Filing by  NASDAQ Stock Market

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

**Initial**

**Amendment**

**Withdrawal**

**Section 19(b)(2)**  

**Section 19(b)(3)(A)**  

**Section 19(b)(3)(B)**  

**Rule**  

- 19b-4(f)(1)  
- 19b-4(f)(2)  
- 19b-4(f)(3)  
- 19b-4(f)(4)  
- 19b-4(f)(5)  
- 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)**  

**Section 806(e)(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 proposed rule change to correct an erroneous deletion from NASDAQ Rule 4120 related to the randomization period conducted prior to the IPO Cross under NASDAQ Rule 4753.

**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**  

**Last Name**

**Title**

**E-mail**

**Telephone**

**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**  

**By**

**(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.

Edward S. Knight,
| Form 19b-4 Information * | 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. |
| Add | Remove | View |

| Exhibit 1 - Notice of Proposed Rule Change * | 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) |
| Add | Remove | View |

| Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies | 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) |
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| Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications | 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. |
| Add | Remove | View |

| Exhibit 3 - Form, Report, or Questionnaire | 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. |
| Add | Remove | View |

| Exhibit 4 - Marked Copies | 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. |
| Add | Remove | View |

| Exhibit 5 - Proposed Rule Text | 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. |
| Add | Remove | View |

| Partial Amendment | 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. |
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1. **Text of Proposed Rule Change**

   (a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act")\(^1\) and Rule 19b-4 thereunder;\(^2\) The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to correct an erroneous deletion from NASDAQ Rule 4120(c)(7)(B) related to the randomization period conducted prior to the IPO Cross under NASDAQ Rule 4753.

   A notice of the proposed rule change for publication in the *Federal Register* is attached hereto as *Exhibit 1* and a copy of the applicable portion Rule 4120 is attached hereto 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 NASDAQ pursuant to authority delegated by the Board of Directors of the Exchange on July 10, 2012. NASDAQ staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change.

   The proposed rule change has been designated as appropriate to become effective upon filing. Questions regarding this rule filing may be directed to Jeffrey S. Davis, Vice

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

a. Purpose

The Exchange hereby amends NASDAQ Rule 4120(c)(7)(B) which governs the orderly launch of trading in initial public offerings (“IPOs”) of NASDAQ-listed securities. Specifically, NASDAQ is amending Rule 4120(c)(7)(B) to insert language that describes the randomization period of zero to fifteen seconds that automatically occurs prior to the IPO Cross set forth in NASDAQ Rule 4753. The randomization period is designed to prevent gaming of the IPO Cross by delaying for a variable amount of time the precise moment of execution of each IPO Cross. Although NASDAQ’s execution system currently includes and for years has included a randomization period for each IPO Cross, the language describing the randomization period was erroneously removed from Rule 4120(c)(7)(B).

On August 20, 2007, NASDAQ filed SR-NASDAQ-2007-073 (“Original Halt Cross Filing”) which, among other things, removed from Rule 4120(b)(7)(A) the rule language accurately describing the randomization period prior to the launch of the NASDAQ Halt Cross. The purpose section of the Original Halt Cross Filing stated as a rationale that:

The randomization period was designed to deter market participants from timing their participation in a way that harmed other participants. This provision, however, results in other markets trading after the issue has reopened but prior to NASDAQ restarting trading using the Halt Cross. NASDAQ believe[s] that it is confusing and disruptive to market participants for NASDAQ, the listing market, to continue a halt after other market centers have resumed trading and, therefore, proposes to eliminate the random period prior to the execution of the Halt Cross.
This explanation focuses on Halt Crosses that NASDAQ initiates following halts of stocks that have previously traded in the secondary market; the reasoning does not apply in the context of an IPO launch, as there is no trading on other markets until the IPO Cross is completed.

Nevertheless, Amendment 1 to SR-NASDAQ-2007-073 ("Amended Halt Cross Filing"), which superseded the Original Halt Cross Filing, erroneously removed the language accurately describing the randomization period for each IPO Cross. The Amended Halt Cross filing, among other things, removed the language describing the randomization period from both the provisions governing the Halt Cross (Rule 4120(c)(7)(A)) and the IPO Cross (Rule 4120(c)(7)(B)). The Amended Halt Cross Filing offered no rationale for removing the randomization period prior to the IPO Cross. In actuality, NASDAQ did not intend to remove the randomization period and, in fact, the NASDAQ system has continued through the present to include a randomization period prior to each IPO Cross. Accordingly, NASDAQ is proposing to re-instate in Rule 4120(c)(7)(B) language that accurately describes the randomization period that is identical to the language it erroneously removed via the Amended Halt Cross Filing.

b. **Statutory Basis**

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act, in general, and with Section 6(b)(5) of the Act, in

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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 transaction 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. The proposed rule change promotes this goal by accurately describing an element of NASDAQ’s trading system that already protects investors and the public interest by ensuring an orderly opening of trading in IPOs of NASDAQ-listed securities. The specific functionality, the randomization period, is designed to and does in fact prevent improper timing by an Exchange member of its participation in the IPO Cross in a manner that could harm other participants.

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

The Exchange 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. The Exchange’s proposed rule change is unrelated to competition, because it does not change the Exchange’s current process and therefore will neither alter the Exchange’s competitiveness nor inhibit the ability of any person to compete in the securities markets. Rather, the change is focused solely upon ensuring that NASDAQ’s rules accurately describe the process in place to promote the orderly launch of trading following an IPO on NASDAQ.

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act\(^6\) and Rule 19b-4(f)(6) thereunder\(^7\) 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 Exchange has provided 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 prior to the date of filing of the proposed rule.

   The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act\(^8\). NASDAQ believes that good cause exists to grant the waiver because the NASDAQ system already provides for the randomization period in a manner that protects investors against gaming of the IPO start process; accordingly, the change does not alter NASDAQ’s operations. In addition, the proposed rule change does not impact market participants or competitors for the reasons discussed above in connection with the Exchange’s analysis of burden on competition. Finally, the waiver will enable NASDAQ to bring its rules and system into

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alignment as quickly as possible, a result that benefits investors and serves the public interest.

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 proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Changes
SELF-REGULATORY ORGANIZATIONS; THE NASDAQ STOCK MARKET LLC; NOTICE OF FILING AND IMMEDIATE EFFECTIVENESS OF PROPOSED RULE CHANGE RELATING TO NASDAQ RULE 4120

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\), and Rule 19b-4\(^2\) thereunder, notice is hereby given that on January 24, 2013, 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 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 Substance of the Proposed Rule Change

The NASDAQ Stock Market LLC proposes to correct an erroneous deletion from NASDAQ Rule 4120(c)(7)(B) related to the randomization period conducted prior to the IPO Cross under NASDAQ Rule 4753. The Exchange has designated the proposed changes herein as immediately effective.

The text of the proposed rule change is available on the Exchange’s Website at http://nasdaq.cchwallstreet.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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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. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange hereby amends NASDAQ Rule 4120(c)(7)(B) which governs the orderly launch of trading in initial public offerings ("IPOs") of NASDAQ-listed securities. Specifically, NASDAQ is amending Rule 4120(c)(7)(B) to insert language that describes the randomization period of zero to fifteen seconds that automatically occurs prior to the IPO Cross set forth in NASDAQ Rule 4753. The randomization period is designed to prevent gaming of the IPO Cross by delaying for a variable amount of time the precise moment of execution of each IPO Cross. Although NASDAQ’s execution system currently includes and for years has included a randomization period for each IPO Cross, the language describing the randomization period was erroneously removed from Rule 4120(c)(7)(B).

On August 20, 2007, NASDAQ filed SR-NASDAQ-2007-073 ("Original Halt Cross Filing") which, among other things, removed from Rule 4120(b)(7)(A) the rule language accurately describing the randomization period prior to the launch of the NASDAQ Halt Cross. The purpose section of the Original Halt Cross Filing stated as a rationale that:
The randomization period was designed to deter market participants from timing their participation in a way that harmed other participants. This provision, however, results in other markets trading after the issue has re-opened but prior to NASDAQ restarting trading using the Halt Cross. NASDAQ believe[s] that it is confusing and disruptive to market participants for NASDAQ, the listing market, to continue a halt after other market centers have resumed trading and, therefore, proposes to eliminate the random period prior to the execution of the Halt Cross.

This explanation focuses on Halt Crosses that NASDAQ initiates following halts of stocks that have previously traded in the secondary market; the reasoning does not apply in the context of an IPO launch, as there is no trading on other markets until the IPO Cross is completed.

Nevertheless, Amendment 1 to SR-NASDAQ-2007-073 (“Amended Halt Cross Filing”), which superseded the Original Halt Cross Filing, erroneously removed the language accurately describing the randomization period for each IPO Cross.³ The Amended Halt Cross filing, among other things, removed the language describing the randomization period from both the provisions governing the Halt Cross (Rule 4120(c)(7)(A)) and the IPO Cross (Rule 4120(c)(7)(B)). The Amended Halt Cross Filing offered no rationale for removing the randomization period prior to the IPO Cross. In actuality, NASDAQ did not intend to remove the randomization period and, in fact, the NASDAQ system has continued through the present to include a randomization period prior to each IPO Cross. Accordingly, NASDAQ is proposing to re-instate in Rule 4120(c)(7)(B) language that accurately describes the randomization period that is identical to the language it erroneously removed via the Amended Halt Cross Filing.

2. **Statutory Basis**

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^4\) in general, and with Section 6(b)(5) of the Act,\(^5\) 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 transaction 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. The proposed rule change promotes this goal by accurately describing an element of NASDAQ’s trading system that already protects investors and the public interest by ensuring an orderly opening of trading in IPOs of NASDAQ-listed securities. The specific functionality, the randomization period, is designed to and does in fact prevent improper timing by an Exchange member of its participation in the IPO Cross in a manner that could harm other participants.

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

The Exchange 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. The Exchange’s proposed rule change is unrelated to competition, because it does not change the Exchange’s current process and therefore will neither alter the Exchange’s competitiveness nor inhibit the ability of any person to compete in the securities markets. Rather, the change is focused solely upon ensuring


that NASDAQ’s rules accurately describe the process in place to promote the orderly launch of trading following an IPO on NASDAQ.

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

No written comments were either solicited or received.

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

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)(ii) of the Act\(^6\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^7\)

The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.\(^8\) NASDAQ believes that good cause exists to grant the waiver because the NASDAQ system already provides for the randomization period in a manner that protects investors against gaming of the IPO start process; accordingly, the change does not alter NASDAQ’s operations. In addition, the proposed rule change does not impact market participants or competitors for the reasons discussed above in connection with the Exchange’s analysis of burden on competition. Finally, the waiver will enable NASDAQ to bring its rules and system into


alignment as quickly as possible, a result that benefits investors and serves the public interest.

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 [http://www.sec.gov/rules/sro.shtml]; or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2013-015 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-2013-015. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission’s Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2013-015 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.9

Kevin M. O’Neill
Deputy Secretary

NASDAQ RULES

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Rule 4120. Trading Halts

(a) No changes.

(b) No changes.

(c)

(1) – (6) No changes.

(7)

(A) No changes.

(B) A trading halt initiated under Rule 4120(a)(7) shall be terminated when Nasdaq releases the security for trading. Prior to terminating the halt, there will be a 15-minute Display Only Period during which market participants may enter quotes and orders in that security in Nasdaq systems. In addition, beginning at 7 a.m., market participants may enter Market Hours Day Orders in a security that is the subject of an Initial Public Offering on Nasdaq and designate such orders to be held until the beginning of the Display Only Period, at which time they will be entered into the system. At the conclusion of the 15-minute Display Only Period, the security shall be released for trading unless Nasdaq extends the Display Only Period for up to six additional 5-minute Display Only Periods...
pursuant to subparagraph (C) below. At the conclusion of the Display Only Period(s), there shall be an additional delay of between zero and 15 seconds (randomly selected) and then trading shall [immediately] resume pursuant to Rule 4753.

(C) No changes.

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