

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="44"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="048"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing 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="checkbox"/>	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)(6)
			<input type="checkbox"/> 19b-4(f)(3)		

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"/>
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Description

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

A proposed rule change to consolidate responsibilities of certain committees of the Board of Directors and to make related changes to the Exchange By-Laws and Rules.

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 * <input type="text" value="T. Sean"/>	Last Name * <input type="text" value="Bennett"/>
Title * <input type="text" value="Associate General Counsel"/>	
E-mail * <input type="text" value="sean.bennett@nasdaqomx.com"/>	
Telephone * <input type="text" value="(301) 978-8499"/>	Fax <input type="text" value="(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 <input type="text" value="04/30/2014"/>	Executive Vice President and General Counsel
By <input type="text" value="Edward S. Knight"/>	
(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.

Persona Not Validated - 1383935917270,

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 *

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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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance 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, security-based swap submission, or advance notice 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

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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

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

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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 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” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to consolidate responsibilities of certain committees of the Board of Directors and to make related changes to the Exchange By-Laws and Rules.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1 and 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 the Board of Directors of the Exchange on March 13, 2014. No further action is required to be taken for this filing to be submitted. The Exchange proposes to implement the proposed rule change on a date that is on, or shortly after, the date of expiration of the operative delay provided for in Rule 19b-4(f)(6)(iii).³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

Questions regarding this rule filing may be directed to T. Sean Bennett, Associate General Counsel, The NASDAQ OMX Group, Inc., at (301) 978-8499 (telephone) or (301) 978-8472 (facsimile).

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

a. Purpose

The Exchange is proposing to expand the regulatory responsibilities of the NASDAQ Review Council (the "Review Council"), a committee of the Exchange Board of Directors (the "Board") not composed solely of Directors, to include responsibilities of other Board committees not composed solely of Directors and consequently sunset those committees. The Exchange's committee structure and related Exchange By-Laws are largely based on those of NASD (now known as FINRA) and were adopted pursuant to the Exchange's approval as a national securities exchange.⁴ The Exchange is proposing to make its committee structure more efficient and effective by vesting the Review Council, which is a committee of the Board with both adjudicatory and policy responsibilities, with the adjudicatory responsibilities of the Market Operations Review Committee ("MORC") and with the advisory role of the Market Regulation Committee.

Review Council

The Review Council is a Board committee charged with considering and making recommendations to the Board on policy and rule changes relating to business and sales practices of members and associated persons and enforcement policies, including policies with respect to fines and other sanctions. The Review Council is also an adjudicatory

⁴ Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

body, responsible for the review of appeals of disciplinary proceedings, statutory disqualification proceedings, or membership proceedings.⁵ In addition, the Review Council may review offers of settlement, letters of acceptance, waiver and consent, and minor rule violation plan letters, exercises of exemptive authority, and such proceedings or actions as may be authorized by the Exchange's rules. The Review Council is comprised of no fewer than eight and no more than twelve members, whereby at least twenty percent of the members must be nominated by the Board's Member Nominating Committee.⁶ Moreover, the Review Council must have at least three Public members,⁷ as defined in the By-Laws, and the number of Non-Industry members⁸ shall equal or exceed

⁵ Decisions issued by the Review Council may be reviewed by the Board. See, e.g., Rule 9351. If the Board does not call the proceeding for review, the proposed written decision of the Review Council shall constitute the final disciplinary action of NASDAQ for purposes of Exchange Act Rule 19d-1(c)(1), unless the Review Council remands the proceeding. See, e.g., Rule 9349(c).

⁶ Pursuant to the By-Laws, the Board's Member Nominating Committee is responsible for the nomination of candidates for each Member Representative Director position on the Board that is to be elected by Nasdaq Members or the Company Member under the terms of the LLC Agreement and the By-Laws, and shall nominate candidates for appointment by the Board for each vacant or new position on the Nasdaq Listing and Hearing Review Council, the Nasdaq Review Council, or other committee that is to be filled with a Member Representative member under the terms of the By-Laws. See Exchange By-Law, Article III (6)(b). Further provided by the By-Laws, the Member Nominating Committee shall consist of no fewer than three and no more than six members, and all members of the Member Nominating Committee shall be a current associated person of a current Nasdaq Member. See Exchange By-Law, Article III (6)(b)(iii).

⁷ "Public member" means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who has no material business relationship with a broker or dealer, the Company or its affiliates, or FINRA. See Exchange By-Law, Article I (z).

⁸ "Non-Industry member" means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who is (i) a Public member; (ii) an officer or employee of

the sum of the number of Industry members⁹ and Member Representative members.¹⁰

The By-Laws provide that a quorum for the transaction of business consists of a majority of the Review Council, including not less than 50 percent of the Non-Industry members of the Review Council and at least one Member Representative member.

Market Operations Review Committee

an issuer of securities listed on the national securities exchange operated by the Company; or (iii) any other individual who would not be an Industry member. See Exchange By-Law, Article I (w).

⁹ “Industry member” means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who (i) is or has served in the prior three years as an officer, director, or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (ii) is an officer, director (excluding an outside director), or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (iii) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (iv) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the committee member or 20 percent or more of the gross revenues received by the committee member’s firm or partnership; (v) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director’s, officer’s, or employee’s professional capacity and constitute 20 percent or more of the professional revenues received by the committee member or 20 percent or more of the gross revenues received by the committee member’s firm or partnership; or (vi) has a consulting or employment relationship with or provides professional services to the Company or any affiliate thereof or to FINRA (or any predecessor) or has had any such relationship or provided any such services at any time within the prior three years. See Exchange By-Law, Article I (m).

¹⁰ “Member Representative member” means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who has been elected or appointed after having been nominated by the Member Nominating Committee pursuant to these By-Laws. See Exchange By-Law, Article I (r).

The MORC is responsible for considering Exchange member appeals of determinations made pursuant to Exchange Rules 4612, 4619, 4620, 11890, and Exchange Options Rules Chapter V Section 6. Decisions of the MORC in these matters are not appealable, however, determinations of the MORC with respect to Rule 11890 may be arbitrated.¹¹ The By-Laws require that the MORC be comprised of a number of Member Representative members that is equal to at least 20 percent of the total number of members of the MORC. Moreover, the By-Laws require that no more than 50 percent of the members of the MORC be engaged in market making activity or employed by a NASDAQ member firm whose revenues from market making exceed 10 percent of its total revenues. The By-Laws do not provide a description of what is a quorum for purposes of holding a meeting of the MORC, however, the committee has adopted a three member quorum requirement.¹²

Market Regulation Committee

The Market Regulation Committee (the “Regulation Committee”) is a committee of the Board, which is responsible for providing advice and guidance to the Board on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices; advising the Board in its administration of programs and

¹¹ See Rule 11890(c)(3). Unlike disciplinary proceedings under the Rule 9000 Series, speedy resolution of matters under the MORC’s jurisdiction is important to ensuring fair and equitable treatment of market makers, and, with regard to clearly erroneous determinations, benefits market participants and helps ensure the accuracy of transactional information disseminated to investors.

¹² Rule 11890(c)(2) expressly requires a panel to consist of three or more members of the MORC, provided that no more than 50 percent of the members of any panel are directly engaged in market making activity or employed by a member firm whose revenues from market making activity exceed ten percent of its total revenues. The rule also states that in no case shall a MORC Panel include a person affiliated with a party to the trade in question.

systems for the surveillance and enforcement of rules governing Exchange Members' conduct and trading activities in the Exchange; providing a pool of attorney panelists for hearing panels under the Exchange rules; participating in the training of hearing panelists on issues relating to quotations, executions, trade reporting, and trading practices; and reviewing and recommending to the Review Council changes to the Exchange's guidelines for sanctions to be imposed on members for violations of Exchange rules. The Regulation Committee must have at least 50 percent Non-Industry committee members and must include a broad representation of participants in the Exchange, including investors, market makers, integrated retail firms and order entry firms. The By-Laws provide that a quorum for the transaction of business consists of a majority of the Regulation Committee, including not less than 50 percent of the Non-Industry committee members. The requirement that not less than 50 percent of Non-Industry members be present will be waived if at least 50 percent of the Non-Industry members are present at or have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting.

The New Review Council

The Exchange is proposing to expand the responsibilities of the Review Council by merging the adjudicatory role of the MORC and the advisory role of the Regulation Committee, both as described above, into the Review Council. The Exchange is proposing to amend the By-Laws and Exchange Rules by eliminating references to the Regulation Committee and MORC, and adding the description of these roles to the Review Council's responsibilities under the By-Laws and Exchange Rules. The Exchange is also proposing to define a new type of Panelist under the rules, which will

replace the Regulation Committee Panelist. The new “Special Panelist” will take on the role provided currently by Regulation Committee Panelists, which is discussed in more detail below. All of these changes taken together will ensure each function of the MORC and Regulation Committee will continue, unaltered.

The current composition requirements of the Review Council are as prescriptive, if not more so, than the composition requirements of the MORC and Regulation Committee. As noted above, the Review Council must have between eight and twelve members, whereas the MORC and Regulation Committee have no such minimum and maximum composition requirements. In practice, both the MORC and Regulation Committee have fewer members than eight members each. In addition, the Review Council must have at least twenty percent of its members nominated by the Member Nominating Committee. The MORC has an identical requirement, but the Regulation Committee does not. The Review Council is also required to have at least three Public Members, which helps ensure that there is representation on the Review Council by individuals with no material relationship with a broker or dealer, the Exchange, its affiliates, or FINRA, whereas neither the MORC nor the Regulation Committee has such a representation requirement. Similarly, the Review Council is required to have a number of Non-Industry Members that is greater than or equal to the total number of Industry and Member Nominating Committee Members, which is another means of ensuring independent members of the Review Council. The Regulation Committee has a similar requirement that Non-Industry Members must be greater than or equal to at least 50 percent of the total number of members, however, the MORC has no such requirement.

Under the Exchange's By-Laws, the MORC has a unique composition requirement that limits its membership to no more than 50 percent of members that are engaged in market making activity or employed by a NASDAQ member firm whose revenues from market making exceed 10 percent of its total revenues. This requirement ensures that the composition of the MORC is never overrepresented by market making members. The Exchange is proposing to adopt this requirement for the new Review Council under the By-Laws.

The By-Laws limit the members of the Review Council to a maximum of two consecutive three-year terms. The By-Laws further require that membership of the Review Council is divided into three classes of members, whose terms expire in different years, thus ensuring that the Review Council is not completely reconstituted in any given year. Neither the MORC nor the Regulation Committee has such requirements. Last, although the By-Laws are silent on what constitutes a quorum for the conduct of business of the MORC, the committee has adopted a three member quorum requirement. Accordingly, NASDAQ is proposing to adopt a three Review Council member quorum requirement, solely applicable to the conduct of business formerly within the scope of the MORC.

In terms of the functions of the MORC, the Review Council will now be responsible for determinations pursuant to Exchange Rules 4612, 4619, 4620, 11890, and Exchange Options Rules Chapter V Section 6.¹³ As noted above, the current Review

¹³ Unlike decisions of the Review Council issued pursuant to proceedings concerning disciplinary, statutory disqualification and membership proceedings, decisions made by the new Review Council with regard to Exchange Rules 4612, 4619, 4620, 11890, and Exchange Options Rules Chapter V Section 6 are not

Council is an adjudicatory body charged with the review of disciplinary, statutory disqualification and membership proceedings. In this regard, members of the Review Council are called upon to preside over matters, apply Exchange rules and render decisions that represent disposition of the matter for the parties. As such, it is well-positioned to take on the additional adjudicatory responsibilities of the MORC, which likewise requires its members to preside over matters, apply Exchange rules and render decisions. Moreover, the Exchange believes that given the diverse composition of the Review Council, which includes both Member Representative Members, and Industry and Non-Industry members, it has an adequately broad representation of Exchange constituents and independent members that are well suited to make determinations concerning the rules within the current jurisdiction of the MORC. In this regard, the Exchange notes that the Review Council is currently constituted with members who are compliance officers at member firms, associated persons of member firms, academics, and attorneys. The MORC is constituted with a similar mix of members.¹⁴

In terms of the policy role of the Regulation Committee, under the proposed changes, the Board will continue to be able to solicit advice and guidance on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices from the Review Council, when the Board determines to do so, much as it can under the current By-Law provisions on policies concerning member sales practices, enforcement policies, fines and sanctions.

eligible for Board review or appeal to the SEC, but rather will represent the final resolution of such matters.

¹⁴ In fact, one individual serves on both the Review Council and MORC.

The Exchange notes that it is only transferring the advisory role of the Market Regulation Committee to the Review Council. The Exchange is not proposing to draw upon the Review Council as a source of attorney panelists for hearing panels or the training thereof on issues relating to quotations, executions, trade reporting, and trading practices. Rather, the Exchange is proposing to delete the definition of Market Regulation Committee under Rule 9120(u) and adopt a new definition of a “Special Panelist” thereunder. A Special Panelist will take the role of the Market Regulation Committee panelists in NASDAQ’s rules and will be drawn from FINRA’s pool of Hearing Panelists provided by their Market Regulation Committee and from other sources the Board deems appropriate given the responsibilities of such Hearing Panelists. All Special Panelists must be approved by the Board, at least annually.

Changes to Rule 9231(b)

The Exchange is proposing minor technical changes to Rule 9231(b), which concerns the composition of Hearing Panels. NASDAQ is eliminating references to NASD and replacing them with the correct acronym for the Financial Industry Regulatory Authority, FINRA. When NASDAQ originally adopted the rule, FINRA was still the NASD and NASDAQ did not amend Rule 9231(b) to reflect the name change. NASDAQ is replacing references to the Market Regulation Committee in Rule 9231(b)(2) with references to Special Panelists, as described above.

NASDAQ is also adding an additional category of person eligible to be a Panelist on a Hearing Panel. NASDAQ may currently draw upon a person who: previously served on the Review Council; previously served on a disciplinary subcommittee of the Review Council, including a Subcommittee, an Extended Proceeding Committee, or their

predecessor subcommittees; previously served as a Director, but does not serve currently in that position; or served on the FINRA National Adjudicatory Council or on a disciplinary subcommittee of the FINRA National Adjudicatory Council prior to the date that NASDAQ commenced operating as a national securities exchange.¹⁵ NASDAQ is proposing to include a FINRA Panelist as a person authorized to be a Panelist in a NASDAQ proceeding, if the Panelist is approved by the Board at least annually.

The Exchange notes that FINRA's rule concerning the selection criteria for its Panelists is substantially similar to that of the Exchange. Specifically, FINRA Rule 9231(b)(1) provides that a Panelist be a person who: currently serves or previously served on a District Committee; previously served on the National Adjudicatory Council; previously served on a disciplinary subcommittee of the National Adjudicatory Council or the National Business Conduct Committee, including a Subcommittee, an Extended Proceeding Committee, or their predecessor subcommittees; or, previously served as a Director or a Governor, but does not serve currently in any of these positions. NASDAQ believes that drawing from FINRA's pool of Panelists will provide the Exchange with individuals that have adequate experience and expertise to be NASDAQ Panelists, and will provide a larger pool from which to draw Panelists. NASDAQ notes that, by requiring the Board to approve a FINRA Panelist as a precondition to that Panelist participating in a NASDAQ matter, NASDAQ is ensuring that the Panelists that review NASDAQ matters are adequately qualified to adjudicate such matters.

¹⁵ See Rule 9231(b).

Other Technical Changes

Lastly, NASDAQ is making two minor technical corrections to its rules. NASDAQ is deleting an extraneous “and” from the definition of “Hearing Officer” under Rule 9120(r). NASDAQ is also adding the word “to” to Rule 11890(c)(1), which was erroneously omitted.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁷ in particular, in that it is designed to promote just and equitable principles of trade, 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, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers. The Exchange also believes that the proposed rule is consistent with Section 6(b)(6) of the Act,¹⁸ which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, or the rules of the Exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction.

The Exchange believes that the proposed changes are consistent with these requirements because they bring efficiency to the committee process, by vesting a single

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ 15 U.S.C. 78f(b)(6).

Board committee with responsibilities currently spread across multiple committees, while ensuring that such responsibilities are performed to a high regulatory standard. In this regard, the new Review Council is, by every measure, a more diverse body than the committees that it replaces. The broad membership of the new Review Council will ensure that decisions made with respect to the MORC's former responsibilities are made fairly. In this regard, the Exchange notes that the Review Council will adopt the MORC requirement that not more than 50 percent of the committee's members be engaged in market making activity or employed by a NASDAQ member firm whose revenues from market making exceed 10 percent of its total revenues.

As discussed above, the By-Laws limit Review Council members to a maximum of two consecutive three-year terms, unlike the MORC and Regulation Committee. This requirement ensures that there is a consistent influx of new members to the Review Council. The By-Laws further require that membership of the Review Council is divided into three classes of members, whose terms expire in different years, thus ensuring that the Review Council is not completely reconstituted in any given year. The Exchange notes that the expansion of the Review Council's responsibilities is an extension of the functions that it already performs. As discussed above, the Review Council is currently an adjudicatory body under NASDAQ's rules, as well as an advisory committee to the Board. Accordingly, the Exchange believes that the proposed changes will serve to protect the public interest and promote appropriate discipline of members for violations of securities laws and rules of the Exchange.

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. Specifically, the Exchange believes that this change will bring efficiency and consistency in application of the investigative and adjudicatory processes by consolidating Board committee functions. Consequently, the changes will not impact competition among brokers or dealers, nor will they impact competition among the Exchange and its peers.

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 Act¹⁹ and paragraph (f)(6) of Rule 19b-4 thereunder,²⁰ 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.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

The Exchange proposes to implement the proposed rule change on a date that is on, or shortly after, the date of expiration of the operative delay provided for in Rule 19b-4(f)(6)(iii).²¹

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

Not applicable.

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. Form of Notice of Proposed Rule Change for Federal Register.

5. Text of Proposed Rule Change.

²¹ 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2014-048)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Consolidate Certain Committee Functions into the NASDAQ Review Council

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 30, 2014 The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a 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

NASDAQ proposes a rule change to consolidate responsibilities of certain committees of the Board of Directors and to make related changes to the Exchange By-Laws and Rules.

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

In its filing with the Commission, NASDAQ 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 those statements may be examined at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 parts 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 is proposing to expand the regulatory responsibilities of the NASDAQ Review Council (the "Review Council"), a committee of the Exchange Board of Directors (the "Board") not composed solely of Directors, to include responsibilities of other Board committees not composed solely of Directors and consequently sunset those committees. The Exchange's committee structure and related Exchange By-Laws are largely based on those of NASD (now known as FINRA) and were adopted pursuant to the Exchange's approval as a national securities exchange.³ The Exchange is proposing to make its committee structure more efficient and effective by vesting the Review Council, which is a committee of the Board with both adjudicatory and policy responsibilities, with the adjudicatory responsibilities of the Market Operations Review Committee ("MORC") and with the advisory role of the Market Regulation Committee.

Review Council

The Review Council is a Board committee charged with considering and making recommendations to the Board on policy and rule changes relating to business and sales practices of members and associated persons and enforcement policies, including policies with respect to fines and other sanctions. The Review Council is also an adjudicatory body, responsible for the review of appeals of disciplinary proceedings, statutory

³ Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

disqualification proceedings, or membership proceedings.⁴ In addition, the Review Council may review offers of settlement, letters of acceptance, waiver and consent, and minor rule violation plan letters, exercises of exemptive authority, and such proceedings or actions as may be authorized by the Exchange's rules. The Review Council is comprised of no fewer than eight and no more than twelve members, whereby at least twenty percent of the members must be nominated by the Board's Member Nominating Committee.⁵ Moreover, the Review Council must have at least three Public members,⁶ as defined in the By-Laws, and the number of Non-Industry members⁷ shall equal or exceed

⁴ Decisions issued by the Review Council may be reviewed by the Board. See, e.g., Rule 9351. If the Board does not call the proceeding for review, the proposed written decision of the Review Council shall constitute the final disciplinary action of NASDAQ for purposes of Exchange Act Rule 19d-1(c)(1), unless the Review Council remands the proceeding. See, e.g., Rule 9349(c).

⁵ Pursuant to the By-Laws, the Board's Member Nominating Committee is responsible for the nomination of candidates for each Member Representative Director position on the Board that is to be elected by Nasdaq Members or the Company Member under the terms of the LLC Agreement and the By-Laws, and shall nominate candidates for appointment by the Board for each vacant or new position on the Nasdaq Listing and Hearing Review Council, the Nasdaq Review Council, or other committee that is to be filled with a Member Representative member under the terms of the By-Laws. See Exchange By-Law, Article III (6)(b). Further provided by the By-Laws, the Member Nominating Committee shall consist of no fewer than three and no more than six members, and all members of the Member Nominating Committee shall be a current associated person of a current Nasdaq Member. See Exchange By-Law, Article III (6)(b)(iii).

⁶ "Public member" means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who has no material business relationship with a broker or dealer, the Company or its affiliates, or FINRA. See Exchange By-Law, Article I (z).

⁷ "Non-Industry member" means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who is (i) a Public member; (ii) an officer or employee of an issuer of securities listed on the national securities exchange operated by the

the sum of the number of Industry members⁸ and Member Representative members.⁹ The By-Laws provide that a quorum for the transaction of business consists of a majority of the Review Council, including not less than 50 percent of the Non-Industry members of the Review Council and at least one Member Representative member.

Market Operations Review Committee

Company; or (iii) any other individual who would not be an Industry member. See Exchange By-Law, Article I (w).

- ⁸ “Industry member” means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who (i) is or has served in the prior three years as an officer, director, or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (ii) is an officer, director (excluding an outside director), or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (iii) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (iv) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the committee member or 20 percent or more of the gross revenues received by the committee member’s firm or partnership; (v) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director’s, officer’s, or employee’s professional capacity and constitute 20 percent or more of the professional revenues received by the committee member or 20 percent or more of the gross revenues received by the committee member’s firm or partnership; or (vi) has a consulting or employment relationship with or provides professional services to the Company or any affiliate thereof or to FINRA (or any predecessor) or has had any such relationship or provided any such services at any time within the prior three years. See Exchange By-Law, Article I (m).
- ⁹ “Member Representative member” means a Nasdaq Listing and Hearing Review Council member, Nasdaq Review Council member, or member of any other committee appointed by the Board who has been elected or appointed after having been nominated by the Member Nominating Committee pursuant to these By-Laws. See Exchange By-Law, Article I (r).

The MORC is responsible for considering Exchange member appeals of determinations made pursuant to Exchange Rules 4612, 4619, 4620, 11890, and Exchange Options Rules Chapter V Section 6. Decisions of the MORC in these matters are not appealable, however, determinations of the MORC with respect to Rule 11890 may be arbitrated.¹⁰ The By-Laws require that the MORC be comprised of a number of Member Representative members that is equal to at least 20 percent of the total number of members of the MORC. Moreover, the By-Laws require that no more than 50 percent of the members of the MORC be engaged in market making activity or employed by a NASDAQ member firm whose revenues from market making exceed 10 percent of its total revenues. The By-Laws do not provide a description of what is a quorum for purposes of holding a meeting of the MORC, however, the committee has adopted a three member quorum requirement.¹¹

Market Regulation Committee

The Market Regulation Committee (the “Regulation Committee”) is a committee of the Board, which is responsible for providing advice and guidance to the Board on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices; advising the Board in its administration of programs and

¹⁰ See Rule 11890(c)(3). Unlike disciplinary proceedings under the Rule 9000 Series, speedy resolution of matters under the MORC’s jurisdiction is important to ensuring fair and equitable treatment of market makers, and, with regard to clearly erroneous determinations, benefits market participants and helps ensure the accuracy of transactional information disseminated to investors.

¹¹ Rule 11890(c)(2) expressly requires a panel to consist of three or more members of the MORC, provided that no more than 50 percent of the members of any panel are directly engaged in market making activity or employed by a member firm whose revenues from market making activity exceed ten percent of its total revenues. The rule also states that in no case shall a MORC Panel include a person affiliated with a party to the trade in question.

systems for the surveillance and enforcement of rules governing Exchange Members' conduct and trading activities in the Exchange; providing a pool of attorney panelists for hearing panels under the Exchange rules; participating in the training of hearing panelists on issues relating to quotations, executions, trade reporting, and trading practices; and reviewing and recommending to the Review Council changes to the Exchange's guidelines for sanctions to be imposed on members for violations of Exchange rules. The Regulation Committee must have at least 50 percent Non-Industry committee members and must include a broad representation of participants in the Exchange, including investors, market makers, integrated retail firms and order entry firms. The By-Laws provide that a quorum for the transaction of business consists of a majority of the Regulation Committee, including not less than 50 percent of the Non-Industry committee members. The requirement that not less than 50 percent of Non-Industry members be present will be waived if at least 50 percent of the Non-Industry members are present at or have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting.

The New Review Council

The Exchange is proposing to expand the responsibilities of the Review Council by merging the adjudicatory role of the MORC and the advisory role of the Regulation Committee, both as described above, into the Review Council. The Exchange is proposing to amend the By-Laws and Exchange Rules by eliminating references to the Regulation Committee and MORC, and adding the description of these roles to the Review Council's responsibilities under the By-Laws and Exchange Rules. The Exchange is also proposing to define a new type of Panelist under the rules, which will

replace the Regulation Committee Panelist. The new “Special Panelist” will take on the role provided currently by Regulation Committee Panelists, which is discussed in more detail below. All of these changes taken together will ensure each function of the MORC and Regulation Committee will continue, unaltered.

The current composition requirements of the Review Council are as prescriptive, if not more so, than the composition requirements of the MORC and Regulation Committee. As noted above, the Review Council must have between eight and twelve members, whereas the MORC and Regulation Committee have no such minimum and maximum composition requirements. In practice, both the MORC and Regulation Committee have fewer members than eight members each. In addition, the Review Council must have at least twenty percent of its members nominated by the Member Nominating Committee. The MORC has an identical requirement, but the Regulation Committee does not. The Review Council is also required to have at least three Public Members, which helps ensure that there is representation on the Review Council by individuals with no material relationship with a broker or dealer, the Exchange, its affiliates, or FINRA, whereas neither the MORC nor the Regulation Committee has such a representation requirement. Similarly, the Review Council is required to have a number of Non-Industry Members that is greater than or equal to the total number of Industry and Member Nominating Committee Members, which is another means of ensuring independent members of the Review Council. The Regulation Committee has a similar requirement that Non-Industry Members must be greater than or equal to at least 50 percent of the total number of members, however, the MORC has no such requirement.

Under the Exchange's By-Laws, the MORC has a unique composition requirement that limits its membership to no more than 50 percent of members that are engaged in market making activity or employed by a NASDAQ member firm whose revenues from market making exceed 10 percent of its total revenues. This requirement ensures that the composition of the MORC is never overrepresented by market making members. The Exchange is proposing to adopt this requirement for the new Review Council under the By-Laws.

The By-Laws limit the members of the Review Council to a maximum of two consecutive three-year terms. The By-Laws further require that membership of the Review Council is divided into three classes of members, whose terms expire in different years, thus ensuring that the Review Council is not completely reconstituted in any given year. Neither the MORC nor the Regulation Committee has such requirements. Last, although the By-Laws are silent on what constitutes a quorum for the conduct of business of the MORC, the committee has adopted a three member quorum requirement. Accordingly, NASDAQ is proposing to adopt a three Review Council member quorum requirement, solely applicable to the conduct of business formerly within the scope of the MORC.

In terms of the functions of the MORC, the Review Council will now be responsible for determinations pursuant to Exchange Rules 4612, 4619, 4620, 11890, and Exchange Options Rules Chapter V Section 6.¹² As noted above, the current Review

¹² Unlike decisions of the Review Council issued pursuant to proceedings concerning disciplinary, statutory disqualification and membership proceedings, decisions made by the new Review Council with regard to Exchange Rules 4612, 4619, 4620, 11890, and Exchange Options Rules Chapter V Section 6 are not

Council is an adjudicatory body charged with the review of disciplinary, statutory disqualification and membership proceedings. In this regard, members of the Review Council are called upon to preside over matters, apply Exchange rules and render decisions that represent disposition of the matter for the parties. As such, it is well-positioned to take on the additional adjudicatory responsibilities of the MORC, which likewise requires its members to preside over matters, apply Exchange rules and render decisions. Moreover, the Exchange believes that given the diverse composition of the Review Council, which includes both Member Representative Members, and Industry and Non-Industry members, it has an adequately broad representation of Exchange constituents and independent members that are well suited to make determinations concerning the rules within the current jurisdiction of the MORC. In this regard, the Exchange notes that the Review Council is currently constituted with members who are compliance officers at member firms, associated persons of member firms, academics, and attorneys. The MORC is constituted with a similar mix of members.¹³

In terms of the policy role of the Regulation Committee, under the proposed changes, the Board will continue to be able to solicit advice and guidance on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices from the Review Council, when the Board determines to do so, much as it can under the current By-Law provisions on policies concerning member sales practices, enforcement policies, fines and sanctions.

eligible for Board review or appeal to the SEC, but rather will represent the final resolution of such matters.

¹³ In fact, one individual serves on both the Review Council and MORC.

The Exchange notes that it is only transferring the advisory role of the Market Regulation Committee to the Review Council. The Exchange is not proposing to draw upon the Review Council as a source of attorney panelists for hearing panels or the training thereof on issues relating to quotations, executions, trade reporting, and trading practices. Rather, the Exchange is proposing to delete the definition of Market Regulation Committee under Rule 9120(u) and adopt a new definition of a “Special Panelist” thereunder. A Special Panelist will take the role of the Market Regulation Committee panelists in NASDAQ’s rules and will be drawn from FINRA’s pool of Hearing Panelists provided by their Market Regulation Committee and from other sources the Board deems appropriate given the responsibilities of such Hearing Panelists. All Special Panelists must be approved by the Board, at least annually.

Changes to Rule 9231(b)

The Exchange is proposing minor technical changes to Rule 9231(b), which concerns the composition of Hearing Panels. NASDAQ is eliminating references to NASD and replacing them with the correct acronym for the Financial Industry Regulatory Authority, FINRA. When NASDAQ originally adopted the rule, FINRA was still the NASD and NASDAQ did not amend Rule 9231(b) to reflect the name change. NASDAQ is replacing references to the Market Regulation Committee in Rule 9231(b)(2) with references to Special Panelists, as described above.

NASDAQ is also adding an additional category of person eligible to be a Panelist on a Hearing Panel. NASDAQ may currently draw upon a person who: previously served on the Review Council; previously served on a disciplinary subcommittee of the Review Council, including a Subcommittee, an Extended Proceeding Committee, or their

predecessor subcommittees; previously served as a Director, but does not serve currently in that position; or served on the FINRA National Adjudicatory Council or on a disciplinary subcommittee of the FINRA National Adjudicatory Council prior to the date that NASDAQ commenced operating as a national securities exchange.¹⁴ NASDAQ is proposing to include a FINRA Panelist as a person authorized to be a Panelist in a NASDAQ proceeding, if the Panelist is approved by the Board at least annually.

The Exchange notes that FINRA's rule concerning the selection criteria for its Panelists is substantially similar to that of the Exchange. Specifically, FINRA Rule 9231(b)(1) provides that a Panelist be a person who: currently serves or previously served on a District Committee; previously served on the National Adjudicatory Council; previously served on a disciplinary subcommittee of the National Adjudicatory Council or the National Business Conduct Committee, including a Subcommittee, an Extended Proceeding Committee, or their predecessor subcommittees; or, previously served as a Director or a Governor, but does not serve currently in any of these positions. NASDAQ believes that drawing from FINRA's pool of Panelists will provide the Exchange with individuals that have adequate experience and expertise to be NASDAQ Panelists, and will provide a larger pool from which to draw Panelists. NASDAQ notes that, by requiring the Board to approve a FINRA Panelist as a precondition to that Panelist participating in a NASDAQ matter, NASDAQ is ensuring that the Panelists that review NASDAQ matters are adequately qualified to adjudicate such matters.

Other Technical Changes

¹⁴ See Rule 9231(b).

Lastly, NASDAQ is making two minor technical corrections to its rules. NASDAQ is deleting an extraneous “and” from the definition of “Hearing Officer” under Rule 9120(r). NASDAQ is also adding the word “to” to Rule 11890(c)(1), which was erroneously omitted.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁶ in particular, in that it is designed to promote just and equitable principles of trade, 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, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers. The Exchange also believes that the proposed rule is consistent with Section 6(b)(6) of the Act,¹⁷ which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, or the rules of the Exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction.

The Exchange believes that the proposed changes are consistent with these requirements because they bring efficiency to the committee process, by vesting a single Board committee with responsibilities currently spread across multiple committees, while

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ 15 U.S.C. 78f(b)(6).

ensuring that such responsibilities are performed to a high regulatory standard. In this regard, the new Review Council is, by every measure, a more diverse body than the committees that it replaces. The broad membership of the new Review Council will ensure that decisions made with respect to the MORC's former responsibilities are made fairly. In this regard, the Exchange notes that the Review Council will adopt the MORC requirement that not more than 50 percent of the committee's members be engaged in market making activity or employed by a NASDAQ member firm whose revenues from market making exceed 10 percent of its total revenues.

As discussed above, the By-Laws limit Review Council members to a maximum of two consecutive three-year terms, unlike the MORC and Regulation Committee. This requirement ensures that there is a consistent influx of new members to the Review Council. The By-Laws further require that membership of the Review Council is divided into three classes of members, whose terms expire in different years, thus ensuring that the Review Council is not completely reconstituted in any given year. The Exchange notes that the expansion of the Review Council's responsibilities is an extension of the functions that it already performs. As discussed above, the Review Council is currently an adjudicatory body under NASDAQ's rules, as well as an advisory committee to the Board. Accordingly, the Exchange believes that the proposed changes will serve to protect the public interest and promote appropriate discipline of members for violations of securities laws and rules of the Exchange.

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. Specifically, the Exchange believes that this change will bring

efficiency and consistency in application of the investigative and adjudicatory processes by consolidating Board committee functions. Consequently, the changes will not impact competition among brokers or dealers, nor will they impact competition among the Exchange and its peers.

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)(ii) of the Act¹⁸ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁹

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.

¹⁸ 15 U.S.C. 78s(b)(3)(a)(ii).

¹⁹ 17 CFR 240.19b-4(f)(6).

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-2014-048 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-2014-048. 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 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-2014-048, 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.²⁰

Kevin M. O'Neill
Deputy Secretary

²⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

* * * * *

BY-LAWS**BY-LAWS OF THE NASDAQ STOCK MARKET LLC**

These By-Laws have been established as the By-laws of the NASDAQ Stock Market LLC, a Delaware limited liability company (the “*Company*”), pursuant to the Second Amended Limited Liability Company Agreement of the Company, dated as of July 9, 2009 (as amended from time to time, the “*LLC Agreement*”), and, together with the LLC Agreement, constitute the limited liability company agreement of the Company within the meaning of the LLC Act (as defined in the LLC Agreement). In the event of any inconsistency between the LLC Agreement and these By-Laws, the provision of the LLC Agreement shall control.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the LLC Agreement.

* * *

Article III BOARD OF DIRECTORS

Section 1. – 5. No change.

Section 6. Committees Not Composed Solely of Directors

(a) – (c) No change.

(d) Reserved.[The Board shall appoint a Market Operations Review Committee, which shall exercise the functions specified in the Nasdaq Rules, in accordance with procedures specified therein. The Market Operation Review Committee shall include a number of Member Representative members that is equal to at least 20 percent of the total number of members of the Market Operations Review Committee. No more than 50 percent of the members of the Market Operations Review Committee shall be engaged in market making activity or employed by a Nasdaq Member firm whose revenues from market making activity exceed 10 percent of its total revenues.]

(e) No change.

(f) Reserved.[The Board shall appoint a Market Regulation Committee, or shall cause the Company to enter into an agreement with a self-regulatory organization that provides regulatory services pursuant to which such self-regulatory organization shall appoint a Market Regulation Committee on the Company’s behalf.]

(i) The Market Regulation Committee shall advise the Board on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices; advise the Board in its administration of programs and systems for the surveillance and enforcement of rules governing Nasdaq Members' conduct and trading activities in the national securities exchange operated by the Company; provide a pool of attorney panelists for hearing panels under the Nasdaq Rules; participate in the training of hearing panelists on issues relating to quotations, executions, trade reporting, and trading practices; and review and recommend to the Nasdaq Review Council changes to Nasdaq's Sanction Guidelines. The Market Regulation Committee shall not have any involvement in deciding whether or not to institute disciplinary proceedings.

(ii) The Market Regulation Committee shall have at least 50 percent Non-Industry members.

(iii) At all meetings of the Market Regulation Committee, a quorum for the transaction of business shall consist of a majority of the Market Regulation Committee, including not less than 50 percent of the Non-Industry committee members. If at least 50 percent of the Non-Industry committee members (A) are present at or (B) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Non-Industry committee members be present to constitute the quorum shall be waived.]

Section 7. – 8. No change.

* * *

Article VI NASDAQ REVIEW COUNCIL

Section 1. Appointment and Authority

The Board shall appoint a Nasdaq Review Council. The Nasdaq Review Council may be authorized to act for the Board in a manner consistent with these By-Laws and the Nasdaq Rules with respect to an appeal or review of a disciplinary proceeding, a statutory disqualification proceeding, or a membership proceeding; a review of an offer of settlement, a letter of acceptance, waiver, and consent, and a minor rule violation plan letter; the exercise of exemptive authority; and such other proceedings or actions as may be authorized by the Nasdaq Rules. The Nasdaq Review Council also may consider and make recommendations to the Board on policy and rule changes relating to business and sales practices of Nasdaq Members and associated persons and enforcement policies, including policies with respect to fines and other sanctions, may advise the Board on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices and may advise the Board in its administration of programs and systems for the surveillance and enforcement of rules governing Nasdaq Members' conduct and trading activities in the national securities exchange operated by the Company. The Board may delegate such other powers and duties to the Nasdaq Review Council as the Board deems appropriate.

Section 2. Number of Members and Qualifications

The Nasdaq Review Council shall consist of no fewer than 8 and no more than 12 members. The Nasdaq Review Council shall include a number of Member Representative members that is equal

to at least 20 percent of the total number of members of the Nasdaq Review Council. The number of Non-Industry members, including at least three Public members, shall equal or exceed the sum of the number of Industry members and Member Representative members. As soon as practicable following the appointment of members, the Nasdaq Review Council shall elect a Chair from among its members. The Chair shall have such powers and duties as may be determined from time to time by the Nasdaq Review Council. The Board, by resolution adopted by a majority of Directors then in office, may remove the Chair from such position at any time for refusal, failure, neglect, or inability to discharge the duties of Chair. No more than 50 percent of the members of the Nasdaq Review Council shall be engaged in market making activity or employed by a Nasdaq Member firm whose revenues from market making activity exceed 10 percent of its total revenues.

Section 3. – 8. No change.

Section 9. Quorum and Voting

At all meetings of the Nasdaq Review Council, a quorum for the transaction of business shall consist of a majority of the Nasdaq Review Council, including not less than 50 percent of the Non-Industry members of the Nasdaq Review Council and at least one Member Representative member of the Nasdaq Review Council; provided, however, that a quorum for the transaction of business with regard to an appeal of proceedings involving Exchange Rules 4612, 4619, 4620, and 11890, and Exchange Options Rules Chapter V Section 6 shall consist of three members of the Nasdaq Review Council. In the absence of a quorum, a majority of the members present may adjourn the meeting until a quorum is present.

Section 10. – 11. No change.

* * * * *

NASDAQ Stock Market Rules

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0120. Definitions

Definitions

When used in these Rules, unless the context otherwise requires:

(a) – (l) No change.

(m) “Nasdaq Review Council”

The term “Nasdaq Review Council” means the committee authorized and directed to act for the Board of Directors of Nasdaq in a manner consistent with the Rules and By-Laws of Nasdaq with respect to (1) an appeal or review of a disciplinary proceeding; (2) a statutory disqualification decision; (3) a review of a membership proceeding; (4) a review of an offer of settlement, a letter of acceptance, waiver, and consent, and a minor rule violation plan letter; (5) the exercise of exemptive authority; (6) an appeal of proceedings involving Exchange Rules

4612, 4619, 4620, and 11890, and Exchange Options Rules Chapter V Section 6; and (7)[(6)] such other proceedings or actions authorized by the Rules of Nasdaq.

(n) – (o) No change.

* * *

4619. Withdrawal of Quotations and Passive Market Making

(a) – (e) No change.

(f) The [Market Operations Review Committee]Nasdaq Review Council shall have jurisdiction over proceedings brought by Nasdaq Market Makers seeking review of the denial of an excused withdrawal pursuant to this Rule 4619, or the conditions imposed on their reentry.

(g) No change.

4620. Voluntary Termination of Registration

(a) – (d) No change.

(e) The [Market Operations Review Committee]Nasdaq Review Council shall have jurisdiction over proceedings brought by market makers seeking review of their denial of a reinstatement pursuant to paragraphs (b) or (d) of this Rule.

* * *

9120. Definitions

(a) No change.

(b) “Chief Hearing Officer”

The term “Chief Hearing Officer” means the Hearing Officer that manages the Office of Hearing Officers, or his or her delegatee. The Chief Hearing Officer may be FINRA’s Chief Hearing Officer pursuant to the Regulatory Contract, if approved by the Nasdaq Board of Directors at least annually.

(c) – (q) No change.

(r) “Hearing Officer”

The term “Hearing Officer” means an attorney [and]who is appointed by the Chief Hearing Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in the Rule 9200 Series regarding disciplinary proceedings, the Rule 9550 Series regarding expedited proceedings, and the Rule 9800 Series regarding temporary cease and desist proceedings brought against members and associated persons. Hearing Officers may be drawn from FINRA’s pool of Hearing Officers pursuant to the Regulatory Contract, if approved by the Nasdaq Board of Directors at least annually.

(s) – (t) No change.

(u) “Special Panelist”

The term “Special Panelist” means an individual approved by the Nasdaq Board of Directors at least annually who may be selected by the Chief Hearing Officer to serve on a Hearing Panel pursuant to Rules 9212, 9221, 9231, and 9232. A Special Panelist may be drawn from FINRA’s Market Regulation Committee, or any other source the Nasdaq Board of Directors deems appropriate given the responsibilities of Special Panelists. Special Panelists may participate in disciplinary proceedings in which issues arise regarding:

(1) the quotations of securities;

(2) the execution of transactions;

(3) the reporting of transactions; and

(4) trading practices, including rules prohibiting manipulation and insider trading, and those Rules designated as Trading Rules (Rule 3300 Series), the Nasdaq Stock Market Rules (Rule 4000 Series), and Other Systems and Programs Rules (Rule 6000 Series).

[“Market Regulation Committee”

The term “Market Regulation Committee” means the committee designated under Nasdaq’s By-laws to consider the federal securities laws and the rules and regulations adopted thereunder and various Nasdaq Rules and policies relating to:

(1) the quotations of securities;

(2) the execution of transactions;

(3) the reporting of transactions; and

(4) trading practices, including rules prohibiting manipulation and insider trading, and those Rules designated as Trading Rules (Rule 3300 Series), the Nasdaq Stock Market Rules (Rule 4000 Series), and Other Systems and Programs Rules (Rule 6000 Series).]

(v) - (ee) No change.

* * *

9212. Complaint Issuance — Requirements, Service, Amendment, Withdrawal, and Docketing

(a) Form, Content, Notice, Docketing, and Service

(1) No change.

(2) At the time of issuance of a complaint, the Department of Enforcement or the

Department of Market Regulation may propose:

(A) No change.

(B) if the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120(u), that the Chief Hearing Officer select a [Market Regulation Committee]Special Panelist for the Hearing Panel, or, if applicable, the Extended Hearing Panel as described in Rule 9231.

(b) - (d) No change.

* * *

9221. Request for Hearing

(a) Respondent Request for Hearing

With the filing of any Respondent's answer, such Respondent may:

(1) request a hearing;

(2) propose an appropriate location for the hearing; and

(3) propose, if the complaint alleges at least one cause of action involving a violation of a statute or rule described in Rule 9120(u), that the Chief Hearing Officer select a [Market Regulation Committee]Special Panelist for a Hearing Panel or, if applicable, an Extended Hearing Panel as described in Rule 9231.

If a Respondent requests a hearing, a hearing shall be granted. A Respondent who fails to request a hearing with the filing of his or her answer waives the right to a hearing unless a Hearing Officer, Hearing Panel, or, if applicable, an Extended Hearing Panel, grants, for good cause shown, a later filed motion by such Respondent requesting a hearing.

(b) – (d) No change.

* * *

9231. Appointment by the Chief Hearing Officer of Hearing Panel or Extended Hearing Panel or Replacement Hearing Officer

(a) No change.

(b) Hearing Panel

The Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in paragraph (e) and in Rule 9234(a), (c), (d), or (e). The Hearing Officer shall serve as the chair of the Hearing Panel. Each Panelist shall be associated with a member of Nasdaq or retired therefrom.

(1) Except as provided in (2), the Chief Hearing Officer shall select as a Panelist a person

who:

- (A) previously served on the Nasdaq Review Council;
- (B) previously served on a disciplinary subcommittee of the Nasdaq Review Council, including a Subcommittee, an Extended Proceeding Committee, or their predecessor subcommittees;
- (C) previously served as a Director, but does not serve currently in that position; [or]
- (D) served on the [NASD]FINRA National Adjudicatory Council or on a disciplinary subcommittee of the [NASD]FINRA National Adjudicatory Council prior to the date that Nasdaq commenced operating as a national securities exchange; or
- (E) is a FINRA Panelist approved by the Nasdaq Board at least annually, or is drawn from other sources the Board deems appropriate given the responsibilities of Panelists.

(2) If the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120(u), the Chief Hearing Officer may select as a Panelist a person who is currently a Special Panelist[serves on the Market Regulation Committee] or a person who previously [served on the Market Regulation Committee]was a Special Panelist not earlier than four years before the date the complaint was served upon the Respondent who was the first served Respondent in the disciplinary proceeding for which the Hearing Panel or the Extended Hearing Panel is being appointed.

(c) Extended Hearing Panel

Upon consideration of the complexity of the issues involved, the probable length of the hearing, or other factors that the Chief Hearing Officer deems material, the Chief Hearing Officer may determine that a matter shall be designated an Extended Hearing, and that such matter shall be considered by an Extended Hearing Panel. The Extended Hearing Panel shall be composed of a Hearing Officer and two Panelists, except as provided in Rule 9234(a), (c), (d), or (e). The Hearing Officer will serve as the chair of the Extended Hearing Panel. The Panelists shall be associated with a member of Nasdaq, or retired therefrom. The Chief Hearing Officer shall have discretion to compensate any or all Panelists of an Extended Hearing Panel at the rate then in effect for arbitrators appointed under the Rule 10000 Series.

(1) No change.

(2) If the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120(u), the Chief Hearing Officer may select as a Panelist a person who is currently a Special Panelist[serves on the Market Regulation Committee] or a person who previously [served on the Market Regulation Committee]was a Special Panelist not earlier than four years before the date the complaint was served upon the Respondent who was the first served Respondent in the disciplinary proceeding for which the Hearing Panel or the Extended Hearing Panel is being appointed.

(d) – (e) No change.

9232. Criteria for Selection of Panelists and Replacement Panelists**(a) Chief Hearing Officer Selection Alternatives**

Following a determination of whether a Hearing Panel or an Extended Hearing Panel should be appointed, the Chief Hearing Officer shall determine whether one of the Panelists may be selected from the pool of Special Panelists[Market Regulation Committee].

(b) Criteria for Selection of Special Panelist[from Market Regulation Committee]

The Chief Hearing Officer may select one but not more than one Special Panelist[from the Market Regulation Committee], as provided in Rule 9231, to serve in a disciplinary proceeding if the complaint alleges at least one cause of action involving a violation of a statute or a rule described in Rule 9120(u).

(c) Criteria for Appointment of a Panelist

The Chief Hearing Officer shall select Panelists from the categories of persons eligible to serve as Panelists as set forth in Rule 9231(b)(1)(A) through (D) or, if applicable, from the current or former Special Panelists[members of the Market Regulation Committee], based upon the following criteria:

- (1) expertise;
- (2) the absence of any conflict of interest or bias, and any appearance thereof;
- (3) availability; and,
- (4) the frequency with which a person has served as a Panelist on a Hearing Panel or an Extended Hearing Panel during the past two years, favoring the selection of a person as a Panelist who has never served or served infrequently as a Panelist during the period.

* * *

11890. Clearly Erroneous Transactions

The provisions of paragraphs (a)(2)(C), (c)(1), (b)(i), and (b)(ii) of this Rule, as amended on September 10, 2010, and the provisions of paragraph (g), shall be in effect during a pilot period to coincide with the pilot period for the Limit Up-Limit Down Plan, including any extensions to the pilot period for the Plan. If the Plan is not either extended or approved as permanent, the prior versions of paragraphs (a)(2)(C), (c)(1), and (b) shall be in effect, and the provisions of paragraph (g) shall be null and void.

(a) – (b) No change.

(c) Review by the Nasdaq Review Council[Market Operations Review Committee (“MORC”)]

- (1) A member or person associated with any such member may appeal a determination made

under paragraph (a) to the Nasdaq Review Council[MORC]. A member or person associated with a member may appeal a determination made under paragraph (b) to the Nasdaq Review Council[MORC] unless the Senior Official making the determination also determines that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made by Nasdaq in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable. An appeal must be made in writing, and must be received by Nasdaq within thirty (30) minutes after the person making the appeal is given the notification of the determination being appealed. Once a written appeal has been received, the counterparty to the trade that is the subject of the appeal will be notified of the appeal and both parties shall be able to submit any additional supporting written information up until the time the appeal is considered by the Nasdaq Review Council[MORC]. Either party to a disputed trade may request the written information provided by the other party during the appeal process. An appeal to the Nasdaq Review Council[MORC] shall not operate as a stay of the determination being appealed, and the scope of the appeal shall be limited to trades to which the person making the appeal is a party.

Once a party has appealed a determination to the Nasdaq Review Council[MORC], the determination shall be reviewed and a decision rendered, unless (i) both parties to the transaction agree to withdraw the appeal prior to the time a decision is rendered by the Nasdaq Review Council[MORC], or (ii) the party filing the appeal withdraws its appeal prior to the notification of counterparties. The Nasdaq Review Council[MORC] panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 ET and the close of trading in the Late Trading Session, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review. Upon consideration of the record, and after such hearings as it may in its discretion order, the Nasdaq Review Council[MORC], pursuant to the standards set forth in this rule, shall affirm, modify, reverse, or remand the determination.

(2) The panel shall consist of three or more members of the Nasdaq Review Council[MORC], provided that no more than 50 percent of the members of any panel are directly engaged in market making activity or employed by a member firm whose revenues from market making activity exceed ten percent of its total revenues. In no case shall a Nasdaq Review Council[MORC] Panel include a person affiliated with a party to the trade in question.

(3) The decision of the Nasdaq Review Council[MORC] pursuant to an appeal, or a determination by a Nasdaq official that is not appealed, shall be final and binding upon all parties and shall constitute final Nasdaq action on the matter in issue. Any determination by a Nasdaq official pursuant to paragraph (a) or (b) or any decision by the Nasdaq Review Council[MORC] pursuant to paragraph (c) shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(d) Communications

(1) All materials submitted to Nasdaq or the Nasdaq Review Council[MORC] pursuant to this Rule shall be submitted in writing within the time parameters specified herein via the online complaint form available at www.NasdaqTrader.com, facsimile, or such other telecommunications procedures as Nasdaq may announce from time to time in a Notice to Members or Head Trader Alert. Materials shall be deemed received at the time indicated by the telecommunications equipment (e.g., facsimile machine or computer) receiving the materials. Nasdaq, in its sole and absolute discretion, reserves the right to reject or accept any material that is not received within the time parameters specified herein. All times stated in this rule are Eastern Time.

(2) No change.

(e) Fees

(1) No change.

(2) Appeal Fees

The party initiating an appeal shall be assessed a \$500.00 fee if the Nasdaq Review Council[MORC] upholds the decision of the Nasdaq official.

(3) No change.

(f) Refusal to Abide by Rulings of a Nasdaq Official or the Nasdaq Review Council[MORC]

It shall be considered conduct inconsistent with just and equitable principles of trade for any member to refuse to take any action that is necessary to effectuate a final decision of a Nasdaq official or the Nasdaq Review Council[MORC] under Rule 11890.

(g) No change.

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Options Rules

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Chapter V Regulation of Trading on NOM

Sec. 1 – 5 No change.

Sec. 6 Obvious and Catastrophic Errors

(a) – (f) No change.

(g) Review by the Nasdaq Review Council[Market Operations Review Committee (“MORC”)]

(i) A party to a transaction affected by a decision made under this section may appeal that decision to the Nasdaq Review Council[MORC]. An appeal must be made in writing, and must be received by Nasdaq within thirty (30) minutes after the person making the appeal is given the notification of the determination being appealed. The Nasdaq Review Council[MORC] may review any decision appealed, including whether a complaint was timely, whether an Obvious Error or Catastrophic Error occurred, whether the correct Theoretical Price was used, and whether an adjustment was made at the correct price.

(ii) A Nasdaq Review Council[MORC] panel will be comprised minimally of representatives of one (1) member engaged in Market Making and two (2) industry representatives not engaged in Market Making. At no time should a review panel have more than 50% members engaged in Market Making.

(iii) The Nasdaq Review Council[MORC], pursuant to the standards set forth in this rule, shall affirm, modify, or reverse the determination.

(iv) The decision of the Nasdaq Review Council[MORC] pursuant to an appeal, or a determination by a Nasdaq Official that is not appealed, shall be final and binding upon all parties and shall constitute final Nasdaq action on the matter in issue. Any determination by a Nasdaq Official or the Nasdaq Review Council[MORC] shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(v) The party initiating the appeal shall be assessed a \$500.00 fee if the Nasdaq Review Council[MORC] upholds the decision of the Nasdaq Official. In addition, in instances where Nasdaq, on behalf of an Options Participant, requests a determination by another market center that a transaction is clearly erroneous, Nasdaq will pass any resulting charges through to the relevant Options Participant.

Sec. 7 – 9 No change.

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