Equity 4, Section 4703(m), the Trade Now functionality would apply and the Non-Displayed Order would be able to execute against the locking Displayed Order as a liquidity taker. If a locked Non-Displayed Order does not have the Trade Now attribute enabled, then new incoming orders will be eligible to execute against the Displayed Order.

⁸ The Exchange proposes to correct a non-substantive typographical error in the existing rule text by removing the word "the" from the following sentence: "For example, if a Price to Comply Order with Reserve Size ... and the 150 shares"

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

intention of the Exchange and the expectation of participants that such Orders, after posting on the Nasdaq Book, will always be liquidity providers and not liquidity takers. It would also ensure that the Exchange's Order Types operate the same way during a race condition as they do during normal conditions. The proposal would eliminate any ambiguity under the existing rules as to whether a Reserve Order would take liquidity when a locking order posts to the Exchange book prior to the Reserve Order completing its replenishment (or prior to the Displayed portion of a Reserve Order posting to the Exchange Book for the first time). Thus, the proposal would ensure that the Exchange's Rules are transparent and clear about how the System processes Reserve Orders.

Finally, the proposal is consistent with the Act because it would correct a non-substantive typographical error in the Rule text, which will improve its readability and clarity, to the benefit of the public and investors.

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. Again, Exchange intends for the proposed rule change to only eliminate an inconsistency as to how it handles a rare circumstance that causes the System to process Reserve Orders in an unintended manner. The Exchange does not anticipate this proposal will have any impact on competition whatsoever.

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)

The Exchange requests accelerated effectiveness pursuant to Section 19(b)(2) of the Act.¹¹ The proposed rule change would merely eliminate ambiguity in its rules which suggests, contrary to its practice and the expectations of its members, that the System would process Reserve Orders as liquidity takers in certain situations. Expeditious approval of this proposal would help to minimize opportunities for uncertainty as to the Exchange's processing of Reserve Orders. The Exchange does not believe that its proposal is in any sense controversial. Accordingly, the Exchange believes that no regulatory purpose would be served by delaying implementation of the proposal beyond the close of the period for public comment on the proposed rule change.

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.

¹¹ 15 U.S.C. 78s(b)(2).

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2020-090)

December __, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Amend Equity 4, Section 4703

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 December 15, 2020, 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 Equity 4, Section 4703, as described below.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, 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 proposes to amend Equity 4, Section 4703(h), which describes Orders with “Reserve Size,”³ to clarify its existing practice relating to replenishments of such Orders. As set forth in Section 4703(h), “Reserve Size” is an Order Attribute that permits a Participant to stipulate that an Order Type that is Displayed may have its displayed size replenished from additional non-displayed size.⁴

The Exchange established the Reserve Orders with the intention that it would always act as a provider of liquidity upon replenishment. Indeed, this is what participants have come to expect from the operation of Reserve Orders.

In late 2016, however, a rule filing introduced a rare circumstance where a Reserve Order, upon replenishment of its Displayed Order component, theoretically could become a liquidity remover under the existing Exchange Rules.

An example of the rare theoretical circumstance is as follows. Order 1 is a Price to Comply Order to buy at \$10.00 resting on the Nasdaq book with 100 shares displayed and 3,000 shares in reserve (for a total order size of 3,100 shares). Order 2 is an Order to sell 100 shares at \$10.00, which executes against the 100 displayed shares from Order 1

³ Securities Exchange Act Release No. 34-79290 (November 10, 2016), 81 FR 81184 (November 17, 2016) (SR-NASDAQ-2016-111).

⁴ An Order with Reserve Size may be referred to as a “Reserve Order.”

upon entry. Order 3 is a Post Only order to sell 1,000 shares at \$10.00 that is entered and posts to the Book before Order 1 has been replenished. Following the rules of the Post Only Order Type, Order 3 does not execute against the non-displayed interest resting at \$10.00, but instead posts at the locking price. Therefore, upon replenishment, the new 100 shares of Order 1 would lock Order 3 at \$10.00. As directed by the rule governing Price to Comply Orders,⁵ Order 1 would execute against Order 3 at \$10.00 as a liquidity taker.

The Exchange did not account for this scenario when drafting its rules. In fact, the Exchange does not presently handle this scenario as described above. Instead, upon replenishment, the Exchange reprices the new displayed Price to Comply Order such that it does not execute against Order 3 as a liquidity taker.

However, the Exchange now proposes to eliminate any unintended inconsistency as to how it handles this scenario and make clear in its Rules that a Reserve Order is an adder of liquidity after posting on the Nasdaq Book in all circumstances. Specifically, the Exchange proposes to amend the Rule to state that if the new Displayed Order would lock an Order that posted to the Nasdaq Book before replenishment can occur, the Displayed Order will post at the locking price if the resting Order is Non-Display or will

⁵ Pursuant to Equity 4, Section 4702(b)(1)(A), a "Price to Comply Order" is an Order Type designed to comply with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours. The Price to Comply Order is also designed to provide potential price improvement. When a Price to Comply Order is entered, the Price to Comply Order will be executed against previously posted Orders on the Exchange Book that are priced equal to or better than the price of the Price to Comply Order, up to the full amount of such previously posted Orders, unless such executions would trade through a Protected Quotation.

be repriced, ranked, and displayed at one minimum price increment lower (higher) than the locking price if the resting order to sell (buy) is Displayed.^{6 7}

Again, in the above example, the proposed rule will prevent Order 1 from becoming a liquidity remover because upon replenishment, the new Displayed Order will not attempt to execute against Order 3, but instead it will post to the Nasdaq Book and display at a price of \$9.99, while the remaining 2,900 non-display shares in reserve will remain posted at \$10.00.

By posting new Displayed Orders without attempting to execute, the Displayed Order will avoid removing liquidity upon replenishment.⁸

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to remove

⁶ The Exchange notes that a Reserve Order that does not execute fully upon initial order entry will behavior in the same manner as described in this Proposal if the Displayed portion of the Reserve Order would lock or cross a resting Displayed Order upon entry.

⁷ If a Displayed Order posts to the Nasdaq Book and locks a resting Non-Displayed Order with the Trade Now attribute enabled, then consistent with the definition of Trade Now, as set forth in Equity 4, Section 4703(m), the Trade Now functionality would apply and the Non-Displayed Order would be able to execute against the locking Displayed Order as a liquidity taker. If a locked Non-Displayed Order does not have the Trade Now attribute enabled, then new incoming orders will be eligible to execute against the Displayed Order.

⁸ The Exchange proposes to correct a non-substantive typographical error in the existing rule text by removing the word “the” from the following sentence: “For example, if a Price to Comply Order with Reserve Size ... and the 150 shares”

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

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.

The proposed rule change is consistent with the Act because it will help ensure that the Exchange's Rule governing Reserve Orders will be consistent with the original intention of the Exchange and the expectation of participants that such Orders, after posting on the Nasdaq Book, will always be liquidity providers and not liquidity takers. It would also ensure that the Exchange's Order Types operate the same way during a race condition as they do during normal conditions. The proposal would eliminate any ambiguity under the existing rules as to whether a Reserve Order would take liquidity when a locking order posts to the Exchange book prior to the Reserve Order completing its replenishment (or prior to the Displayed portion of a Reserve Order posting to the Exchange Book for the first time). Thus, the proposal would ensure that the Exchange's Rules are transparent and clear about how the System processes Reserve Orders.

Finally, the proposal is consistent with the Act because it would correct a non-substantive typographical error in the Rule text, which will improve its readability and clarity, to the benefit of the public and investors.

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. Again, Exchange intends for the proposed rule change to only eliminate an inconsistency as to how it handles a rare circumstance that causes the System to process Reserve Orders in an unintended manner. The Exchange does not anticipate this proposal will have any impact on competition whatsoever.

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-2020-090 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-2020-090. 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-2020-090 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.¹¹

J. Matthew DeLesDernier
Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

* * * * *

Equity Rules

* * * * *

Equity 4: Equity Trading Rules

* * * * *

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) – (g) No change.

(h) Reserve Size. Reserve Size is an Order Attribute that permits a Participant to stipulate that an Order Type that is displayed may have its displayed size replenished from additional non-displayed size. An Order with Reserve Size may be referred to as a “Reserve Order.” At the time of entry, the displayed size of such an Order selected by the Participant must be one or more normal units of trading; an Order with a displayed size of a mixed lot will be rounded down to the nearest round lot. A Reserve Order with displayed size of an odd lot will be accepted but with the full size of the Order displayed. Reserve Size is not available for Orders that are not displayed; provided, however, that if a Participant enters Reserve Size for a Non-Displayed Order with a Time-in-Force of IOC, the full size of the Order, including Reserve Size, will be processed as a Non-Displayed Order.

...

When an Order with Reserve Size is posted, if there is an execution against the Displayed Order that causes its size to decrease below a normal unit of trading, another Displayed Order will be entered at the limit price and size stipulated by the Participant while the size of the Non-Displayed Order will be reduced by the same amount. Any remaining size of the original Displayed Order will remain on the Nasdaq Book. The new Displayed Order will receive a new timestamp, but the Non-Displayed Order (and the original

Displayed Order, if any) will not; although the new Displayed Order will be processed by the System as a new Order in most respects at that time, if it was designated as Routable, the System will not automatically route it upon reentry. If the new Displayed Order would lock an Order that posted to the Nasdaq Book before replenishment can occur, the Displayed Order will post at the locking price if the resting Order is Non-Display or will be repriced, ranked, and displayed at one minimum price increment lower (higher) than the locking price if the resting order to sell (buy) is Displayed. For example, if a Price to Comply Order with Reserve Size posted with a Displayed Size of 200 shares, along with a Non-Displayed Order of 3,000 and [the]150 shares of the Displayed Order was executed, the remaining 50 shares of the original Price to Comply Order would remain, a new Price to Comply Order would post with a size of 200 shares and a new timestamp, and the Non-Displayed Order would be decremented to 2,800 shares. Because a new Displayed Order is entered and the Non-Displayed Order is not reentered, there are circumstances in which the Displayed Order may receive a different price than the Non-Displayed Order. For example, if, upon reentry, a Price to Display Order would lock or cross a newly posted Protected Quotation, the price of the Order will be adjusted but its associated Non-Displayed Order would not be adjusted. In that circumstance, it would be possible for the better priced Non-Displayed Order to execute prior to the Price to Display Order.

....

* * * * *