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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2023 - * 046

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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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
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

A Proposal to Shorten the Standard Settlement Cycle

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 * Angela Last Name * Dunn

Title * Principal Associate General Counsel

E-mail * Angela.Dunn@Nasdaq.com

Telephone * (215) 496-5692 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, The Nasdaq Stock Market LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/13/2023


(Title *)

By John A. Zecca

EVP and Chief Legal Counsel

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

 Date: 2023.11.13 13:05:18 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-NASDAQ-2023-046 19b-4.doc

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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SR-NASDAQ-2023-046 Exhibit 1.doc

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 Advanced 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 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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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

SR-NASDAQ-2023-046 Exhibit 5.doc

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 Nasdaq Rules 11140 (Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”), 11150 (Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”), 11210 (Sent by Each Party), 11320 (Dates of Delivery), and 11620 (Computation of Interest), to conform them to the Commission’s amendment to Rule 15c6-1(a) of the Act³ to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date (“T+2”) to one business days after the trade date (“T+1”).

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 (the “Board”). 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:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 96930, Investment Advisers Act Release No. 6239 (February 15, 2023), 88 FR 13872 (March 6, 2023) (“T+1 Adopting Release”).

Angela Saccomandi Dunn
Principal Associate General Counsel
Nasdaq, Inc.
215-496-5692

Or

Jasica Desai
Senior Paralegal
Nasdaq, Inc.
301-978-4958

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

a. Purpose

Effective May 5, 2023, the Commission adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.⁴ In light of the recently adopted rule amendments to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1, Nasdaq proposes to amend its rules pertaining to securities settlement by, among other things, amending the definition of “standard” settlement as occurring on T+1.

Specifically, Nasdaq proposes to amend the following Rules: 11140 (Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”), 11150 (Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”), 11210 (Sent by Each Party), 11320 (Dates of Delivery), and 11620 (Computation of Interest). The details of the proposed rule changes are described below.

Nasdaq Rule 11140

Rule 11140(b)(1) currently provides that for dividends or distributions, and the issuance or distribution of warrants, that are less than 25 percent of the value of the

⁴ See supra note 3.

subject security, if definitive information is received sufficiently in advance of the record date, the date designated as the “ex-dividend date” shall be the first business day preceding the record date if the record date falls on a business day, or the second business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date. Nasdaq proposes to amend Rule 11140(b)(1) to shorten the time frames by one business day. With this change the ex-dividend date would be the same business day as the record date if the record date falls on a business day, or the first business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date.

Rule 11150

Rule 11150(a) currently prescribes the manner for establishing “ex-interest dates” for transactions in bonds or other similar evidence of indebtedness which are traded “flat.” Such transactions are “ex-interest” on the first business day preceding the record date if the record date falls on a business day, on the second business day preceding the record date if the record date falls on a day other than a business day, or on the third business day preceding the date on which an interest payment is to be made if no record date has been fixed. Nasdaq proposes to amend Rule 11150(a) to shorten the time frames by one business day.

Rule 11210

Paragraphs (c) and (d) of Rule 11210 set forth the “Don’t Know” (“DK”) voluntary procedures for using “DK Notices” or other forms of notices, respectively. When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the

close of one business day following the trade date of the transaction, the confirming member shall send a DK Notice to the contra-member. Thereafter, the contra-member has two business days after receipt of the confirming member's notice to either confirm or "DK" the transaction.

Nasdaq proposes to amend paragraphs (c) and (d) of Rule 11210 to provide that the "DK" procedures may be used by the confirming member if it does not receive a comparison or confirmation or signed "DK" from the contra-member by the close of the business day of the trade date of the transaction, rather than the current time frame of one day after the trade date. In addition, Nasdaq proposes to amend paragraphs (c)(2)(A), (c)(3), and (d)(5) of Rule 11210 to adjust the time in which a contra-member has to respond to a "DK Notice" (or similar notice) from two business days after the contra-member's receipt of the notice to one business day after the contra-member's receipt of the notice.

Rule 11320

Rule 11320 currently prescribes delivery dates for various transactions. Currently, paragraph (b) states that for a "regular way" transaction, delivery must be made on, but not before, the second business day after the date of the transaction. Nasdaq proposes to amend Rule 11320(b) to change the reference from the second business day to the first business day following the date of the transaction. Currently, paragraph (c) provides that in a "seller's option" transaction, delivery may be made by the seller on any business day after the second business day following the date of the transaction. Nasdaq proposes to amend Rule 11320(c) to change the reference from the

second business day to the first business day following the date of the transaction and prior to the expiration of the option.

Rule 11620

In the settlement of contracts in interest-paying securities other than for cash, Rule 11620(a) currently requires the calculation of interest at the rate specified in the security up to but not including the second business day after the date of the transaction. The proposed amendment would shorten the time frame to the first business day following the date of the transaction.

Implementation

The operative date of this proposed rule change will be Tuesday, May 28, 2024, which is the compliance date specified in the Commission’s amendment to Rule 15c6-1(a) of the Act⁵ to require standard settlement no later than T+1.⁶ With the implementation of the T+1 settlement cycle, the ex-dividend date for “normal” distributions pursuant to Rule 11140(b)(1) will be the same business day as the record date. Accordingly, Nasdaq proposes to interpret Rule 11140(b)(1) so that the first record date to which this new ex-dividend date rationale will be applied will be Wednesday, May 29, 2024. During the implementation of the T+1 settlement cycle, the “regular” ex-dividend dates will be as follows:

⁵ See supra note 3.

⁶ See supra note 3. Transactions with a trade date of Friday, May 24, 2024 would settle on Wednesday, May 29, 2024 because these transactions occurred before the rule was effective and continue to settle two days after the trade date. Additionally, transactions with a trade date of Tuesday, May 28, 2024 would also settle on Wednesday, May 29, 2024 because these transactions occurred when the T + 1 rule was effective and would settle one day after the trade date. Of note, May 27, 2024 is Memorial Day and not a business day counted for purposes of settlement.

Record Date May 24, 2024	Ex date May 23, 2024
Record Date May 28, 2024	Ex date May 24, 2024
Record Date May 29, 2024	Ex date May 29, 2024 ⁷

By way of explanation, a record date of Friday, May 24, 2024 would be a date prior to the effective date of the adopted T + 1 rules. Current Rule 1140(b) would apply to this record date, and, therefore, the “ex-dividend date” would be the first business day preceding the record date or Thursday, May 23, 2024. Monday, May 27, 2024 is Memorial Day is a federal holiday and not a business day; there would be no record date on a holiday. As noted above, Nasdaq proposes to interpret Rule 1140(b)(1) so that the first record date to which this new ex-dividend date rationale will be applied would be Wednesday, May 29, 2024. Therefore, a record date of Tuesday, May 28, 2024 would fall under current Rule 1140(b) and the first business day preceding the record date would be Friday, May 24, 2024. Finally, as noted above, Wednesday, May 29, 2024 is the first record date pursuant to the new T + 1 rules, therefore, proposed Rule 1140(b) applies to this date and the “ex-dividend date” would be the same business day as the record date (May, 29, 2024).

The ex-dividend date for “large” distributions under Rule 1140(b)(2) is not being amended with the adoption of the T+1 settlement cycle. Therefore, the ex-dividend date for “large” distributions under Rule 1140(b)(2) will continue to be the first business day following the payable date as provided in the current rule text. In order to ensure that no securities will be ex-dividend on May 28, 2024 for purposes of “large” distributions,

⁷ May 27, 2024 is Memorial Day and not a business day.

Nasdaq similarly proposes to interpret Rule 11140(b) so that, if an issuer sets May 28, 2024 as the payment date for a large distribution, the ex-dividend date would be May 29, 2024, not May 28, 2024. Nasdaq will issue an Issuer Alert addressing the application of the T+1 implementation date on Rule 11140(b).

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and, in general, to protect investors and the public interest. The proposed rule change seeks to conform Nasdaq's rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹⁰ The proposal is consistent with the Commission's amendment to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1. This proposal will provide Nasdaq members with regulatory certainty as to the settlement cycle that will be utilized to settle transactions executed on the Exchange.

As noted herein, Nasdaq will announce the operative date of the proposed rule change in an Equity Regulatory Alert, which date would correspond with the industry-led transition to a T+1 standard settlement, and the compliance date of the Commission's amendment to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ See supra note 3.

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 proposal amends Nasdaq's rules pertaining to securities settlement and is intended to facilitate the implementation of the industry-led transition to a T+1 settlement cycle. The shortened settlement cycle will apply uniformly to all contracts for the purchase or sale of a security (other than exempted securities) that provide for payment of funds and delivery of securities that occur on Nasdaq or other self-regulatory organizations.¹¹ Moreover, the proposal is consistent with the Commission's amendment to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1.

Accordingly, Nasdaq believes that the proposed amendments do not impose any intra-market or inter-market burdens on competition because the amendments conform Nasdaq's rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹² Specifically, the proposed amendments include changes to rules that specifically establish the settlement cycle as well as rules that establish time frames based on settlement dates, including for certain post-settlement rights and obligations.

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.

¹¹ Of note, pursuant to (a) and (d) of Rule 15c6-1, the parties may expressly agree to a different settlement date at the time of the transaction.

¹² See supra note 3.

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)¹³ of the Act and Rule 19b-4(f)(6) thereunder¹⁴ 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.

The proposed amendments do not significantly affect the protection of investors or the public interest as they conform Nasdaq's rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹⁵ The proposed amendments do not impose any significant burden on competition because the shortened settlement cycle will apply uniformly to all contracts for the purchase or sale of a security (other than exempted securities) that provide for payment of funds and delivery of securities that occur on Nasdaq or other self-regulatory organizations.¹⁶

Furthermore, Rule 19b-4(f)(6)(iii)¹⁷ requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that

¹³ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ See supra note 3.

¹⁶ Of note, pursuant to (a) and (d) of Rule 15c6-1, the parties may expressly agree to a different settlement date at the time of the transaction.

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposal is based on recently adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹⁸

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.

¹⁸ See supra note 3.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2023-046)

November __, 2023

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Shorten the Standard Settlement Cycle

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 November 13, 2023, 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 Nasdaq Rules 11140 (Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”), 11150 (Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”), 11210 (Sent by Each Party), 11320 (Dates of Delivery), and 11620 (Computation of Interest), to conform them to the Commission’s amendment to Rule 15c6-1(a) of the Act³ to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date (“T+2”) to one business days after the trade date (“T+1”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 96930, Investment Advisers Act Release No. 6239 (February 15, 2023), 88 FR 13872 (March 6, 2023) (“T+1 Adopting Release”).

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 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

Effective May 5, 2023, the Commission adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.⁴ In light of the recently adopted rule amendments to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1, Nasdaq proposes to amend its rules pertaining to securities settlement by, among other things, amending the definition of "standard" settlement as occurring on T+1.

Specifically, Nasdaq proposes to amend the following Rules: 11140 (Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants"), 11150 (Transactions "Ex-Interest" in Bonds Which Are Dealt in "Flat"), 11210 (Sent by Each Party), 11320 (Dates of Delivery), and 11620 (Computation of Interest). The details of the proposed rule changes are described below.

⁴ See supra note 3.

Nasdaq Rule 11140

Rule 11140(b)(1) currently provides that for dividends or distributions, and the issuance or distribution of warrants, that are less than 25 percent of the value of the subject security, if definitive information is received sufficiently in advance of the record date, the date designated as the “ex-dividend date” shall be the first business day preceding the record date if the record date falls on a business day, or the second business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date. Nasdaq proposes to amend Rule 11140(b)(1) to shorten the time frames by one business day. With this change the ex-dividend date would be the same business day as the record date if the record date falls on a business day, or the first business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date.

Rule 11150

Rule 11150(a) currently prescribes the manner for establishing “ex-interest dates” for transactions in bonds or other similar evidence of indebtedness which are traded “flat.” Such transactions are “ex-interest” on the first business day preceding the record date if the record date falls on a business day, on the second business day preceding the record date if the record date falls on a day other than a business day, or on the third business day preceding the date on which an interest payment is to be made if no record date has been fixed. Nasdaq proposes to amend Rule 11150(a) to shorten the time frames by one business day.

Rule 11210

Paragraphs (c) and (d) of Rule 11210 set forth the “Don’t Know” (“DK”) voluntary procedures for using “DK Notices” or other forms of notices, respectively. When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of one business day following the trade date of the transaction, the confirming member shall send a DK Notice to the contra-member. Thereafter, the contra-member has two business days after receipt of the confirming member’s notice to either confirm or “DK” the transaction.

Nasdaq proposes to amend paragraphs (c) and (d) of Rule 11210 to provide that the “DK” procedures may be used by the confirming member if it does not receive a comparison or confirmation or signed “DK” from the contra-member by the close of the business day of the trade date of the transaction, rather than the current time frame of one day after the trade date. In addition, Nasdaq proposes to amend paragraphs (c)(2)(A), (c)(3), and (d)(5) of Rule 11210 to adjust the time in which a contra-member has to respond to a “DK Notice” (or similar notice) from two business days after the contra-member’s receipt of the notice to one business day after the contra-member’s receipt of the notice.

Rule 11320

Rule 11320 currently prescribes delivery dates for various transactions. Currently, paragraph (b) states that for a “regular way” transaction, delivery must be made on, but not before, the second business day after the date of the transaction. Nasdaq proposes to amend Rule 11320(b) to change the reference from the second

business day to the first business day following the date of the transaction. Currently, paragraph (c) provides that in a “seller’s option” transaction, delivery may be made by the seller on any business day after the second business day following the date of the transaction. Nasdaq proposes to amend Rule 11320(c) to change the reference from the second business day to the first business day following the date of the transaction and prior to the expiration of the option.

Rule 11620

In the settlement of contracts in interest-paying securities other than for cash, Rule 11620(a) currently requires the calculation of interest at the rate specified in the security up to but not including the second business day after the date of the transaction. The proposed amendment would shorten the time frame to the first business day following the date of the transaction.

Implementation

The operative date of this proposed rule change will be Tuesday, May 28, 2024, which is the compliance date specified in the Commission’s amendment to Rule 15c6-1(a) of the Act⁵ to require standard settlement no later than T+1.⁶ With the implementation of the T+1 settlement cycle, the ex-dividend date for “normal” distributions pursuant to Rule 11140(b)(1) will be the same business day as the record date. Accordingly, Nasdaq proposes to interpret Rule 11140(b)(1) so that the first record date to which this new ex-dividend date rationale will be applied will be Wednesday,

⁵ See supra note 3.

⁶ See supra note 3. Transactions with a trade date of Friday, May 24, 2024 would settle on Wednesday, May 29, 2024 because these transactions occurred before the rule was effective and continue to settle two days after the trade date. Additionally, transactions with a trade date of Tuesday, May 28, 2024 would also settle on Wednesday, May 29, 2024 because these transactions occurred when the T + 1 rule was effective and would settle one day after the trade date. Of note, May 27, 2024 is Memorial Day and not a business day counted for purposes of settlement.

May 29, 2024. During the implementation of the T+1 settlement cycle, the “regular” ex-dividend dates will be as follows:

Record Date May 24, 2024	Ex date May 23, 2024
Record Date May 28, 2024	Ex date May 24, 2024
Record Date May 29, 2024	Ex date May 29, 2024 ⁷

By way of explanation, a record date of Friday, May 24, 2024 would be a date prior to the effective date of the adopted T + 1 rules. Current Rule 1140(b) would apply to this record date, and, therefore, the “ex-dividend date” would be the first business day preceding the record date or Thursday, May 23, 2024. Monday, May 27, 2024 is Memorial Day is a federal holiday and not a business day; there would be no record date on a holiday. As noted above, Nasdaq proposes to interpret Rule 1140(b)(1) so that the first record date to which this new ex-dividend date rationale will be applied would be Wednesday, May 29, 2024. Therefore, a record date of Tuesday, May 28, 2024 would fall under current Rule 1140(b) and the first business day preceding the record date would be Friday, May 24, 2024. Finally, as noted above, Wednesday, May 29, 2024 is the first record date pursuant to the new T + 1 rules, therefore, proposed Rule 1140(b) applies to this date and the “ex-dividend date” would be the same business day as the record date (May, 29, 2024).

The ex-dividend date for “large” distributions under Rule 1140(b)(2) is not being amended with the adoption of the T+1 settlement cycle. Therefore, the ex-dividend date for “large” distributions under Rule 1140(b)(2) will continue to be the first business day

⁷ May 27, 2024 is Memorial Day and not a business day.

following the payable date as provided in the current rule text. In order to ensure that no securities will be ex-dividend on May 28, 2024 for purposes of “large” distributions, Nasdaq similarly proposes to interpret Rule 11140(b) so that, if an issuer sets May 28, 2024 as the payment date for a large distribution, the ex-dividend date would be May 29, 2024, not May 28, 2024. Nasdaq will issue an Issuer Alert addressing the application of the T+1 implementation date on Rule 11140(b).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and, in general, to protect investors and the public interest. The proposed rule change seeks to conform Nasdaq’s rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹⁰ The proposal is consistent with the Commission’s amendment to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1. This proposal will provide Nasdaq members with regulatory certainty as to the settlement cycle that will be utilized to settle transactions executed on the Exchange.

As noted herein, Nasdaq will announce the operative date of the proposed rule change in an Equity Regulatory Alert, which date would correspond with the industry-led

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ See supra note 3.

transition to a T+1 standard settlement, and the compliance date of the Commission's amendment to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1.

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 proposal amends Nasdaq's rules pertaining to securities settlement and is intended to facilitate the implementation of the industry-led transition to a T+1 settlement cycle. The shortened settlement cycle will apply uniformly to all contracts for the purchase or sale of a security (other than exempted securities) that provide for payment of funds and delivery of securities that occur on Nasdaq or other self-regulatory organizations.¹¹ Moreover, the proposal is consistent with the Commission's amendment to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1.

Accordingly, Nasdaq believes that the proposed amendments do not impose any intra-market or inter-market burdens on competition because the amendments conform Nasdaq's rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.¹² Specifically, the proposed amendments include changes to rules that specifically establish the settlement cycle as well as rules that establish time frames based on settlement dates, including for certain post-settlement rights and obligations.

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.

¹¹ Of note, pursuant to (a) and (d) of Rule 15c6-1, the parties may expressly agree to a different settlement date at the time of the transaction.

¹² See supra note 3.

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 Act¹³ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁴

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.

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

(<https://www.sec.gov/rules/sro.shtml>); or

¹³ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁴ 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.

- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2023-046 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-2023-046. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2023-046 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Sherry R. Haywood,

Assistant Secretary.

¹⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

The Nasdaq Stock Market LLC Rules

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Equity Rules

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Equity 11. Uniform Practice Code

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11140. Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants”

* * * * *

(b) Normal Ex-Dividend, Ex-Warrants Dates

(1) In respect to cash dividends or distributions, or stock dividends, and the issuance or distribution of warrants, which are less than 25% of the value of the subject security, if the definitive information is received sufficiently in advance of the record date, the date designated as the “ex-dividend date” shall be the [first]same business day [preceding]as the record date if the record date falls on a business day, or the [second]first business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date.

* * * * *

11150. Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”**(a) Normal Ex-Interest Dates**

All transactions, except “cash” transactions, in bonds or similar evidences of indebtedness which are traded “flat” shall be “ex-interest” as prescribed by the following provisions:

(1) On the [first]same business day [preceding]as the record date if the record date falls on a business day.

(2) On the [second]first business day preceding the record date if the record date falls on a day other than a business day.

(3) On the [second]first business day preceding the date on which an interest payment is to be made if no record date has been fixed.

* * * * *

11200. Comparisons or Confirmations and “Don't Know Notices”**11210. Sent by Each Party**

* * * * *

(c) “DK” Procedures Using “Don't Know Notices” (FINRA Form No. 101)

When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of [one]the business day [following]of the trade date of the transaction, the following procedure may be utilized.

* * * * *

(2)

(A) After receipt of the “Don't Know Notice” as specified in paragraph (c)(1) of this Rule, the contra-member shall have [two]one business day[s] after the notice is received to either confirm or DK the transaction in accordance with the provisions of paragraph (c)(2)(B) or (c)(2)(C) below.

* * * * *

(3) If the confirming member does not receive a response from the contra-member by the close of [two]one business day[s] after receipt by the confirming member of the fourth copy of the “Don't Know Notice” if delivered by messenger, or the post office receipt if delivered by mail, as specified in paragraph (c)(1) of this Rule, such shall constitute a DK and the confirming member shall have no further liability for the trade.

* * * * *

(d) “DK” Procedure Using Other Forms of Notice

When a party to a transaction sends comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of [one]the business day [following]of the date of the transaction, the following procedure may be utilized in place of that provided in the preceding paragraph (c).

* * * * *

(5) If the confirming member does not receive a response in the form of a notice from the contra-member by the close of [two]one business day[s] after receipt of the confirming member's notice, such shall constitute a DK and the confirming member shall have no further liability.

* * * * *

11300. Delivery of Securities

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11320. Dates of Delivery

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(b) “Regular Way”

In connection with a transaction “regular way,” delivery shall be made at the office of the purchaser on, but not before, the [second]first business day following the date of the transaction.

(c) “Seller’s Option”

In connection with a transaction “seller's option,” delivery shall be made at the office of the purchaser on the date on which the option expires; except that delivery may be made by the seller on any business day after the [second]first business day following the date of the transaction and prior to the expiration of the option, provided the seller delivers at the office of purchaser, on a business day preceding the day of delivery, written notice of intention to deliver.

* * * * *

11600. Delivery of Bonds and Other Evidences of Indebtedness

* * * * *

11620. Computation of Interest**(a) Interest to be Added to the Dollar Price**

In the settlement of contracts in interest-paying securities other than for “cash,” there shall be added to the dollar price interest at the rate specified in the security, which shall be computed up to but not including the [second]first business day following the date of the transaction. In transactions for “cash,” interest shall be added to the dollar price at the rate specified in the security up to but not including the date of transaction.

* * * * *