

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 12	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2012 - * 129	Amendment No. (req. for Amendments *) 1
Filing by NASDAQ Stock Market Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input type="checkbox"/>	Amendment * <input checked="" 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)(2) <input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(6)
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934	
Section 806(e)(1) <input type="checkbox"/>		Section 806(e)(2) <input type="checkbox"/>	Section 3C(b)(2) <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text"/>				
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 *	Jonathan		Last Name *	Cayne
Title *	Associate General Counsel			
E-mail *	jonathan.cayne@nasdaqomx.com			
Telephone *	(301) 978-8493	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.				
(Title *)				
Date	02/13/2013		Executive Vice President and General Counsel	
By	Edward S. Knight		<input type="text"/>	
(Name *)				
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.				
<input type="button" value="Edward S Knight"/>				

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

Partial Amendment No. 1 to SR-NASDAQ-2012-129

The NASDAQ Stock Market LLC (“NASDAQ”) is filing this Partial Amendment No. 1 to SR-NASDAQ-2012-129 to make the following changes to the pending 19b-4 and Exhibit 1:

- 1) The last partial paragraph on page 4 of 48 carrying-over to page 5 of 48 in the 19b-4 and the second paragraph of page 25 of 48 in the Exhibit 1, should be replaced in their entirety with the following paragraph:

“Second, the term “Retail Order” would be defined as an agency order, or riskless principal order that satisfies the criteria of FINRA Rule 5320.03, that originates from a natural person and is submitted to the Exchange by an RMO, provided that no change is made to the terms of the order with respect to price (except in the case of a market order being changed to a marketable limit order) or side of market and the order does not originate from a trading algorithm or any other computerized methodology. The criteria set forth in FINRA Rule 5320.03 adds additional precision to the definition of “Retail Order” by clarifying that an RMO may enter Retail Orders on a riskless principal basis, provided that (i) the entry of such riskless principal orders meet the requirements of FINRA Rule 5320.03, including that the RMO maintains supervisory systems to reconstruct, in a time-sequenced manner, all Retail Orders that are entered on a riskless principal basis; and (ii) the RMO submits a report, contemporaneously with the execution of the facilitated order, that identifies the trade as riskless principal.

The proposal SR-NASDAQ-2012-129, as amended, remains consistent with the Securities Exchange Act of 1934, and specifically with Section 6(b)(5) because it adds additional criteria to clarify when a riskless principal order is considered to fall within the definition of a “Retail Order”.

EXHIBIT 4

Proposed new text is underlined; proposed additional new text is double underlined.

* * * * *

4700. Nasdaq Market Center — Execution Services**Rule 4780. Retail Price Improvement Program****(a) Definitions.**

(1) Retail Member Organization. A “Retail Member Organization” or “RMO” is a Member (or a division thereof) that has been approved by Nasdaq under this Rule to submit Retail Orders.

(2) Retail Order. A “Retail Order” is an agency order, or riskless principal order that satisfies the criteria of FINRA Rule 5320.03, that originates from a natural person and is submitted to Nasdaq by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price (except in the case that a market order is changed to a marketable limit order) or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Order is an Immediate or Cancel (“IOC”) Order and shall operate in accordance with paragraph (f) below. A Retail Order may be an odd lot, round lot, or mixed lot.

(3) Retail Price Improvement Order. A “Retail Price Improvement Order”, “RPI Order”, or collectively “RPI Interest” consists of non-displayed liquidity on Nasdaq that is priced better than the Protected NBBO by at least \$0.001 and that is identified as such. The System will monitor whether RPI buy or sell interest, adjusted by any offset and subject to the ceiling or floor price, is eligible to interact with incoming Retail Orders. An RPI Order remains non-displayed in its entirety (the buy or sell interest, the offset, and the ceiling or floor). An RPI Order may also be entered in increments of \$0.001 with an explicit limit price. Any Member is permitted, but not required, to submit RPI Orders. An RPI Order may be an odd lot, round lot or mixed lot.

(4) Other Price Improving Contra-Side Interest. For purposes of Rule 4780, “Other Price Improving Contra-Side Interest” shall refer to booked, non-displayed orders that are priced more aggressively than the NBBO.

(b) Retail Member Organization Qualifications and Application.

(1) To qualify as a Retail Member Organization, a Member must conduct a retail business or handle retail orders on behalf of another broker-dealer.

(2) To become a Retail Member Organization, a Member must submit:

(A) an application form;

(B) supporting documentation, which may include sample marketing literature, website screenshots, other publicly disclosed materials describing the Member's retail order flow, and any other documentation and information requested by Nasdaq in order to confirm that the applicant's order flow would meet the requirements of the Retail Order definition; and

(C) an attestation, in a form prescribed by Nasdaq, that any order submitted as a Retail Order will qualify as such under this Rule.

(3) After an applicant submits the application form, supporting documentation, and attestation, Nasdaq shall notify the applicant of its decision in writing.

(4) A disapproved applicant may: (A) request an appeal of such disapproval by Nasdaq as provided in paragraph (d) below; and/or (B) reapply for Retail Member Organization status 90 days after the disapproval notice is issued by Nasdaq.

(5) A Retail Member Organization may voluntarily withdraw from such status at any time by giving written notice to Nasdaq.

(6) A Retail Member Organization must have written policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the Member to: (i) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of this Rule, and (ii) monitor whether orders entered as Retail Orders meet the applicable requirements. If a Retail Member Organization represents Retail Orders from another broker-dealer customer, the Retail Member Organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such broker-dealer customer that it designates as Retail Orders meet the definition of a Retail Order. The Retail Member Organization must: (i) obtain an annual written representation, in a form acceptable to Nasdaq, from each broker-dealer customer that sends it orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of this Rule; and (ii) monitor whether its broker-dealer customer's Retail Order flow meets the applicable requirements.

(c) Failure of RMO to Abide by Retail Order Requirements.

(1) If a Retail Member Organization designates orders submitted to Nasdaq as Retail Orders and Nasdaq determines, in its sole discretion, that such orders fail to meet any of the requirements set forth in paragraph (a) of this Rule, Nasdaq may disqualify a Member from its status as a Retail Member Organization.

(2) Disqualification Determinations. Nasdaq shall determine if and when a Member is disqualified from its status as a Retail Member Organization. When disqualification determinations are made, Nasdaq shall provide a written disqualification notice to the Member.

(3) Appeal and/or Reapplication for Retail Member Organization Status. A Retail Member Organization that is disqualified under this paragraph (c) may: (A) appeal such disqualification as provided in paragraph (d) below; and/or (B) reapply for Retail

Member Organization status 90 days after the date of the disqualification notice from Nasdaq.

(d) Appeal of Disapproval or Disqualification.

(1) If a Member disputes Nasdaq's decision to disapprove it under paragraph (b) above or disqualify it under paragraph (c) above, the Member ("appellant") may request, within five business days after notice of the decision is issued by Nasdaq, that the Retail Price Improvement Panel ("RPI Panel") review the decision to determine if it was correct.

(2) The RPI Panel shall consist of Nasdaq's Chief Regulatory Officer ("CRO"), or a designee of the CRO, and two officers of Nasdaq designated by the Chief Executive Officer of Nasdaq.

(3) The RPI Panel shall review the facts and render a decision within the time frame prescribed by Nasdaq.

(4) The RPI Panel may overturn or modify an action taken by Nasdaq under this Rule. A determination by the RPI Panel shall constitute final action by Nasdaq.

(e) Retail Liquidity Identifier. An identifier shall be disseminated through proprietary data feeds and through the appropriate Securities Information Processor when RPI interest priced at least \$0.001 better than Nasdaq's Protected Bid or Protected Offer for a particular security is available in the System ("Retail Liquidity Identifier"). The Retail Liquidity Identifier shall reflect the symbol for the particular security and the side (buy or sell) of the RPI interest, but shall not include the price or size of the RPI interest.

(f) Retail Order Designation. A Retail Member Organization can designate how a Retail Order will interact with available contra-side interest as follows:

(1) Type 1. A Type 1-designated Retail Order will interact with available contra-side RPI Orders and Other Price Improving Contra-Side Interest but will not interact with other available contra-side interest in the System that is not offering price improvement or route to other markets. The portion of a Type 1-designated Retail Order that does not execute against contra-side RPI Orders or other price improving liquidity will be immediately and automatically cancelled.

(2) Type 2. A Type 2-designated Retail Order will interact first with available contra-side RPI Orders and other price improving liquidity and then any attempts to execute against other displayed and non-displayed interest. A Type 2-designated Retail Order can either be submitted with or without instructions to route per Rule 4780. The portion of a Type 2-designated Retail Order that does not fully execute will be immediately and automatically cancelled.

(g) Priority and Order Allocation.

RPI Orders in the same security shall be ranked and allocated according to price then time of entry into the Systems. Executions shall occur in price/time priority in accordance with Rule 4757. Any remaining unexecuted RPI interest will remain

available to interact with other incoming Retail Orders. Any remaining unexecuted portion of the Retail Order will cancel or execute in accordance with paragraph (f) above.

Examples of priority and order allocation are as follows:

Protected NBBO for security ABC is \$10.00 — \$10.05

Member 1 enters a RPI Order to buy ABC at \$10.015 for 500

Member 2 then enters a RPI Order to buy ABC at \$10.02 for 500

Member 3 then enters a RPI Order to buy ABC at \$10.035 for 500

An incoming Retail Order to sell ABC for 1,000 executes first against Member 3's bid for 500 at \$10.035, because it is the best priced bid, then against Member 2's bid for 500 at \$10.02, because it is the next best priced bid. Member 1 is not filled because the entire size of the Retail Order to sell 1,000 is depleted. The Retail Order executes against RPI Orders in price/time priority.

However, assume the same facts above, except that Member 2's RPI Order to buy ABC at \$10.020 is for 100. The incoming Retail Order to sell 1,000 executes first against Member 3's bid for 500 at \$10.035, because it is the best priced bid, then against Member 2's bid for 100 at \$10.02, because it is the next best priced bid. Member 1 then receives an execution for 400 of its bid for 500 at \$10.015, at which point the entire size of the Retail Order to sell 1,000 is depleted.

As a final example, assume the same facts as above, except that Member 3's order was not a RPI Order to buy ABC at \$10.035, but rather, a Non-Displayed Order to buy ABC at \$10.03. The result would be similar to the result immediately above, in that the incoming Retail Order to sell 1,000 executes first against Member 3's bid for 500 at \$10.03, because it is the best priced bid, then against Member 2's bid for 100 at \$10.02, because it is the next best priced bid. Member 1 then receives an execution for 400 of its bid for 500 at \$10.015, at which point the entire size of the Retail Order to sell 1,000 is depleted.

(h) Rule Pilot Program. This rule shall operate for a pilot period of twelve months from the date of implementation, which shall occur no later than 90 days after Commission approval of Rule 4780. The Program shall expire on (Date will be determined upon adoption of Rule 4780). During the pilot period, the Program will be limited to securities whose Bid Price on Nasdaq is greater than or equal to \$1.00 per share.

* * * * *

EXHIBIT 5

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

* * * * *

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(C) an attestation, in a form prescribed by Nasdaq, that any order submitted as a Retail Order will qualify as such under this Rule.

(3) After an applicant submits the application form, supporting documentation, and attestation, Nasdaq shall notify the applicant of its decision in writing.

(4) A disapproved applicant may: (A) request an appeal of such disapproval by Nasdaq as provided in paragraph (d) below; and/or (B) reapply for Retail Member Organization status 90 days after the disapproval notice is issued by Nasdaq.

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