**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  

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**Description**

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

Proposal to amend Rule 4702 (Order Types) to modify the behavior of Post Only Orders in certain situations.

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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** *Andrew*  
**Last Name** *Madar*  
**Title** Senior Associate General Counsel  
**E-mail** Andrew.Madar@nasdaq.com  
**Telephone** *(301) 978-8420*  
**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.

**(Title *)**  
**Date** 04/26/2017  
**By** Edward S. Knight  
**E-mail** edward.knight@nasdaq.com
| **Form 19b-4 Information** | The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act. |
| Add | Remove | View |
| **Exhibit 1 - Notice of Proposed Rule Change** | The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. 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). |
| Add | Remove | View |
| **Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies** | The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3). |
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| **Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications** | Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. |
| Add | Remove | View |
| **Exhibit 3 - Form, Report, or Questionnaire** | Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. |
| Add | Remove | View |
| **Exhibit 4 - Marked Copies** | The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working. |
| Add | Remove | View |
| **Exhibit 5 - Proposed Rule Text** | The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change. |
| Add | Remove | View |
| **Partial Amendment** | If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions. |
| Add | Remove | View |
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 (“SEC” or “Commission”) a proposal to amend Rule 4702 (Order Types) to modify the behavior of Post-Only Orders in certain situations.

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

   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 senior management of the Exchange pursuant to authority delegated by the Board of Directors of The NASDAQ Stock Market (the “Board”) on August 15, 2016. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

   Questions and comments on the proposed rule change may be directed to:

   Andrew Madar  
   Senior Associate General Counsel  
   Nasdaq, Inc.  
   301-978-8420

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

   a. **Purpose**

   The purpose of this proposal is to amend Rule 4702 (Order Types) to modify the behavior of Post-Only Orders in certain situations.

   As stated in Rule 4702(b)(4)(A), a Post-Only order is designed to have its price adjusted as needed to post to the Nasdaq Book in compliance with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours, or to execute against locking or crossing quotations in circumstances where economically beneficial to the Participant entering the Post-Only Order.

   The purpose of this proposal is to provide members with the option of cancelling their order if the price of the Post Only Order would otherwise have its price adjusted. This functionality will apply when (1) an incoming Post-Only Order locks or crosses a Protected Quotation; (2) an adjusted Post-Only Order locks or crosses a displayed Order at its displayed price on the Nasdaq Book; or (3) a Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book. This functionality will be offered as a port setting and may be applied to all orders entered under the same MPID for Orders entered through RASH, QIX and FIX, or, in the case of market participants using the OUCH or FLITE order entry protocol, may be applied to all Orders entered through a specific order entry port and under the same MPID.

   The first change relates to incoming Post-Only Orders that lock or cross a Protected Quotation. Currently, Rule 4702(b)(4)(A) states that, if a Post-Only Order
would lock or cross a Protected Quotation, the price of the Order will first be adjusted. If the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). \(^3\) If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.

Nasdaq proposes to amend the behavior for both incoming Non-Attributable and Attributable Post-Only Orders that lock or cross a Protected Quotation on an away market center. In both cases, the Post-Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice. However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. As with the current rule text, the price of the Order will first be adjusted if the Participant elects to have the Post-Only Order adjusted. Similarly, if the Order is Attributable, its adjusted price will be one minimum price increment lower than the

\(^3\) As set forth in Rule 4703(i), an Order with Attribution is referred to as an “Attributable Order” and an Order without attribution is referred to as a “Non-Attributable Order.” Rule 4703(i) defines Attribution as an Order Attribute that permits a Participant to designate that the price and size of the Order will be displayed next to the Participant's MPID in market data disseminated by Nasdaq.
current Best Offer (for bids) or higher than the current Best Bid (for offers). If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.

In addition to offering the new cancel functionality where an incoming Post-Only Order locks or crosses a Protected Quotation on an away market center, Nasdaq is proposing to amend Rule 4702(b)(4)(A) to state when that Order would execute, as described above. Nasdaq is making this change because it believes that the instances pursuant to which a locking or crossing Post-Only order will execute in other scenarios (such as a Post-Only Order that locks or crosses a displayed Order at its displayed price on the Nasdaq Book) also apply here, e.g., the execution of the Post-Only Order would be economically beneficial to the participant that entered the Order while contributing to the price discovery process.4

The second change relates to the adjusted price of the Post-Only Order if that price would lock or cross a displayed Order at its displayed price on the Nasdaq Book. Currently, Rule 4702(b)(4)(A) states that, if the adjusted price of the Post-Only Order would lock or cross a displayed Order at its displayed price on the Nasdaq Book, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers). However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement

4 With this change, Nasdaq is not adding a new functionality to Post-Only Orders where the incoming Post-Only Order locks or crosses a Protected Quotation on an away market center, but is rather clarifying the instances in which the Post-Only Order in this scenario will execute.
associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share.

Nasdaq proposes to amend this provision to allow the Post-Only Order to either be adjusted or be cancelled back to the Participant in this scenario, depending on the Participant’s choice. As with the current language of this section, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post-Only Order adjusted, the Order will continue to be treated as specified today in the Rule, so that the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers).
The third change relates to a Post-Only Order that would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book. Currently, Rule 4702(b)(4)(A) states that such an Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers). However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds $0.01 per share.

Nasdaq proposes to amend this provision so that the Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice. However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the Post Only Order will be repriced, ranked, and displayed at one minimum
price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers).

Finally, Nasdaq is proposing to make a corresponding change to the provision in Rule 4702(b)(4)(A) relating to the treatment of Post-Only Orders during the Pre-Market and Post-Market Hours. Currently, that provision states that, during Pre-Market and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Market Hours with respect to locking or crossing Orders on the Nasdaq Book, but will not have its price adjusted with respect to locking or crossing the quotations of other market centers. Nasdaq is proposing to amend this language to provide that a Post-Only Order that locks or crosses the quotation of another market center during the Pre-Market and Post-Market Hours will not be cancelled or have its price adjusted. The purpose of the proposed functionality is to allow a member to cancel its Post-Only Order in various circumstances rather than have that Order adjusted. To the extent that a Post-Only Order will not have its price adjusted if it locks or crosses the quotation of another market center during the Pre-Market or Post-Market Hours, there is not a need to offer the corresponding cancel functionality.

With these changes, the Exchange is providing members with an added functionality by allowing a member to cancel a Post-Only Order when (1) an incoming Post-Only Order locks or crosses a Protected Quotation; (2) an adjusted Post-Only Order locks or crosses a displayed Order at its displayed price on the Nasdaq Book; and (3) a Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book, while still setting forth
instances in which the Order will execute. Nasdaq notes that the proposed change only relates to situations where a Post-Only Order would lock or cross displayed interest.

The proposed functionality is consistent with functionalities that are currently offered by other exchanges. For example, Bats BZX Exchange, Inc. (“BZX”) also offers a Post Only order type, and allows users to select a functionality that will cancel a Post Only Order if, upon entry, such order would create a violation of Rule 610(d) of Regulation NMS by crossing a Protected Quotation of an external market, rather than adjusting the price of that order. BZX also provides that any display-eligible Post-Only or Partial Post-Only Order that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed pursuant to Rule 11.9(c)(6) or Rule 11.9(c)(7), as applicable, or cancelled.

Similarly, Bats EDGX Exchange, Inc. (“EDGX”) provides that, if a Limit Order would lock or cross a protected quotation if displayed at its limit price at the time of entry into the EDGX system, the user may elect to have the order immediately cancel back.

Nasdaq believes that this proposal will benefit liquidity providers and the market in general by, among other things, providing members with greater flexibility when managing their order flow, and thereby promoting the more efficient execution of orders.

5 See BZX Rule 11.9(c)(6). That rule defines a Post Only Order as an order that is to be ranked and executed on BZX pursuant to Rule 11.12 and Rule 11.13(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the BZX Book, other than as described elsewhere in Rule 11.9.


Market makers and liquidity providers are essential to displayed price formation on exchanges. The proposal seeks to provide market participants, including market makers and liquidity providers, additional flexibility with which to handle their orders. In some circumstances, a market maker may have its order prices adjusted due to locking or crossing an away market price (i.e., the displayed NBBO without Nasdaq) or it may have its order price adjusted due to locking or crossing a displayed order on the Nasdaq order book. In many cases, these liquidity providers do not want to have their price adjusted and would rather have their order cancelled so that they can reevaluate the market conditions at the time. Today, the market maker may therefore cancel its bid or offer once it has determined that the Exchange has repriced the order. Going forward, in support of efficient markets that drive price formation and price discovery via continuous trading, the Exchange believes that providing the flexibility when an incoming order would lock or cross an away displayed price or a displayed order on the Nasdaq book will increase efficiency and reduce message traffic both internal to the Exchange and for external data feed consumers.

The Exchange intends to implement this functionality on or before June 30, 2017. The Exchange will announce the new implementation date by an Equity Trader Alert, which shall be issued prior to the implementation date.

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 it is designed to promote just and equitable principles of trade, to remove

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impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange is proposing to add a new functionality (cancelling a Post-Only Order instead of adjusting its price) that is not currently available on the Exchange, and that is consistent with functionalities that are currently offered by other exchanges. The Exchange believes that this new functionality is consistent with the Act because, as discussed above, it will provide members with greater flexibility when managing their order flow, which will promote the more efficient execution of orders. The proposal is also consistent with the stated intent of the Post-Only Order, which is to avoid the display of quotations that would lock or cross a Protected Quotation. Finally, Nasdaq believes that amending Rule 4702(b)(4)(A) to specify when an incoming Post-Only Order that locks or crosses a Protected Quotation on an away market center would execute is consistent with the Act because, as with other the instances pursuant to which a locking or crossing Post-Only order will execute, the execution of the Post-Only Order would be economically beneficial to the participant that entered the Order while contributing to the price discovery process.

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 Post-Only Order is an optional order type that is available for entry through multiple Nasdaq order entry protocols. No member is required to use any specific Order type or attribute or even to use any Exchange Order type or attribute or any Exchange functionality at all. If an Exchange member believes for any reason that the proposed rule change will be detrimental, that perceived detriment can be avoided by choosing not
to enter or interact with the Order types modified by this proposed rule change. The proposed changes will provide members with a functionality that is not currently available on the Exchange, and that is consistent with functionalities that are currently offered by other exchanges. The proposed changes will apply equally to all Orders that meet the proposed criteria. This functionality will facilitate the more efficient execution of order flow, which could increase the Exchange’s market quality and thereby promote competition by attracting additional liquidity to the Exchange.

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)(iii)\(^{11}\) of the Act and Rule 19b-4(f)(6) thereunder\(^{12}\) 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.

   Nasdaq believes that this proposal does not significantly affect the protection of investors or the public interest, and does not impose any significant burden on

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competition. The changes are being made to an optional Order type, and are consistent with functionalities currently offered by other exchanges. The proposed changes will provide members with a functionality that is not currently available on the Exchange, thereby facilitating the more efficient execution of order flow. The Exchange does not believe, however, that the proposed change is of sufficient magnitude that it will significantly affect the protection of investors or the public interest or impose any significant burden on competition.

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. As stated above, the Exchange believes that the proposed functionality will benefit members and other market participants by promoting the more efficient execution of order flow. The Exchange requests that the Commission
waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the proposed change and its attendant benefits to market quality will be operative immediately.

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

As noted above, BZX Rule 11.9(g)(1)(A) allows users to select a functionality that will cancel a Post Only Order if, upon entry, such order would create a violation of Rule 610(d) of Regulation NMS by crossing a Protected Quotation of an external market, rather than adjusting the price of that order. BZX Rule 11.9(g)(1)(D) provides that any display-eligible Post-Only or Partial Post-Only Order that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed pursuant to Rule 11.9(c)(6) or Rule 11.9(c)(7), as applicable, or cancelled. EDGX Rule 11.8(b)(10) provides that, if a Limit Order would lock or cross a protected quotation if displayed at its limit price at the time of entry into the EDGX system, the user may elect to have the order immediately cancel back.

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**


5. Text of the proposed rule change.
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 26, 2017, 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 amend Rule 4702 (Order Types) to modify the behavior of Post-Only Orders in certain situations.

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

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 this proposal is to amend Rule 4702 (Order Types) to modify the
behavior of Post-Only Orders in certain situations.

As stated in Rule 4702(b)(4)(A), a Post-Only order is designed to have its price
adjusted as needed to post to the Nasdaq Book in compliance with Rule 610(d) under
Regulation NMS by avoiding the display of quotations that lock or cross any Protected
Quotation in a System Security during Market Hours, or to execute against locking or
crossing quotations in circumstances where economically beneficial to the Participant
entering the Post-Only Order.

The purpose of this proposal is to provide members with the option of cancelling
their order if the price of the Post Only Order would otherwise have its price adjusted.
This functionality will apply when (1) an incoming Post-Only Order locks or crosses a
Protected Quotation; (2) an adjusted Post-Only Order locks or crosses a displayed Order
at its displayed price on the Nasdaq Book; or (3) a Post-Only Order would not lock or
cross a Protected Quotation but would lock or cross a displayed Order at its displayed
price on the Nasdaq Book. This functionality will be offered as a port setting and may be
applied to all orders entered under the same MPID for Orders entered through RASH,
QIX and FIX, or, in the case of market participants using the OUCH or FLITE order
entry protocol, may be applied to all Orders entered through a specific order entry port and under the same MPID.

The first change relates to incoming Post-Only Orders that lock or cross a Protected Quotation. Currently, Rule 4702(b)(4)(A) states that, if a Post-Only Order would lock or cross a Protected Quotation, the price of the Order will first be adjusted. If the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers).\(^3\) If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.

Nasdaq proposes to amend the behavior for both incoming Non-Attributable and Attributable Post-Only Orders that lock or cross a Protected Quotation on an away market center. In both cases, the Post-Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice. However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book.

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\(^3\) As set forth in Rule 4703(i), an Order with Attribution is referred to as an “Attributable Order” and an Order without attribution is referred to as a “Non-Attributable Order.” Rule 4703(i) defines Attribution as an Order Attribute that permits a Participant to designate that the price and size of the Order will be displayed next to the Participant's MPID in market data disseminated by Nasdaq.
Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. As with the current rule text, the price of the Order will first be adjusted if the Participant elects to have the Post-Only Order adjusted. Similarly, if the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.

In addition to offering the new cancel functionality where an incoming Post-Only Order locks or crosses a Protected Quotation on an away market center, Nasdaq is proposing to amend Rule 4702(b)(4)(A) to state when that Order would execute, as described above. Nasdaq is making this change because it believes that the instances pursuant to which a locking or crossing Post-Only order will execute in other scenarios (such as a Post-Only Order that locks or crosses a displayed Order at its displayed price on the Nasdaq Book) also apply here, e.g., the execution of the Post-Only Order would be economically beneficial to the participant that entered the Order while contributing to the price discovery process.4

The second change relates to the adjusted price of the Post-Only Order if that price would lock or cross a displayed Order at its displayed price on the Nasdaq Book. Currently, Rule 4702(b)(4)(A) states that, if the adjusted price of the Post-Only Order would lock or cross a displayed Order at its displayed price on the Nasdaq Book, the Post

4 With this change, Nasdaq is not adding a new functionality to Post-Only Orders where the incoming Post-Only Order locks or crosses a Protected Quotation on an away market center, but is rather clarifying the instances in which the Post-Only Order in this scenario will execute.
Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers). However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share.

Nasdaq proposes to amend this provision to allow the Post-Only Order to either be adjusted or be cancelled back to the Participant in this scenario, depending on the Participant’s choice. As with the current language of this section, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post-Only Order adjusted, the Order will continue to be treated as specified today in the Rule, so that the Post Only Order will be
repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers).

The third change relates to a Post-Only Order that would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book. Currently, Rule 4702(b)(4)(A) states that such an Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers). However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds $0.01 per share.

Nasdaq proposes to amend this provision so that the Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice. However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an
Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers).

Finally, Nasdaq is proposing to make a corresponding change to the provision in Rule 4702(b)(4)(A) relating to the treatment of Post-Only Orders during the Pre-Market and Post-Market Hours. Currently, that provision states that, during Pre-Market and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Market Hours with respect to locking or crossing Orders on the Nasdaq Book, but will not have its price adjusted with respect to locking or crossing the quotations of other market centers. Nasdaq is proposing to amend this language to provide that a Post-Only Order that locks or crosses the quotation of another market center during the Pre-Market and Post-Market Hours will not be cancelled or have its price adjusted. The purpose of the proposed functionality is to allow a member to cancel its Post-Only Order in various circumstances rather than have that Order adjusted. To the extent that a Post-Only Order will not have its price adjusted if it locks or crosses the quotation of another market center during the Pre-Market or Post-Market Hours, there is not a need to offer the corresponding cancel functionality.

With these changes, the Exchange is providing members with an added functionality by allowing a member to cancel a Post-Only Order when (1) an incoming Post-Only Order locks or crosses a Protected Quotation; (2) an adjusted Post-Only Order locks or crosses a displayed Order at its displayed price on the Nasdaq Book; and (3) a
Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book, while still setting forth instances in which the Order will execute. Nasdaq notes that the proposed change only relates to situations where a Post-Only Order would lock or cross displayed interest.

The proposed functionality is consistent with functionalities that are currently offered by other exchanges. For example, Bats BZX Exchange, Inc. (“BZX”) also offers a Post Only order type, and allows users to select a functionality that will cancel a Post Only Order if, upon entry, such order would create a violation of Rule 610(d) of Regulation NMS by crossing a Protected Quotation of an external market, rather than adjusting the price of that order. BZX also provides that any display-eligible Post-Only or Partial Post-Only Order that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed pursuant to Rule 11.9(c)(6) or Rule 11.9(c)(7), as applicable, or cancelled.

Similarly, Bats EDGX Exchange, Inc. (“EDGX”) provides that, if a Limit Order would lock or cross a protected quotation if displayed at its limit price at the time of entry into the EDGX system, the user may elect to have the order immediately cancel back.

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5 See BZX Rule 11.9(c)(6). That rule defines a Post Only Order as an order that is to be ranked and executed on BZX pursuant to Rule 11.12 and Rule 11.13(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the BZX Book, other than as described elsewhere in Rule 11.9.
Nasdaq believes that this proposal will benefit liquidity providers and the market in general by, among other things, providing members with greater flexibility when managing their order flow, and thereby promoting the more efficient execution of orders. Market makers and liquidity providers are essential to displayed price formation on exchanges. The proposal seeks to provide market participants, including market makers and liquidity providers, additional flexibility with which to handle their orders. In some circumstances, a market maker may have its order prices adjusted due to locking or crossing an away market price (i.e., the displayed NBBO without Nasdaq) or it may have its order price adjusted due to locking or crossing a displayed order on the Nasdaq order book. In many cases, these liquidity providers do not want to have their price adjusted and would rather have their order cancelled so that they can reevaluate the market conditions at the time. Today, the market maker may therefore cancel its bid or offer once it has determined that the Exchange has repriced the order. Going forward, in support of efficient markets that drive price formation and price discovery via continuous trading, the Exchange believes that providing the flexibility when an incoming order would lock or cross an away displayed price or a displayed order on the Nasdaq book will increase efficiency and reduce message traffic both internal to the Exchange and for external data feed consumers.

The Exchange intends to implement this functionality on or before June 30, 2017. The Exchange will announce the new implementation date by an Equity Trader Alert, which shall be issued prior to the implementation date.
2. **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 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. The Exchange is proposing to add a new functionality (cancelling a Post-Only Order instead of adjusting its price) that is not currently available on the Exchange, and that is consistent with functionalities that are currently offered by other exchanges. The Exchange believes that this new functionality is consistent with the Act because, as discussed above, it will provide members with greater flexibility when managing their order flow, which will promote the more efficient execution of orders. The proposal is also consistent with the stated intent of the Post-Only Order, which is to avoid the display of quotations that would lock or cross a Protected Quotation. Finally, Nasdaq believes that amending Rule 4702(b)(4)(A) to specify when an incoming Post-Only Order that locks or crosses a Protected Quotation on an away market center would execute is consistent with the Act because, as with other the instances pursuant to which a locking or crossing Post-Only order will execute, the execution of the Post-Only Order would be economically beneficial to the participant that entered the Order while contributing to the price discovery process.

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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 Post-Only Order is an optional order type that is available for entry through multiple Nasdaq order entry protocols. No member is required to use any specific Order type or attribute or even to use any Exchange Order type or attribute or any Exchange functionality at all. If an Exchange member believes for any reason that the proposed rule change will be detrimental, that perceived detriment can be avoided by choosing not to enter or interact with the Order types modified by this proposed rule change. The proposed changes will provide members with a functionality that is not currently available on the Exchange, and that is consistent with functionalities that are currently offered by other exchanges. The proposed changes will apply equally to all Orders that meet the proposed criteria. This functionality will facilitate the more efficient execution of order flow, which could increase the Exchange’s market quality and thereby promote competition by attracting additional liquidity to the Exchange.

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\textsuperscript{11} and subparagraph (f)(6) of Rule 19b-4 thereunder.\textsuperscript{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:

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-2017-043 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.


\textsuperscript{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.
All submissions should refer to File Number SR-NASDAQ-2017-043. 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-2017-043 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

4702. Order Types.

(a) No Change.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) – (3) No Change.

(4) (A) A “Post-Only Order” is an Order Type designed to have its price adjusted as needed to post to the Nasdaq Book in compliance with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours, or to execute against locking or crossing quotations in circumstances where economically beneficial to the Participant entering the Post-Only Order.

During Market Hours, a Post-Only Order is evaluated at the time of entry with respect to locking or crossing other Orders on the Nasdaq Book, Protected Quotations, and potential execution as follows:

• If a Post-Only Order would lock or cross a Protected Quotation, the Post Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the price of the Order will first be adjusted. If the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.
— If the adjusted price of the Post-Only Order would not lock or cross an Order on the Nasdaq Book, the Order will be posted in the same manner as a Price to Comply Order (if it is not Attributable) or a Price to Display Order (if it is Attributable). Specifically, if the Post-Only Order is not Attributable, it will be displayed on the Nasdaq Book at a price one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers) but will be ranked on the Nasdaq Book with a non-displayed price equal to the current Best Offer (for bids) or to the current Best Bid (for offers). For example, if a Post-Only Order to buy at $11 would lock a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Post-Only Order is Attributable, it will be ranked and displayed on the Nasdaq Book at a price one minimum increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers).

— If the adjusted price of the Post-Only Order would lock or cross a displayed Order at its displayed price on the Nasdaq Book, the Post Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers); provided, however, the Post-Only Order will execute if it meets the criteria above [(i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share]. For example, if a Participant entered a Non-Attributable Post-Only Order to buy at $11.01, another market center is displaying a Protected Offer at $11, and there is an Order on the Nasdaq Book to sell at $11, the adjusted price of the Post-Only Order will be $11. However, because the Post-Only Order would be executable against the Order on the Nasdaq Book and would receive $0.01 price
improvement (as measured against the original $11.01 price of the Post-Only Order), the Post-Only Order would execute.

— If the adjusted price of the Post-Only Order would lock or cross a non-displayed price on the Nasdaq Book, the Post-Only Order will be posted in the same manner as a Price to Comply Order; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. For example, if a Participant entered a Non-Attributable Post-Only Order to buy at $11.01, another market center is displaying a Protected Offer at $11, and there is a Non-Displayed Order on the Nasdaq Book to sell at $11, the adjusted price of the Post-Only Order will be $11. However, because the Post-Only Order would be executable against the Non-Displayed Order on the Nasdaq Book and would receive $0.01 price improvement (as measured against the original $11.01 price of the Post-Only Order), the Post-Only Order would execute.

• If the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book, the Post Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant’s choice; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers); provided, however, the Post-Only Order will execute if it meets the criteria above[(i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds $0.01 per share].
Participant entered a Post-Only Order to buy at $11.02, the Best Offer on an away exchange was $11.04, and there was a Displayed Order on the Nasdaq Book to sell at $11.02, the Post-Only Order would be ranked and displayed at $11.01. However, if a Participant entered a Post-Only Order to buy at $11.03, the Order would execute against the Order on the Nasdaq Book at $11.02, receiving $0.01 per share price improvement.

- If the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a non-displayed Order on the Nasdaq Book, the Post-Only Order will be posted, ranked, and displayed at its limit price; provided, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds $0.01 per share. For example, if a Participant entered a Post-Only Order to buy at $11.02, the Best Offer was $11.04, and there was a Non-Displayed Order on the Nasdaq Book to sell at $11.02, the Post-Only Order would be ranked and displayed at $11.02. However, if a Participant entered a Post-Only Order to buy at $11.03, the Order would execute against the Order on the Nasdaq Book at $11.02, receiving $0.01 per share price improvement.

- If a Post-Only Order is entered with a Time-in-Force of IOC, the Order will be evaluated for possible execution in the same manner as any other Post-Only Order but will be cancelled rather than posted if the Order cannot execute.

- If a Post-Only Order would not lock or cross an Order on the Nasdaq Book or any Protected Quotation, it will be posted on the Nasdaq Book at its entered limit price.

During Pre-Market and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Market Hours with respect to locking or crossing Orders on the Nasdaq Book, but will not be cancelled or have its price adjusted with respect to locking or crossing the quotations of other market centers.

(B) – (C) No Change.

(5) – (13) No Change.