

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="17"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2012"/> - * <input type="text" value="049"/> Amendment No. (req. for Amendments *) <input type="text"/>
---	--	---

Proposed Rule Change by NASDAQ Stock Market
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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="text"/>	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)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input checked="" type="checkbox"/> 19b-4(f)(3)

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 proposed rule change (limit 250 characters, required when Initial is checked *).

A proposed rule change to amend the definition of Directed Orders in Rule 4751(f)(9).

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 proposed rule change.

First Name * Last Name *
 Title *
 E-mail *
 Telephone * 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 officer.

Date
 By Executive Vice President and General Counsel
 (Name *) (Title *)

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 (required)

[Add](#) [Remove](#) [View](#)

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 (required)

[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 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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“NASDAQ”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the definition of Directed Orders in Rule 4751(f)(9).

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.³

* * * * *

4751. Definitions

(a) – (e) No change.

(f) The term “Order Type” shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) - (8) No change.

(9) “Directed Orders” are orders that are directed to an exchange other than Nasdaq as directed by the entering party without checking the Nasdaq book. If unexecuted, the order (or unexecuted portion thereof) shall be returned to the entering party. [This option may only be used for orders with time-in-force parameters of IOC.]

Directed Orders may be designated as intermarket sweep orders by the entering party to execute against the full displayed size of any protected bid or offer (as defined in Rule 600(b) of Regulation NMS under the Act). A broker-dealer that designates an order as an intermarket sweep order has the responsibility of complying with Rules 610 and 611 of Regulation NMS. Directed Orders marked as intermarket sweep may only be used with time-in-force parameters of IOC.

Directed Orders may not be directed to a facility of an exchange that is an affiliate of Nasdaq except for Directed Orders directed to the NASDAQ OMX BX Equities Market or to the NASDAQ OMX PSX facility of NASDAQ OMX PHLX.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Changes are marked to the rule text that appears in the electronic Nasdaq Manual found at <http://nasdaqomx.cchwallstreet.com>.

(10) - (13) No change.

(g) – (i) No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on August 19, 2011. NASDAQ staff will advise the Board of Directors of NASDAQ of any action taken pursuant to delegated authority. No further action is required to be taken for this filing to be submitted.

Questions and comments on the proposed rule change may be directed to Jonathan F. Cayne, Associate General Counsel, at (301) 978-8493.

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

a. Purpose

Rule 4751(f)(9) defines a "Directed Order" as an order that is directed to an exchange other than NASDAQ as directed by the entering party without checking the NASDAQ book and, if unexecuted, the order (or unexecuted portion thereof) must be returned to the entering party. Currently, however, this option is only available for Directed Orders with time-in-force ("Time-in-Force")⁴ parameters of immediate or cancel ("IOC").

⁴ Time-in-Force denotes the period of time that the Nasdaq Market Center will hold an order for potential execution. See NASDAQ Rule 4751(h).

NASDAQ proposes to modify Rule 4751(f)(9) by removing the above restriction. The elimination of this restriction would then allow the Nasdaq Market Center (“System”) via its broker-dealer, NASDAQ Execution Services (“NES”), to direct customer orders that would post liquidity to particular away markets. This would further enable members to specify the maximum length of time to allow these orders to remain booked in accordance with any applicable rules of the away market. The proposed rule change would enhance order execution opportunities for market participants by increasing the mobility of liquidity, augmenting liquidity at less liquid venues and generally increasing the interconnectedness of the exchanges.

Additionally, Rule 4751(f)(9) would be clarified to specifically state that a Directed Order that is marked as an intermarket sweep order must be marked as IOC. By making this clarification, NASDAQ will prevent its routing broker from locking or crossing an away market because of customer instructions.

The proposed rule change, in essence, makes the Exchange’s Directed Order similar to the BATS Exchange’s “Modified Destination Specific Order.”⁵ The remaining difference between the two order types is that for the BATS Modified Destination Specific Order, orders that are not executed in full are returned to the exchange, while for NASDAQ Directed Orders, orders that are not executed in full would be returned to the customer.

The only reason initially for the inclusion of this restrictive clause in Rule 4751(f)(9) was to accurately reflect the configuration of the Directed Order router. Since NASDAQ now intends to provide all Directed Orders with the option of being directed to

⁵ See Securities Exchange Act Release No. 58546 (September 15, 2008), 73 FR 54440 (September 19, 2008) (SR-BATS-2008-003). See BATS Rule 11.9(c)(13).

away markets to post liquidity, the configuration of the System must be similarly updated to reflect this change.

The elimination of this restriction also serves to increase investor choice. Specifically, Directed Order types that do not include an IOC instruction would now provide investors with an additional method of connecting to another exchange for the purpose of providing liquidity. Users of NASDAQ's router would be able to, for example, post two-sided quotes on any exchange without having to establish connectivity to these exchanges separately. The proposed rule change also would improve the competitive landscape by creating a means by which NASDAQ customers could post liquidity at away markets and, thereby, remove barriers to participation on these markets.

Finally, NASDAQ already permits order types that allow for the posting of liquidity at away markets. In particular, the DOTI strategy has the ability to post to the New York Stock Exchange ("NYSE").⁶ DOTI is a routing option for orders that the entering firm wishes to direct to the NYSE or NYSE Amex without returning to the System. DOTI orders check the System for available shares and then are sent to destinations on the System routing table before being sent to NYSE or NYSE Amex, as appropriate. DOTI orders do not return to the System book after routing. The entering firm may alternatively elect to have DOTI orders check the System for available shares and thereafter be directly sent to NYSE or NYSE Amex as appropriate.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions

⁶ See NASDAQ Rule 4758(a)(1)(A).

of Section 6 of the Act,⁷ in general, and with Section 6(b)(5) of the Act,⁸ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, 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, 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.

Specifically, by eliminating the restriction which permits only Directed Orders with Time-in-Force parameters of IOC, as well as by clarifying that a Directed Order that is marked as an intermarket sweep order must also be marked as IOC, NASDAQ believes that the proposed rule change will enhance the interconnectedness of the national market system, increase investor choice, and improve order execution opportunities for market participants by increasing the mobility of liquidity, removing barriers to participation, and augmenting liquidity at less liquid venues. Thus, the proposed rule change will directly foster cooperation and will remove impediments to and perfect the mechanism of a free and open market, and is fully consistent with the protection of investors and the public interest.

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

NASDAQ does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. NASDAQ believes that the proposed rule change will serve to increase the interconnectedness of the national market system and also serves to increase investor

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(5).

choice by allowing the System via NES to direct customer orders that would post liquidity to particular away markets. The changes will also enhance NASDAQ's competitive stance vis-à-vis the Modified Destination Specific Order of the BATS Exchange.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁰ in that the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) 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; provided the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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. NASDAQ provided the Commission with such written notice on April 4, 2012.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

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

The proposed rule is similar to BATS Exchange Rule 11.9(c)(13).¹¹

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

¹¹ Supra note 5.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2012-049)

April __, 2012

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 4751

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 April 5, 2012, The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASDAQ. 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 the Substance of the Proposed Rule Change

NASDAQ is filing this proposed rule change to amend the definition of “Directed Orders” in Rule 4751(f)(9).

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.³

* * * * *

4751. Definitions

(a) – (e) No change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Changes are marked to the rule text that appears in the electronic Nasdaq Manual found at <http://nasdaqomx.cchwallstreet.com>.

(f) The term “Order Type” shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) - (8) No change.

(9) “Directed Orders” are orders that are directed to an exchange other than Nasdaq as directed by the entering party without checking the Nasdaq book. If unexecuted, the order (or unexecuted portion thereof) shall be returned to the entering party. [This option may only be used for orders with time-in-force parameters of IOC.]

Directed Orders may be designated as intermarket sweep orders by the entering party to execute against the full displayed size of any protected bid or offer (as defined in Rule 600(b) of Regulation NMS under the Act). A broker-dealer that designates an order as an intermarket sweep order has the responsibility of complying with Rules 610 and 611 of Regulation NMS. Directed Orders marked as intermarket sweep may only be used with time-in-force parameters of IOC.

Directed Orders may not be directed to a facility of an exchange that is an affiliate of Nasdaq except for Directed Orders directed to the NASDAQ OMX BX Equities Market or to the NASDAQ OMX PSX facility of NASDAQ OMX PHLX.

(10) - (13) No change.

(g) – (i) No change.

* * * * *

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

Rule 4751(f)(9) defines a "Directed Order" as an order that is directed to an exchange other than NASDAQ as directed by the entering party without checking the NASDAQ book and, if unexecuted, the order (or unexecuted portion thereof) must be returned to the entering party. Currently, however, this option is only available for Directed Orders with time-in-force ("Time-in-Force")⁴ parameters of immediate or cancel ("IOC").

NASDAQ proposes to modify Rule 4751(f)(9) by removing the above restriction. The elimination of this restriction would then allow the Nasdaq Market Center ("System") via its broker-dealer, NASDAQ Execution Services ("NES"), to direct customer orders that would post liquidity to particular away markets. This would further enable members to specify the maximum length of time to allow these orders to remain booked in accordance with any applicable rules of the away market. The proposed rule change would enhance order execution opportunities for market participants by increasing the mobility of liquidity, augmenting liquidity at less liquid venues and generally increasing the interconnectedness of the exchanges.

Additionally, Rule 4751(f)(9) would be clarified to specifically state that a Directed Order that is marked as an intermarket sweep order must be marked as IOC. By making this clarification, NASDAQ will prevent its routing broker from locking or crossing an away market because of customer instructions.

⁴ Time-in-Force denotes the period of time that the Nasdaq Market Center will hold an order for potential execution. See NASDAQ Rule 4751(h).

The proposed rule change, in essence, makes the Exchange's Directed Order similar to the BATS Exchange's "Modified Destination Specific Order."⁵ The remaining difference between the two order types is that for the BATS Modified Destination Specific Order, orders that are not executed in full are returned to the exchange, while for NASDAQ Directed Orders, orders that are not executed in full would be returned to the customer.

The only reason initially for the inclusion of this restrictive clause in Rule 4751(f)(9) was to accurately reflect the configuration of the Directed Order router. Since NASDAQ now intends to provide all Directed Orders with the option of being directed to away markets to post liquidity, the configuration of the System must be similarly updated to reflect this change.

The elimination of this restriction also serves to increase investor choice. Specifically, Directed Order types that do not include an IOC instruction would now provide investors with an additional method of connecting to another exchange for the purpose of providing liquidity. Users of NASDAQ's router would be able to, for example, post two-sided quotes on any exchange without having to establish connectivity to these exchanges separately. The proposed rule change also would improve the competitive landscape by creating a means by which NASDAQ customers could post liquidity at away markets and, thereby, remove barriers to participation on these markets.

Finally, NASDAQ already permits order types that allow for the posting of liquidity at away markets. In particular, the DOTI strategy has the ability to post to the

⁵ See Securities Exchange Act Release No. 58546 (September 15, 2008), 73 FR 54440 (September 19, 2008) (SR-BATS-2008-003). See BATS Rule 11.9(c)(13).

New York Stock Exchange (“NYSE”).⁶ DOTI is a routing option for orders that the entering firm wishes to direct to the NYSE or NYSE Amex without returning to the System. DOTI orders check the System for available shares and then are sent to destinations on the System routing table before being sent to NYSE or NYSE Amex, as appropriate. DOTI orders do not return to the System book after routing. The entering firm may alternatively elect to have DOTI orders check the System for available shares and thereafter be directly sent to NYSE or NYSE Amex as appropriate.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁷ in general, and with Section 6(b)(5) of the Act,⁸ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, 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, 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.

Specifically, by eliminating the restriction which permits only Directed Orders with Time-in-Force parameters of IOC, as well as by clarifying that a Directed Order that is marked as an intermarket sweep order must also be marked as IOC, NASDAQ believes that the proposed rule change will enhance the interconnectedness of the national market system, increase investor choice, and improve order execution opportunities for market

⁶ See NASDAQ Rule 4758(a)(1)(A).

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(5).

participants by increasing the mobility of liquidity, removing barriers to participation, and augmenting liquidity at less liquid venues. Thus, the proposed rule change will directly foster cooperation and will remove impediments to and perfect the mechanism of a free and open market, and is fully consistent with the protection of investors and the public interest.

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

NASDAQ does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. NASDAQ believes that the proposed rule change will serve to increase the interconnectedness of the national market system and also serves to increase investor choice by allowing the System via NES to direct customer orders that would post liquidity to particular away markets. The changes will also enhance NASDAQ's competitive stance vis-à-vis the Modified Destination Specific Order of the BATS Exchange.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed,

or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

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 change 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, as amended, 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-2012-049 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2012-049. This file number should be included on the subject line if e-mail is used.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-2012-049, 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

Kevin M. O'Neill
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).