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) *

Pilot [ ] Extension of Time Period for Commission Action * Date Expires *

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(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 proposal to modify Rule 4758 a1 A x.

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 * Sean Last Name * Bennett

Title * Associate General Counsel

E-mail * Sean.Bennett@nasdaq.com

Telephone * (301) 978-8499 Fax (301) 978-8472

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Date *)

Executive Vice President and General Counsel

(Note: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.)
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.

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).

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.

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.

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.

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.

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) 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

   A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

   (b) Not applicable.

   (c) Not applicable.

2. **Procedures of the Self-Regulatory Organization**

   The proposed rule change was approved by senior management of Nasdaq pursuant to authority delegated by the Board of Directors of Nasdaq on July 1, 2015. Nasdaq staff will advise the Board of Directors of Nasdaq of any action taken pursuant to delegated authority. No other action by Nasdaq is necessary for the filing of the rule change.

   Questions regarding this rule filing may be directed to T. Sean Bennett, Associate General Counsel, Nasdaq, Inc., (301) 978-8499.

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

a. Purpose

Background

Nasdaq is proposing to amend Rule 4758(a)(1)(A)(x) to allow an Order with a LIST routing option ("LIST Order") to be designated with a Time-in-Force of MGTC or SGTC. The LIST routing option allows a Participant to participate in the

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3 As defined by Rule 4701(e).

4 The System provides a variety of routing options. Generally, routing options may be combined with all available Order Types and Times-in-Force, with the exception of LIST Orders with a Time-in-Force of GTC and Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. As discussed below, although not inconsistent, providing Participants the option to designate a LIST Orders with a GTC Time-in-Force has been unavailable due to a technological limitation. With respect to LIST Orders, there are no Times-in-Force that are inconsistent with its terms. Certain attributes that are inconsistent are also mutually exclusive and thus are never received. For example, a LIST order cannot also be submitted as a SCAN order. There are other instances where the attributes on a LIST order will not result in the order exercising the LIST functionality that sends an order to the primary listing exchange. For example, a LIST order with a TIF of IOC received during regular market hours, would check the system for available shares and route as per the LIST routing strategy, but would not be sent to the primary listing exchange because of the order’s immediacy. After attempting to execute within its limit price at destinations in the System Routing Table, the order will expire as per the IOC TIF and be returned to the customer.

5 The Time-in-Force assigned to an Order means the period of time that the Nasdaq Market Center will hold the Order for potential execution. Participants specify an Order’s Time-in-Force by designating a time at which the Order will become active and a time at which the Order will cease to be active. See Rule 4703(a).

6 An Order that is designated to deactivate one year after entry may be referred to as a “Good-till-Cancelled” or “GTC” Order. If a GTC Order is designated as eligible for execution during Market Hours only, it may be referred to as having a Time in Force of “Market Hours Good-till-Cancelled” or “MGTC”. If a GTC is designated as eligible for execution during System Hours, it may be referred to as having a Time in Force of “System Hours Good-till-Cancelled” or “SGTC”. See Rule 4703(a)(3).
opening and closing processes of the primary listing market of the particular security, while also taking advantage of the Exchange’s liquidity during the remainder of the trading day.\textsuperscript{9} Under LIST, the Order will sent by Nasdaq to participate in the primary listing market’s opening process.\textsuperscript{10} Where Nasdaq is the primary listing market for a LIST Order security, rather than route out for the opening process, the Order will first participate in Nasdaq’s Opening Cross, then it will post on the Nasdaq book if it is not executed in full.\textsuperscript{11}

\textsuperscript{7} Id.

\textsuperscript{8} As defined by Rule 4701(c).

\textsuperscript{9} If a member firm designates a LIST Order as only eligible to participate in the opening or closing processes of the primary listing market, then Nasdaq will route it immediately to that exchange if it is accepting Orders. The Exchange notes that such an Order cannot have a GTC TIF. Orders designated for participation in the opening process only expire after completion thereof if not fully executed and thus cannot be GTC. An Order’s designation as eligible to participate in the opening process only is mutually exclusive of the GTC TIF. Likewise, an Order designated for participation in the closing process only may not have a GTC TIF, since the Order is designated to expire after completion thereof. Accordingly, designation of an Order as eligible to participate in the closing process only is mutually exclusive of the GTC TIF.

\textsuperscript{10} The Exchange notes that other primary listing exchanges do not all open at the same time as Nasdaq. Therefore, the Exchange system will hold orders that would otherwise be sent to an away exchange until that exchange begins accepting orders. Prior to being sent to the away exchange, the orders are not available for execution. For example, Nasdaq holds LIST Orders in NYSE-listed securities until NYSE begins to accept them starting at 7:45 a.m. ET, at which time Nasdaq sends all such held Orders to NYSE. By contrast, for NYSEArca-listed securities, starting at 4 a.m. ET Nasdaq sends LIST Orders to NYSEArca when received.

\textsuperscript{11} See Rule 4752.
When Nasdaq determines that the primary market is “open”, the any unexecuted unexecuted shares that are returned to Nasdaq will execute against interest on the Nasdaq book if unexecuted shares do not execute on Nasdaq are routed to Regulation NMS protected market centers in accordance with the LIST System routing table. After routing to such destinations, any remaining unexecuted shares are returned to Nasdaq and posted on the Nasdaq book. Similarly, LIST Orders entered after the primary listing market’s opening process but prior to two minutes prior to market close will check the Nasdaq book, route in accordance with the LIST System routing table, and then post to the Nasdaq book if there are shares remaining. Should a primary listing market initiate a stock halt during system hours and that market continues to accept orders, the Exchange will send all open LIST Orders on the book to the primary listing market, and upon the conclusion of the primary listing market halt resumption process any remaining unexecuted shares that return to Nasdaq will execute against interest on the Nasdaq book if marketable, with remaining shares routing to Regulation NMS protected market centers.

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12 Nasdaq currently uses various triggers to determine that the primary listing market opening process has completed, including its posting of a firm quote, a regular way order print, Nasdaq receives open-eligible orders back from the primary listing market, or if none of the prior conditions occur then at 9:45 a.m. ET.

13 As provided, in Rule 4758(a)(1)(A), the term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes Orders and the order in which it routes them. Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice.

14 Pursuant to Rule 4758(a)(1)(B), if a routed Order is returned, in whole or in part, that Order will receive a new time stamp reflecting the time of its return to the System.

15 This period begins at 3:58 p.m. ET, unless the primary market closes earlier.
in accordance with the LIST System routing table. After routing to such destinations, any remaining unexecuted shares are returned to Nasdaq and posted on the Nasdaq book.

Two minutes prior to market close, any LIST Orders on the Nasdaq book are sent to their respective primary listing markets to post on those markets’ books until market close or the Order’s cancellation, whichever is earlier. LIST Orders entered at or after two minutes prior to the end of regular market hours, but before the conclusion of regular market hours trading, are also sent to the primary listing market for participation in the closing process, after first checking the Nasdaq book for potential execution against interest on the Nasdaq book if marketable and then routing in accordance with the LIST System routing table. Shares unexecuted in the closing process or that are received after the primary listing market’s close with a valid TIF for after hours trading will be posted to the Nasdaq book. Where Nasdaq is the primary listing market for a LIST Order security, rather than route out for the closing process, the Order will remain posted on the Nasdaq book and be eligible for the Nasdaq Closing Cross. Thereafter, the Order will stay on the book to the extent it has a TIF that allows it to do so.

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16 As noted in the rule, if a LIST order in a NYSE or NYSE MKT security has been designated to participate in the closing only and is entered at 3:45 p.m. ET or later (or in the case of an early closing, is entered 15 minutes prior to the close or later), the order will be rejected.

17 Due to the possibility that Orders received very near the 4:00 p.m. ET deadline (e.g., 3:59:59:999 p.m. ET) will be routed to the primary listing market but arrive after the security has closed, customers are encouraged to submit their LIST Orders prior to 3:58 p.m. ET.

18 Specifically, System Hours and System Hours Expire Time TIFs.

19 Such an Order may execute at any time prior to the completion of the Closing Cross should it become marketable. If an Order in a non-Nasdaq security that is sent to participate in the primary listing market’s closing process subsequently becomes marketable on Nasdaq, the Order will nonetheless remain at the primary
Proposal

The Exchange is proposing to allow the use of Good-til-Canceled TIF with a LIST routing option. A Participant must designate a time at which a given Order will become active and a time at which the Order will cease to be active, which is the Order’s TIF. The following times are available to Nasdaq Participants for deactivating an Order: Immediate (i.e., immediately after determining whether the Order is marketable); the end of Market Hours; the end of System Hours; one year after entry; or a specific time identified by the Participant, provided, however, that an Order specifying an expire time beyond the current trading day will be canceled at the end of the current trading day. The “Good-til-Canceled” or “GTC” TIF will cause an Order to deactivate one year after entry if it is not canceled or executed in full. If a GTC Order is designated as eligible for execution during Market Hours only, it may be referred to as having a TIF of “Market Hours Good-till-Canceled” or “MGTC”. If a Participant designates a GTC Order as

20 See Rule 4754. Because regular trading hours have concluded, the trade-through protections of Regulation NMS Rule 611 do not apply. Nasdaq, nonetheless, routes to venues displaying the best price in an effort to gain the best execution of a member firm’s Order.

21 The Exchange notes that the current functionality of LIST will not change other than with respect to timing of the expiration of an order designated as MGTC or SGTC.

22 An Order that may be active up to one year after entry may nonetheless be returned to the customer in certain circumstances, such as excessive messaging, corporate actions, or because it is canceled by the participant.

23 See Rule 4703(a).
eligible for execution during System Hours, it may be referred to as having a TIF of “System Hours Good-till-Canceled” or “SGTC”.

Nasdaq does not currently make MGTC or SGTC available to Participants entering LIST orders because it has not programmed the System to accept such Orders due to technological challenges. Consequently, under the current functionality if the LIST Order is not executed in full then it will be canceled when it expires based on the TIF assigned to the Order, which could be immediately (after determining whether the Order is marketable) or up to the end of the current trading day at which time the LIST Order would be canceled. The Exchange is now technologically able to allow a LIST Order to have a TIF of MGTC or SGTC, so it is proposing to eliminate the current limitation and allow Participants to designate a LIST Order with a GTC attribute. Nasdaq notes that the operation of the LIST Order will remain unchanged, with only the time that the Order remains active affected. For example, a Participant entering a LIST Order that would only be available for execution during Market Hours would, under the current rules, designate the Order with a TIF of MDAY. 24 If such a LIST Order is not executed in full at the end of Market Hours, the Order would be canceled and thereafter the Participant would need to enter a new LIST Order with a TIF of MDAY for potential execution the following day. Nasdaq is proposing to allow a Participant to instead apply a TIF of MGTC or SGTC, which would allow the Order to remain active up to a year after entry, unless canceled or executed in full. Accordingly, Nasdaq is providing Participants with additional flexibility and control over the execution of their LIST Orders, which is currently available for other Order types on Nasdaq, and is providing

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24 See Rule 4703(a)(5).
efficiency and reducing cost and message traffic for Participants that currently replicate the proposed functionality using other TIFs.

By way of example, at 6 a.m. a Participant enters a LIST MGTC order to buy 1,000 shares of IBM, a NYSE-listed security. The Order is held by Nasdaq until 7:45 a.m. and then sent by the System to NYSE to participate in the NYSE opening. In the NYSE opening process 500 shares of the Order are executed. The remaining 500 shares of the Order are sent back to Nasdaq, where it checks the Nasdaq book and receives an execution of 100 shares against a resting sell Order. The remaining 400 shares of the Order are then routed to away markets, where the Order receives an execution on ARCA of 100 shares. The remaining 300 shares are then posted to the Nasdaq book. At 2 p.m., a market participant enters a sell Order that executes against the resting Order for 100 shares. At 3:58 p.m. the remaining 200 shares are sent to NYSE to participate in the NYSE closing process. In the NYSE closing process, 100 shares are executed with the remaining 100 returning to Nasdaq to be held until 7:45 a.m. the next day,\(^\text{25}\) at which time the Order\(^\text{26}\) is again sent away to NYSE and would follow the process described above.

The scenario described above would be slightly different if the Order was received for a security listed on Nasdaq. For example, at 6 a.m. a Participant enters a LIST MGTC order to buy 1,000 shares of AAPL, a Nasdaq-listed security. The Order is

\(^\text{25}\) By contrast, if the LIST Order was entered with a TIF of SGTC, instead of being held upon arrival at NASDAQ (because Market Hours have concluded), the Order would be posted on the NASDAQ book until 8 p.m. and thereafter held until 7:45 a.m. the next day.

\(^\text{26}\) The Order retains all of its original attributes, including information concerning the Order as it was initially entered by the Participant.
placed into the Nasdaq opening and in the Nasdaq opening process 500 shares of the Order are executed. The remaining 500 shares would then be transferred to the Nasdaq continuous book. At 2 p.m., a market participant enters a sell Order that executes against the resting Order for 100 shares, leaving 400 shares resting on the continuous book. At 3:58 p.m. the remaining 400 shares would continue to rest on the Nasdaq continuous book until the closing cross. When the closing cross occurs, 100 shares are executed in the cross. The remaining 300 shares would be held by Nasdaq until the next day, at which time the Order would participate in the Nasdaq opening process.

b. Statutory Basis

Nasdaq 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 particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes that the change Nasdaq is making to Rule 4758(a)(1)(A)(x) will provide Participants with additional flexibility and control over the execution of their Orders. Specifically, the Exchange is providing Participants with the option to designate a LIST Order to remain


active for up to one year, unless canceled or executed in full. The Exchange notes that other Order routing options offered by the Exchange allow TIFs of MGTC and SGTC.\(^{29}\)

Moreover, Participants are currently able to achieve the same outcome as a TIF of MGTC or SGTC with their LIST Orders by entering such orders with a TIF of MDAY or SDAY, respectively, for every trading day. As such, the proposed change will make this process more efficient and less costly to Participants by eliminating the need to reenter the Order for every trading day. Lastly, the Exchange is now technologically able to process LIST Orders with TIFs of MGTC and SGTC, and believes that allowing Participants to apply these TIFs to LIST Orders will benefit Participants by providing additional flexibility and control over their executions, in the same way that Participants have with other Order routing options. For these reasons, the Exchange believes that the proposed change further perfects the market and raises no investor protection concerns.

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

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.\(^{30}\) The Exchange notes that the proposed two optional LIST TIFs will benefit Nasdaq Participants by providing them with greater flexibility and control over their LIST Orders, and will save Participants time and reduce their costs to the extent they replicate the proposed functionality using MDAY and SDAY TIFs. As such, the proposed change may make Nasdaq a more attractive venue to market participants. If the proposed change does make Nasdaq a more attractive venue, it will likely promote

\(^{29}\) See, e.g., STGY and SCAN routing options under Rules 4758(a)(1)(A)(iii) and (iv), respectively.

competition among exchanges and other market venues to the benefit of all market participants.

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 and Rule 19b-4(f)(6) thereunder 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, at least five business days prior to the date of filing of the proposed rule. The proposal meets the requirements of the Rule 19b-4(f)(6) because the proposal presents no new or novel issues that impact investor protection. Specifically, the Exchange does not believe that the proposed change will significantly affect the protection of investors or the public interest because, as discussed above, Participants are currently able to achieve the same

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outcome as a TIF of MGTC or SGTC with their LIST Orders by entering such orders with a TIF of MDAY or SDAY, respectively, for every trading day. Moreover, MGTC and SGTC TIFs are currently available to Nasdaq Participants entering Orders with other routing options. Consequently, combining LIST Orders with a GTC TIF does not create novel functionality, since Participants may currently achieve the same result, nor does it raise any new regulatory issues, since both LIST Orders and the GTC TIF have been available to Participants and part of Nasdaq’s rule book for years. Further, as mentioned above, the addition of the GTC TIF to the LIST routing option has no impact on the LIST functionality as it stands today other than participants will now have the option to allow the exchange to retain orders across multiple days as per the GTC TIF instruction. The Exchange notes that the proposed change is designed to further perfect Nasdaq by offering Participants with greater control over the nature of their executions, and will provide a more efficient and less costly means to Participants to achieve the same outcome. Lastly, the Exchange does not believe that the proposed change will impose a burden on competition whatsoever, but may promote competition among exchanges and other market venues, as noted above.

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

   5. Text of the proposed rule change.
SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-NASDAQ-2015-135)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Rule 4758(a)(1)(A)(x), Concerning the LIST Routing Option

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 November 2, 2015, 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 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

The Exchange proposes to modify Rule 4758(a)(1)(A)(x), concerning LIST Orders.

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.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

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

1. Purpose

Background

Nasdaq is proposing to amend Rule 4758(a)(1)(A)(x) to allow an Order\(^3\) with a
LIST routing option\(^4\) (“LIST Order”) to be designated with a Time-in-Force\(^5\) (“TIF”) of

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\(^3\) As defined by Rule 4701(e).

\(^4\) The System provides a variety of routing options. Generally, routing options may be combined with all available Order Types and Times-in-Force, with the exception of LIST Orders with a Time-in-Force of GTC and Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. As discussed below, although not inconsistent, providing Participants the option to designate a LIST Orders with a GTC Time-in-Force has been unavailable due to a technological limitation. With respect to LIST Orders, there are no Times-in-Force that are inconsistent with its terms. Certain attributes that are inconsistent are also mutually exclusive and thus are never received. For example, a LIST order cannot also be submitted as a SCAN order. There are other instances where the attributes on a LIST order will not result in the order exercising the LIST functionality that sends an order to the primary listing exchange. For example, a LIST order with a TIF of IOC received during regular market hours, would check the system for available shares and route as per the LIST routing strategy, but would not be sent to the primary listing exchange because of the order’s immediacy. After attempting to execute within its limit price at destinations in the System Routing Table, the order will expire as per the IOC TIF and be returned to the customer.

\(^5\) The Time-in-Force assigned to an Order means the period of time that the Nasdaq Market Center will hold the Order for potential execution. Participants specify an Order’s Time-in-Force by designating a time at which the Order will become active and a time at which the Order will cease to be active. See Rule 4703(a).
MGTC\textsuperscript{6} or SGTC.\textsuperscript{7} The LIST routing option allows a Participant\textsuperscript{8} to participate in the opening and closing processes of the primary listing market of the particular security, while also taking advantage of the Exchange’s liquidity during the remainder of the trading day.\textsuperscript{9} Under LIST, the Order will be sent by Nasdaq to participate in the primary listing market’s opening process.\textsuperscript{10} Where Nasdaq is the primary listing market for a LIST Order security, rather than route out for the opening process, the Order will first

\textsuperscript{6} An Order that is designated to deactivate one year after entry may be referred to as a “Good-till-Cancelled” or “GTC” Order. If a GTC Order is designated as eligible for execution during Market Hours only, it may be referred to as having a Time in Force of “Market Hours Good-till-Cancelled” or “MGTC”. If a GTC is designated as eligible for execution during System Hours, it may be referred to as having a Time in Force of “System Hours Good-till-Cancelled” or “SGTC”. See Rule 4703(a)(3).

\textsuperscript{7} Id.

\textsuperscript{8} As defined by Rule 4701(c).

\textsuperscript{9} If a member firm designates a LIST Order as only eligible to participate in the opening or closing processes of the primary listing market, then Nasdaq will route it immediately to that exchange if it is accepting Orders. The Exchange notes that such an Order cannot have a GTC TIF. Orders designated for participation in the opening process only expire after completion thereof if not fully executed and thus cannot be GTC. An Order’s designation as eligible to participate in the opening process only is mutually exclusive of the GTC TIF. Likewise, an Order designated for participation in the closing process only may not have a GTC TIF, since the Order is designated to expire after completion thereof. Accordingly, designation of an Order as eligible to participate in the closing process only is mutually exclusive of the GTC TIF.

\textsuperscript{10} The Exchange notes that other primary listing exchanges do not all open at the same time as Nasdaq. Therefore, the Exchange system will hold orders that would otherwise be sent to an away exchange until that exchange begins accepting orders. Prior to being sent to the away exchange, the orders are not available for execution. For example, Nasdaq holds LIST Orders in NYSE-listed securities until NYSE begins to accept them starting at 7:45 a.m. ET, at which time Nasdaq sends all such held Orders to NYSE. By contrast, for NYSEArca-listed securities, starting at 4 a.m. ET Nasdaq sends LIST Orders to NYSEArca when received.
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executed in full.  

When Nasdaq determines that the primary market is “open”, any unexecuted
shares that are returned to Nasdaq will execute against interest on the Nasdaq book if
marketable, and remaining shares that do not execute on Nasdaq are routed to Regulation
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13 As provided, in Rule 4758(a)(1)(A), the term “System routing table” refers to the
proprietary process for determining the specific trading venues to which the
System routes Orders and the order in which it routes them. Nasdaq reserves the
right to maintain a different System routing table for different routing options and
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15 This period begins at 3:58 p.m. ET, unless the primary market closes earlier.
conclusion of the primary listing market halt resumption process any remaining
unexecuted shares that return to Nasdaq will execute against interest on the Nasdaq book
if marketable, with remaining shares routing to Regulation NMS protected market centers
in accordance with the LIST System routing table. After routing to such destinations, any
remaining unexecuted shares are returned to Nasdaq and posted on the Nasdaq book.

Two minutes prior to market close, any LIST Orders on the Nasdaq book are sent
to their respective primary listing markets to post on those markets’ books until market
close or the Order’s cancellation, whichever is earlier. LIST Orders entered at or after
two minutes prior to the end of regular market hours, but before the conclusion of regular
market hours trading, are also sent to the primary listing market for participation in the
closing process,\(^{16}\) after first checking the Nasdaq book for potential execution against
interest on the Nasdaq book if marketable and then routing in accordance with the LIST
System routing table.\(^{17}\) Shares unexecuted in the closing process or that are received
after the primary listing market’s close with a valid TIF for after hours trading\(^ {18}\) will be
posted to the Nasdaq book. Where Nasdaq is the primary listing market for a LIST Order
security, rather than route out for the closing process, the Order will remain posted on the

\(^{16}\) As noted in the rule, if a LIST order in a NYSE or NYSE MKT security has been
designated to participate in the closing only and is entered at 3:45 p.m. ET or later
(or in the case of an early closing, is entered 15 minutes prior to the close or
later), the order will be rejected.

\(^{17}\) Due to the possibility that Orders received very near the 4:00 p.m. ET deadline
(e.g., 3:59:59:999 p.m. ET) will be routed to the primary listing market but arrive
after the security has closed, customers are encouraged to submit their LIST
Orders prior to 3:58 p.m. ET.

\(^{18}\) Specifically, System Hours and System Hours Expire Time TIFs.
Nasdaq book\textsuperscript{19} and be eligible for the Nasdaq Closing Cross. Thereafter, the Order will stay on the book to the extent it has a TIF that allows it to do so.\textsuperscript{20}

**Proposal**

The Exchange is proposing to allow the use of Good-til-Canceled TIF with a LIST routing option.\textsuperscript{21} A Participant must designate a time at which a given Order will become active and a time at which the Order will cease to be active, which is the Order’s TIF. The following times are available to Nasdaq Participants for deactivating an Order: Immediate (i.e., immediately after determining whether the Order is marketable); the end of Market Hours; the end of System Hours; one year after entry;\textsuperscript{22} or a specific time identified by the Participant, provided, however, that an Order specifying an expire time beyond the current trading day will be canceled at the end of the current trading day.\textsuperscript{23} The “Good-til-Canceled” or “GTC” TIF will cause an Order to deactivate one year after

\textsuperscript{19} Such an Order may execute at any time prior to the completion of the Closing Cross should it become marketable. If an Order in a non-Nasdaq security that is sent to participate in the primary listing market’s closing process subsequently becomes marketable on Nasdaq, the Order will nonetheless remain at the primary listing market. Nonetheless, it may become marketable at the away exchange and execute prior to the exchange’s closing process.

\textsuperscript{20} See Rule 4754. Because regular trading hours have concluded, the trade-through protections of Regulation NMS Rule 611 do not apply. Nasdaq, nonetheless, routes to venues displaying the best price in an effort to gain the best execution of a member firm’s Order.

\textsuperscript{21} The Exchange notes that the current functionality of LIST will not change other than with respect to timing of the expiration of an order designated as MGTC or SGTC.

\textsuperscript{22} An Order that may be active up to one year after entry may nonetheless be returned to the customer in certain circumstances, such as excessive messaging, corporate actions, or because it is canceled by the participant.

\textsuperscript{23} See Rule 4703(a).
entry if it is not canceled or executed in full. If a GTC Order is designated as eligible for execution during Market Hours only, it may be referred to as having a TIF of “Market Hours Good-till-Canceled” or “MGTC”. If a Participant designates a GTC Order as eligible for execution during System Hours, it may be referred to as having a TIF of “System Hours Good-till-Canceled” or “SGTC”.

Nasdaq does not currently make MGTC or SGTC available to Participants entering LIST orders because it has not programmed the System to accept such Orders due to technological challenges. Consequently, under the current functionality if the LIST Order is not executed in full then it will be canceled when it expires based on the TIF assigned to the Order, which could be immediately (after determining whether the Order is marketable) or up to the end of the current trading day at which time the LIST Order would be canceled. The Exchange is now technologically able to allow a LIST Order to have a TIF of MGTC or SGTC, so it is proposing to eliminate the current limitation and allow Participants to designate a LIST Order with a GTC attribute. Nasdaq notes that the operation of the LIST Order will remain unchanged, with only the time that the Order remains active affected. For example, a Participant entering a LIST Order that would only be available for execution during Market Hours would, under the current rules, designate the Order with a TIF of MDAY. If such a LIST Order is not executed in full at the end of Market Hours, the Order would be canceled and thereafter the Participant would need to enter a new LIST Order with a TIF of MDAY for potential execution the following day. Nasdaq is proposing to allow a Participant to instead apply a TIF of MGTC or SGTC, which would allow the Order to remain active up to a year

See Rule 4703(a)(5).
after entry, unless canceled or executed in full. Accordingly, Nasdaq is providing
Participants with additional flexibility and control over the execution of their LIST
Orders, which is currently available for other Order types on Nasdaq, and is providing
efficiency and reducing cost and message traffic for Participants that currently replicate
the proposed functionality using other TIFs.

By way of example, at 6 a.m. a Participant enters a LIST MGTC order to buy
1,000 shares of IBM, a NYSE-listed security. The Order is held by Nasdaq until 7:45
a.m. and then sent by the System to NYSE to participate in the NYSE opening. In the
NYSE opening process 500 shares of the Order are executed. The remaining 500 shares
of the Order are sent back to Nasdaq, where it checks the Nasdaq book and receives an
execution of 100 shares against a resting sell Order. The remaining 400 shares of the
Order are then routed to away markets, where the Order receives an execution on ARCA
of 100 shares. The remaining 300 shares are then posted to the Nasdaq book. At 2 p.m.,
a market participant enters a sell Order that executes against the resting Order for 100
shares. At 3:58 p.m. the remaining 200 shares are sent to NYSE to participate in the
NYSE closing process. In the NYSE closing process, 100 shares are executed with the
remaining 100 returning to Nasdaq to be held until 7:45 a.m. the next day,\footnote{By contrast, if the LIST Order was entered with a TIF of SGTC, instead of being held upon arrival at NASDAQ (because Market Hours have concluded), the Order would be posted on the NASDAQ book until 8 p.m. and thereafter held until 7:45 a.m. the next day.} at which
time the Order\footnote{The Order retains all of its original attributes, including information concerning the Order as it was initially entered by the Participant.} is again sent away to NYSE and would follow the process described above.
The scenario described above would be slightly different if the Order was received for a security listed on Nasdaq. For example, at 6 a.m. a Participant enters a LIST MGTC order to buy 1,000 shares of AAPL, a Nasdaq-listed security. The Order is placed into the Nasdaq opening and in the Nasdaq opening process 500 shares of the Order are executed. The remaining 500 shares would then be transferred to the Nasdaq continuous book. At 2 p.m., a market participant enters a sell Order that executes against the resting Order for 100 shares, leaving 400 shares resting on the continuous book. At 3:58 p.m. the remaining 400 shares would continue to rest on the Nasdaq continuous book until the closing cross. When the closing cross occurs, 100 shares are executed in the cross. The remaining 300 shares would be held by Nasdaq until the next day, at which time the Order would participate in the Nasdaq opening process.

2. **Statutory Basis**

Nasdaq 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 particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes

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that the change Nasdaq is making to Rule 4758(a)(1)(A)(x) will provide Participants with additional flexibility and control over the execution of their Orders. Specifically, the Exchange is providing Participants with the option to designate a LIST Order to remain active for up to one year, unless canceled or executed in full. The Exchange notes that other Order routing options offered by the Exchange allow TIFs of MGTC and SGTC.\(^{29}\)

Moreover, Participants are currently able to achieve the same outcome as a TIF of MGTC or SGTC with their LIST Orders by entering such orders with a TIF of MDAY or SDAY, respectively, for every trading day. As such, the proposed change will make this process more efficient and less costly to Participants by eliminating the need to reenter the Order for every trading day. Lastly, the Exchange is now technologically able to process LIST Orders with TIFs of MGTC and SGTC, and believes that allowing Participants to apply these TIFs to LIST Orders will benefit Participants by providing additional flexibility and control over their executions, in the same way that Participants have with other Order routing options. For these reasons, the Exchange believes that the proposed change further perfects the market and raises no investor protection concerns.

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

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.\(^{30}\) The Exchange notes that the proposed two optional LIST TIFs will benefit Nasdaq Participants by providing them with greater flexibility and control over their LIST Orders, and will save Participants time and reduce their costs to the extent

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\(^{29}\) See, e.g., STGY and SCAN routing options under Rules 4758(a)(1)(A)(iii) and (iv), respectively.

they replicate the proposed functionality using MDAY and SDAY TIFs. As such, the proposed change may make Nasdaq a more attractive venue to market participants. If the proposed change does make Nasdaq a more attractive venue, it will likely promote competition among exchanges and other market venues to the benefit of all market participants.

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)(iii) of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder. 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If


32 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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. The Exchange has satisfied this requirement.
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-2015-135 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and
  Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

  All submissions should refer to File Number SR-NASDAQ-2015-135. 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

  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-2015-135 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.33

Robert W. Errett
Deputy Secretary

The text of the proposed rule change is below. Proposed deletions are bracketed.

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4758. Order Routing

(a) Order Routing Process

(1) The Order Routing Process shall be available to Participants from the opening of the System (generally 4:00 a.m. Eastern Time) until the closing of the System (generally 8:00 p.m. Eastern Time), and shall route orders as described below. All routing of orders shall comply with Rule 611 of Regulation NMS under the Exchange Act.

(A) The System provides a variety of routing options. Routing options may be combined with all available order types and times-in-force, with the exception of order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible markets. The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(i) - (ix) No change.

(x) LIST is a routing option designed to allow orders to participate in the opening and/or closing process of the primary listing market for a security, and to follow additional routing logic as described below. A LIST order received before the security has opened on its primary listing market will be routed to the primary listing market for participation in that market's opening process. A LIST order may be designated to participate in the opening or closing only (as provided in the specifications of the destination market) or to remain in force after the opening or closing, as applicable. If a LIST order has been designated to participate in the opening only and is entered after the security has opened, the order will nevertheless be routed to the primary listing market; based on its designation as opening only, such an order would be expected to be rejected by the destination market, and would also be cancelled by Nasdaq if returned by the destination market. If a LIST order is received by NASDAQ before the destination market is able to receive orders for its opening process, the order will be held until such time as the destination market can receive it.
After the security has opened on its primary listing market, a LIST order that has not been designated opening only and that has not been fully executed, rejected, or cancelled by the market to which it was routed will be returned to the NASDAQ system. Thereafter, the order will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table. Any remaining shares will be posted on the book. In addition, if a LIST order is entered after the security has opened on the primary listing market (but before a time that is two minutes before market close) and the order has not been designated to participate in the opening only, NASDAQ will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table, with remaining shares posted on the book. Once on the book, if the order is subsequently locked or crossed by another market center, the System will not route the order to the locking or crossing market center. Two minutes before market close, all LIST orders on the book will begin routing to the security's primary listing market for participation in its closing process. If a LIST order is received at or after a time that is two minutes before market close but before market close, NASDAQ will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table; remaining shares will be routed to the security's primary listing market to participate in its closing process. After the security has closed on the primary listing market, a LIST order that has not been designated as a closing only or MDAY order and that has not been fully executed, rejected, or cancelled by the market to which it was routed will be returned to the NASDAQ System and shares unexecuted in the closing process will be posted to the NASDAQ book. If a LIST order has been designated to participate in the closing only and is entered after the security has closed, the order will nevertheless be routed to the primary listing market unless the primary market for the security is NYSE or NYSE MKT; based on its designation as closing only, such an order would be expected to be rejected by the destination market, and would also be cancelled by Nasdaq if returned by the destination market. For NYSE and NYSE MKT securities, if a LIST order has been designated to participate in the closing only and is entered at 3:45 p.m. Eastern Time or later (or in the case of an early closing, is entered 15 minutes prior to the close or later), the order will be rejected. LIST orders received after market close that have not been designated as closing only and are eligible, based on the orders' time-in-force, to participate in the after-hours market will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table. Any remaining shares will be posted to the NASDAQ book.
If trading in the security is stopped across all markets, LIST orders will be sent to the primary listing market to participate in the re-opening process. When normal trading resumes, unexecuted shares will be removed from the primary listing market and posted on the NASDAQ book. [LIST orders may not be designated as MGTC or SGTC.]

(xi) - (xiv) No change.

(B) No change.

(b) - (d) No change.

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