**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) *

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Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

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**Description**

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

**Delay of Implementation of Kill Switch**

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**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**: Angela
- **Last Name**: Dunn
- **Title**: Associate General Counsel
- **E-mail**: angela.dunn@nasdaq.com
- **Telephone**: (215) 496-5692
- **Fax**:

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**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**: 12/23/2015
- **By**: Edward S. Knight
- **Executive Vice President and General Counsel**: edward.knight@nasdaq.com

**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.
## Form 19b-4 Information *

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

### Exhibit 1 - Notice of Proposed Rule Change *

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

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

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, 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

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

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

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

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

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 the Proposed Rule Change**

   (a) The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\) and Rule 19b-4 thereunder,\(^2\) is filing with the Securities and Exchange Commission (“Commission”) a proposal to extend the implementation timeframe for adopting an optional Kill Switch protection.

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

   (b) Not applicable.

   (c) Not applicable.

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

   Senior management of the Exchange approved the proposed rule change under authority delegated by the Exchange’s Board of Directors (“Board”) on July 1, 2015. The Exchange’s staff will advise the Board of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the rule change. Questions and comments on the proposed rule change may be directed to Angela Saccomandi Dunn, Associate General Counsel, Nasdaq, Inc. at (215) 496-5692.

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

   a. **Purpose**

   The purpose of the proposal is to extend the implementation of the timeframe to adopt a new risk protection, a Kill Switch, applicable to all NOM Participants. In its rule

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change adopting this new risk protection in Chapter VI, Section 6, the Exchange stated, “The Exchange proposes to implement this rule within ninety (90) days of the implementation date.” ³ The Exchange stated that it will issue an Options Trader Alert in advance to inform market participants of such date. At this time, the Exchange desires to extend the implementation of this rule change to 120 days from the operative date. The Exchange will announce the date of implementation by issuing an Options Trader Alert.

By way of background, the Kill Switch will allow NOM Participants to remove quotes and cancel open orders and prevent new order submission. The NASDAQ Options Kill Switch will be an optional tool that enables Participants to initiate a message(s)⁴ to the System to: (i) promptly remove quotes; and/or (ii) promptly cancel orders. Participants may submit a request to the System to remove/cancel quotes and/or orders based on certain identifiers on either a user or group level. Participants may elect to remove quotes and cancel orders by Exchange account, port, and/or badge or mnemonic ("Identifier") or by a group (one or more Identifier combinations),⁵ which are provided by such Participant to the Exchange.⁶ Participants may not remove quotes/orders by symbol. The System will send an automated message to the Participant when a Kill Switch request has been processed by the Exchange’s System.


⁴ NOM Participants will be able to utilize an interface to send a message to the Exchange to initiate the Kill Switch or they may contact the Exchange directly.

⁵ The type of group permissible would be within a broker-dealer. For example, this could be including but not limited to all market maker accounts or all order entry ports.

⁶ Orders submitted by NOM Market Makers over Ouch to Trade Options (OTTO) interface will be treated as quotes for purposes of this rule.
If the Participant selects quotes to be cancelled utilizing the Kill Switch, the NOM Participant must send a message to the Exchange to request the removal of all quotes requested for the certain specified Identifier(s). The NOM Participant will be unable to enter any additional quotes for the affected Identifier(s) until re-entry has been enabled pursuant to proposed section (d)(iii).\(^7\) If the Participant selects orders to be cancelled utilizing the Kill Switch, the NOM Participant must send a message to the Exchange to request the cancellation of all orders requested for the certain specified Identifier(s). The NOM Participant will be unable to enter additional orders for the affected Identifier(s) until re-entry has been enabled pursuant to section (d)(iii). The NOM Participant will be unable to enter additional quotes and/or orders for the affected Identifier(s) until the NOM Participant has made a request to the Exchange and Exchange staff has set a re-entry indicator to enable re-entry.\(^8\) Once enabled for re-entry, the System will send a Re-entry Notification Message to the NOM Participant. The applicable Clearing Participant for that NOM Participant also will be notified of the re-entry into the System after quotes and/or orders are removed/cancelled as a result of the Kill Switch, provided the Clearing Participant has requested to receive such notification.

b. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^9\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^10\) in particular, in that

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\(^7\) Sweeps will also be cancelled. A sweep is a one-sided electronic quote submitted over the Specialized Quote Feed, which is the market making quoting interface.

\(^8\) The NOM Participant must directly and verbally contact the Exchange to request the re-set.

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, by enhancing the risk protections available to Exchange members. The proposal promotes policy goals of the Commission which has encouraged execution venues, exchange and non-exchange alike, to enhance risk protection tools and other mechanisms to decrease risk and increase stability.

The delay of the implementation of NOM Rules at Chapter VI, Section 6 will permit the Exchange an additional thirty days within which to implement this risk protection that will be utilized by NOM Participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal does not impose an undue burden on inter-market competition because all NOM Participants may avail themselves of the Kill Switch, which functionality will be optional. The proposed rule change is meant to protect NOM Participants in the event the NOM Participant is suffering from a systems issue or from the occurrence of unusual or unexpected market activity that would require them to withdraw from the market in order to protect investors. The ability to control risk at either the user or group level will permit the NOM Participant to protect itself from inadvertent exposure to excessive risk at the each level. Reducing such risk will enable NOM Participants to enter quotes and orders without any fear of inadvertent exposure to excessive risk, which in turn will benefit investors through increased liquidity for the execution of their orders. Such

increased liquidity benefits investors because they receive better prices and because it lowers volatility in the options market. For these reasons, the Exchange does not believe this proposal imposes an undue burden on inter-market competition, rather, the proposed rule change will have no impact on competition.

The delay of the implementation of NOM Rules at Chapter VII, Section 6(f) will permit the Exchange additional time to implement this risk protection that will be utilized by NOM Participants.

5. **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.

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)\(^{11}\) of the Act and Rule 19b-4(f)(6)\(^{12}\) 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 proposed rule change does not significantly affect the protection of investor because the Exchange is requesting additional time to implement a rule change which received


approval. The delay does not impose any significant burden on competition as the delay of the implementation of NOM Rules at Chapter VI, Section 6, will merely permit the Exchange additional time to implement this risk protection that will be utilized by NOM Participants.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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 the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) to permit NOM to delay the implementation of NOM Rules at Chapter VI, Section 6. This will permit the Exchange an additional thirty days within which to implement this risk protection that will be utilized by NOM Participants.

\textsuperscript{13} See note 3.
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. Notice of proposed rule for publication in the *Federal Register*. 
Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay of Implementation of Kill Switch

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), and Rule 19b-4 thereunder, notice is hereby given that on December 23, 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 extend the implementation timeframe for adopting an optional Kill Switch protection.

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

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

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

The purpose of the proposal is to extend the implementation of the timeframe to adopt a new risk protection, a Kill Switch, applicable to all NOM Participants. In its rule change adopting this new risk protection in Chapter VI, Section 6, the Exchange stated, “The Exchange proposes to implement this rule within ninety (90) days of the implementation date.” ³ The Exchange stated that it will issue an Options Trader Alert in advance to inform market participants of such date. At this time, the Exchange desires to extend the implementation of this rule change to 120 days from the operative date. The Exchange will announce the date of implementation by issuing an Options Trader Alert.

By way of background, the Kill Switch will allow NOM Participants to remove quotes and cancel open orders and prevent new order submission. The NASDAQ Options Kill Switch will be an optional tool that enables Participants to initiate a message(s)⁴ to the System to: (i) promptly remove quotes; and/or (ii) promptly cancel

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⁴ NOM Participants will be able to utilize an interface to send a message to the
orders. Participants may submit a request to the System to remove/cancel quotes and/or orders based on certain identifiers on either a user or group level. Participants may elect to remove quotes and cancel orders by Exchange account, port, and/or badge or mnemonic (“Identifier”) or by a group (one or more Identifier combinations), which are provided by such Participant to the Exchange. Participants may not remove quotes/orders by symbol. The System will send an automated message to the Participant when a Kill Switch request has been processed by the Exchange’s System.

If the Participant selects quotes to be cancelled utilizing the Kill Switch, the NOM Participant must send a message to the Exchange to request the removal of all quotes requested for the certain specified Identifier(s). The NOM Participant will be unable to enter any additional quotes for the affected Identifier(s) until re-entry has been enabled pursuant to proposed section (d)(iii). If the Participant selects orders to be cancelled utilizing the Kill Switch, the NOM Participant must send a message to the Exchange to request the cancellation of all orders requested for the certain specified Identifier(s). The NOM Participant will be unable to enter additional orders for the affected Identifier(s) until re-entry has been enabled pursuant to section (d)(iii). The NOM Participant will be unable to enter additional quotes and/or orders for the affected Identifier(s) until the Exchange to initiate the Kill Switch or they may contact the Exchange directly.

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5 The type of group permissible would be within a broker-dealer. For example, this could be including but not limited to all market maker accounts or all order entry ports.

6 Orders submitted by NOM Market Makers over Ouch to Trade Options (OTTO) interface will be treated as quotes for purposes of this rule.

7 Sweeps will also be cancelled. A sweep is a one-sided electronic quote submitted over the Specialized Quote Feed, which is the market making quoting interface.
NOM Participant has made a request to the Exchange and Exchange staff has set a re-entry indicator to enable re-entry. Once enabled for re-entry, the System will send a Re-entry Notification Message to the NOM Participant. The applicable Clearing Participant for that NOM Participant also will be notified of the re-entry into the System after quotes and/or orders are removed/cancelled as a result of the Kill Switch, provided the Clearing Participant has requested to receive such notification.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act 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, by enhancing the risk protections available to Exchange members. The proposal promotes policy goals of the Commission which has encouraged execution venues, exchange and non-exchange alike, to enhance risk protection tools and other mechanisms to decrease risk and increase stability.

The delay of the implementation of NOM Rules at Chapter VI, Section 6 will permit the Exchange an additional thirty days within which to implement this risk protection that will be utilized by NOM Participants.

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8 The NOM Participant must directly and verbally contact the Exchange to request the re-set.


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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal does not impose an undue burden on inter-market competition because all NOM Participants may avail themselves of the Kill Switch, which functionality will be optional. The proposed rule change is meant to protect NOM Participants in the event the NOM Participant is suffering from a systems issue or from the occurrence of unusual or unexpected market activity that would require them to withdraw from the market in order to protect investors. The ability to control risk at either the user or group level will permit the NOM Participant to protect itself from inadvertent exposure to excessive risk at the each level. Reducing such risk will enable NOM Participants to enter quotes and orders without any fear of inadvertent exposure to excessive risk, which in turn will benefit investors through increased liquidity for the execution of their orders. Such increased liquidity benefits investors because they receive better prices and because it lowers volatility in the options market. For these reasons, the Exchange does not believe this proposal imposes an undue burden on inter-market competition, rather, the proposed rule change will have no impact on competition.

The delay of the implementation of NOM Rules at Chapter VII, Section 6(f) will permit the Exchange additional time to implement this risk protection that will be utilized by NOM 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\(^\text{11}\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^\text{12}\)

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 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:

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\(^{12}\) 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.
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-2015-163 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-2015-163. 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, 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-2015-163 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.13

Robert W. Errett
Deputy Secretary

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