### Proposed Rule Change by NASDAQ Stock Market

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<table>
<thead>
<tr>
<th>Initial</th>
<th>Amendment</th>
<th>Withdrawal</th>
<th>Section 19(b)(2)</th>
<th>Section 19(b)(3)(A)</th>
<th>Section 19(b)(3)(B)</th>
</tr>
</thead>
<tbody>
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**Pilot**

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<thead>
<tr>
<th>Extension of Time Period for Commission Action</th>
<th>Date Expires</th>
</tr>
</thead>
</table>

**Description**

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

A proposed rule change to adopt a new Market Maker Peg Order to provide similar functionality as the automated functionality provided to market makers under Rules 4613a2F and G.

**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**: Sean
- **Last Name**: Bennett
- **Title**: Assistant General Counsel
- **E-mail**: sean.bennett@nasdaqomx.com
- **Telephone**: (301) 978-8499
- **Fax**: (301) 978-8472

**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**: 08/01/2012
- **By**: Edward S. Knight
- **Executive Vice President and General Counsel**

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.
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.
Partial Amendment No. 1 to SR-NASDAQ-2012-066

The NASDAQ Stock Market LLC (“NASDAQ”) is filing this partial amendment to SR-NASDAQ-2012-066 to amend Item 2 of the Form 19b-4 to reflect the approval of the NASDAQ Board of Directors of the proposed rule change, and to insert new proposed descriptive rule text with an explanation thereof in both the Form 19b-4 and Exhibit 1:

1. Replace the first paragraph under Item 2 of the Form 19b-4 on pages 4 and 5 with the following language:  “The proposed rule change was approved by the NASDAQ Board of Directors on June 5, 2012. No further action by NASDAQ is necessary for the filing of the rule change.”

2. NASDAQ is proposing to insert additional language in the proposed rule text, describing operation of a Market Maker Peg Order in the event that, after entry, it is priced based on the consolidated last sale and such Market Maker Peg Order is established as the National Best Bid or National Best Offer. Accordingly, NASDAQ is amending the rule text provided on Form 19b-4 and the Exhibit 1 on pages 3 - 4 and 15 - 16, respectively, by inserting the underlined below (new rule text proposed in the original filing is not underlined for clarity):

* * * * *

4751. Definitions

The following definitions apply to the Rule 4600 and 4750 Series for the trading of securities listed on Nasdaq or a national securities exchange other than Nasdaq.

(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) - (14) No change.

(15) “Market Maker Peg Order” is a limit order that, upon entry, the bid or offer is automatically priced by the System at the Designated Percentage away from the then current National Best Bid and National Best Offer, or if no National Best Bid or National Best Offer, at the Designated Percentage away from the last reported sale from the responsible single plan processor in order to comply with the quotation requirements for Market Makers set forth in Rule 4613(a)(2). Upon reaching the Defined Limit, the price of a Market Maker Peg Order bid or offer will be adjusted by the System to the Designated Percentage away from the then current National Best Bid and National Best Offer, or, if no
National Best Bid or National Best Offer, to the Designated Percentage away from the last reported sale from the responsible single plan processor. If a Market Maker Peg Order bid or offer moves a specified number of percentage points away from the Designated Percentage towards the then current National Best Bid or National Best Offer, as described in Rule 4613(a)(2)(F) (Quotation Creation and Adjustment), the price of such bid or offer will be adjusted to the Designated Percentage away from the then current National Best Bid and National Best Offer, or if no National Best Bid or National Best Offer, to the Designated Percentage away from the last reported sale from the responsible single plan processor. In the absence of a National Best Bid or National Best Offer and if no last reported sale, the order will be cancelled or rejected. If, after entry, the Market Maker Peg Order is priced based on the consolidated last sale and such Market Maker Peg Order is established as the National Best Bid or National Best Offer, the Market Maker Peg Order will not be subsequently adjusted in accordance with this rule until either there is a new consolidated last sale, or a new National Best Bid or new National Best Offer is established by either a national securities exchange or NASDAQ. Market Maker Peg Orders are not eligible for routing pursuant to Rule 4758 and are always displayed on NASDAQ. Notwithstanding the availability of Market Maker Peg Order functionality, a Market Maker remains responsible for entering, monitoring, and re-submitting, as applicable, quotations that meet the requirements of Rule 4613. A new timestamp is created for the order each time that it is automatically adjusted. For purposes of this paragraph, NASDAQ will apply the Designated Percentage and Defined Limit as set forth in Rule 4613, subject to the following exception. Nothing in this rule shall preclude a Market Maker from designating a more aggressive offset from the National Best Bid or National Best Offer than the given Designated Percentage for any individual Market Maker Peg Order. If a Market Maker designates a more aggressive offset from the National Best Bid or National Best Offer, the price of a Market Maker Peg Order bid or offer will be adjusted by the System to maintain the Market Maker-designated offset from the National Best Bid or National Best Offer, or if no National Best Bid or National Best Offer, the order will be cancelled or rejected.

(g) – (i) No change.

* * * * *

3. NASDAQ is proposing to add a brief discussion of the scenario described under amendment 2 above by appending the following text as a new paragraph after the carry over paragraphs on pages 10 and 22 of the Form 19b-4 and Exhibit 1,
respectively: “NASDAQ notes that if after entry the Market Maker Peg Order is priced based on the consolidated last sale and such Market Maker Peg Order is established as the National Best Bid or National Best Offer, the Market Maker Peg Order will not be subsequently adjusted in accordance with the proposed rule until either there is a new consolidated last sale, or a new National Best Bid or new National Best Offer is established by either a national securities exchange or NASDAQ. NASDAQ believes not adjusting the price in this instance is consistent with the intent of the Market Maker Peg Order (i.e., keeping the order a certain percentage away from the inside market) while also avoiding a situation where the order would be price adjusted against itself.”