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

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

Executive Vice President and General Counsel

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.
The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

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

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.
**Partial Amendment No. 3 to SR-NASDAQ-2017-074**

On July 21, 2017, The Nasdaq Stock Market LLC (“Exchange”) filed with the Securities and Exchange Commission a proposed rule change (the “proposal”) to adopt the Midpoint Extended Life Order as a new Order Type available to all members, and by extension their customers, which will reward market participants that commit to a minimum half-second period, during which their order remains unchanged.\(^1\) On August 9, 2017, the Exchange filed Amendment No. 1 to update Item 2, “Procedures of the Self-Regulatory Organization,” in Form 19b-4 of the proposal to reflect the approval of the proposal by the Exchange Board of Directors on July 21, 2017.\(^2\) On October 30, 2017, the Exchange filed Amendment No. 2, which made additional changes to the proposal, including stating that Midpoint Extended Life Orders would not execute if there is a resting non-displayed order priced more aggressively than the NBBO midpoint; instead, Midpoint Extended Life Orders would be held until the resting non-displayed order is no longer on the Nasdaq book or the NBBO midpoint matches the price of the resting non-displayed order.\(^3\) The Exchange is filing this Partial Amendment No. 3 to include a discussion of the type of data the Exchange will provide publicly concerning the nature of the executions of Midpoint Extended Life Orders on the Exchange. Specifically, the Exchange is proposing to publish on Nasdaqtrader.com the weekly aggregated number of shares and transactions of Midpoint Extended Life Orders executed on Nasdaq by security, which would be published with a delay of two weeks for NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility, and four weeks for all other NMS stocks. The Exchange is also proposing to publish on NasdaqTrader.com monthly aggregated block-sized trading statistics of total shares and total transactions of Midpoint Extended Life Orders executed on Nasdaq, published no earlier than one month following the end of the month for which trading was aggregated.

The Exchange believes that it is important to provide summary data with respect to the level of activity of Midpoint Extended Life Orders that is in-line with other industry standards for non-displayed liquidity. The Exchange also seeks to avoid the potential harm that may be caused by providing such information on a non-aggregated or near real-time basis. The Exchange believes that providing the data delayed by two or four weeks and aggregated by security balances market participants’ need to understand the level of Midpoint Extended Life Order activity on the Exchange versus the potential harm if it were provided sooner, which would ultimately undermine the usefulness of the Order Type. Thus, the Exchange believes that providing the data, as proposed, is consistent with the protection of investors and is not unfairly discriminatory. The

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Exchange believes that, for the reasons stated above and in the proposal, as amended, the proposal continues to be consistent with the Act.

19b-4 and Exhibit 1 Changes

The Exchange is proposing to make the following changes to the proposal, as amended by Amendment Nos. 1 and 2, to implement the changes described above:

1. On page 16 of 64 of the Form 19b-4 and page 44 of 64 of the Exhibit 1, insert the following as an independent paragraph after the paragraph ending “…with little impact to the operation of the markets”:

   The Exchange is committed to providing the appropriate level of transparency to the trading community, while avoiding potential information leakage that may harm market participants. The Exchange believes that it is important to provide summary data with respect to the level of activity of Midpoint Extended Life Orders that is in-line with other industry standards for non-displayed liquidity. The Exchange also seeks to avoid the potential harm that may be caused by providing such information on a non-aggregated or near real-time basis. The Exchange believes that market participants using Midpoint Extended Life Orders need to be protected from market participants that may take advantage of such knowledge and undermine the usefulness of the Order Type. The Exchange is proposing to provide delayed weekly volume statistics, aggregated by security. The data will show the number of shares and transactions of Midpoint Extended Life Orders executed on Nasdaq. The frequency and aggregation of this data will be in-line with other industry standards for non-displayed orders. The weekly aggregated data would be published for public use on the Exchange’s NasdaqTrader.com website with a delay of two weeks for NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility, and four weeks for all other NMS stocks. The Exchange is also proposing to provide monthly aggregated block-sized trading statistics of total shares and total transactions of Midpoint Extended Life Orders executed on Nasdaq, published on the Exchange’s NasdaqTrader.com website no earlier than one month following the end of the month for which trading was aggregated. A block-sized transaction will not be narrowly defined, but it will rather be considered such based on multiple thresholds. Specifically, a trade would be considered “block-sized” if it meets any of the following categories of criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000 or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to $199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value. For each of these categories, the Exchange will publish monthly transaction count and share executed volume information. The Exchange believes that the proposed data will balance market participants’ need to evaluate the volume of Midpoint
Extended Life Order interaction on the Exchange versus the potential harm that may be caused by releasing the information earlier.

2. Insert the text below as a new footnote 35, renumbering all footnotes thereafter, to the new text described in Item 1 above at the end of the following sentence “The frequency and aggregation of this data will be in-line with other industry standards for non-displayed orders.”

For example, NYSE provides weekly reports of average daily midpoint volume. See https://www.nyse.com/markets/liquidity-programs.

3. On page 25 of 42 of the Form 19b-4 and page 54 of 64 of the Exhibit 1, in the paragraph beginning with “As noted above,” after the sentence “For example, members that enter a significant number of midpoint-removing Orders to Nasdaq may consider splitting those Orders into a combination of Midpoint Extended Life Orders and regular midpoint Orders.” insert the following text:

To help market participants make such decisions, it is proposing to provide delayed weekly aggregated volume statistics, which will show the number of shares and trades of Midpoint Extended Life Orders executed on Nasdaq. The Exchange is also providing delayed monthly aggregated block trading volume statistics of Midpoint Extended Life Orders executed on Nasdaq. As noted above, the Exchange believes that providing the data delayed and aggregated balances market participants’ need to understand the level of Midpoint Extended Life Order activity on the Exchange versus the potential harm if it were provided sooner, which would ultimately undermine the usefulness of the Order Type.

Exhibit 5 Changes

4. The Exchange proposes to add the following language on page 64 of 64 to proposed new Rule 4702(b)(14)(A) as an independent paragraph immediately prior to proposed new Rule 4702(b)(14)(B):

Nasdaq will publish on Nasdaqtrader.com weekly aggregated number of shares and transactions of Midpoint Extended Life Orders executed on Nasdaq by security. The weekly aggregated data would be published with a delay of two weeks for NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility, and four weeks for all other NMS stocks. Nasdaq will also publish on Nasdaqtrader.com monthly aggregated block-sized trading statistics of total shares and total transactions of Midpoint Extended Life Orders executed on Nasdaq. A transaction would be considered “block-sized” if it meets any of the following categories of criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000 or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to $199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value. For each of these
categories, Nasdaq will publish monthly transaction count and share executed volume information. The data will be published no earlier than one month following the end of the month for which trading was aggregated.
Exhibit 4 shows the changes proposed in this Amendment No. 3 with the proposed changes in the original filing, as amended by Amendment No. 2, shown as if adopted. Proposed additions in this Amendment No. 3 appear underlined.

**The Nasdaq Stock Market Rules**

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**4702. Order Types.**

(a) No change.

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

(1) – (13) No change.

(14)(A) A “Midpoint Extended Life Order” is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until a minimum period of one half of a second (“Holding Period”) has passed after acceptance of the Order by the System. Eligible Midpoint Extended Life Orders may only execute against other eligible Midpoint Extended Life Orders. Buy (sell) Midpoint Extended Life Orders will be ranked in time order at the midpoint among other Buy (Sell) Midpoint Extended Life Orders. A Midpoint Extended Life Order may be cancelled at any time. If a Midpoint Extended Life Order is modified by a member (other than to decrease the size of the Order or to modify the marking of a sell Order as long, short, or short exempt) during the Holding Period, the System will restart the Holding Period. If a Midpoint Extended Life Order is modified by a member (other than to decrease the size of the Order or to modify the marking of a sell Order as long, short, or short exempt) after it is eligible to execute, the Order will have to satisfy a new Holding Period to become eligible to execute.

If a limit price is assigned to a Midpoint Extended Life Order, the Order will be: (1) eligible for execution in time priority if upon acceptance of the Order by the System, the midpoint price is within the limit set by the participant; or (2) held until the midpoint falls within the limit set by the participant at which time the Holding Period will commence and thereafter the System will make the Order eligible for execution in time priority. For example, if the Best Bid was $11 and the Best Offer was $11.06, the price of the Midpoint Extended Life Order would be $11.03. If a participant enters a Midpoint Extended Life Order to buy with a limit of $11.02, the Holding Period would not begin until the midpoint price reached $11.02. If a Midpoint Extended Life Order has met the Holding Period requirement but the midpoint is no longer within its limit, it will nonetheless be ranked in time priority among other Midpoint Extended Life Orders if the NBBO later moves such that it is within the Order’s limit price. Midpoint Extended Life Orders will not execute if there is a resting non-displayed Order priced more aggressively...
than the midpoint between the NBBO, and will be held for execution until the resting non-displayed Order is no longer on the Nasdaq Book or the midpoint of the NBBO matches the price of the resting non-displayed Order.

Midpoint Extended Life Orders in existence at the time a halt is initiated will be ineligible to execute and held by the System until trading has resumed and the NBBO has been received by Nasdaq.

Nasdaq will publish on Nasdaqtrader.com weekly aggregated number of shares and transactions of Midpoint Extended Life Orders executed on Nasdaq by security. The weekly aggregated data would be published with a delay of two weeks for NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility, and four weeks for all other NMS stocks. Nasdaq will also publish on Nasdaqtrader.com monthly aggregated block-sized trading statistics of total shares and total transactions of Midpoint Extended Life Orders executed on Nasdaq. A transaction would be considered “block-sized” if it meets any of the following categories of criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000 or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to $199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value. For each of these categories, Nasdaq will publish monthly transaction count and share executed volume information. The data will be published no earlier than one month following the end of the month for which trading was aggregated.

(B) The following Order Attributes may be assigned to a Midpoint Extended Life Order:

• Minimum Quantity.

• Size. A Midpoint Extended Life Order must be entered with a size of at least one round lot. Any shares of a Midpoint Extended Life Order remaining after an execution that are less than a round lot will be cancelled by the System.

• A Time-in-Force other than IOC; provided that regardless of the Time-in-Force entered, a Midpoint Extended Life Order may not be active outside of Market Hours. A Midpoint Extended Life Order entered during Pre-Market Hours will be held by the System in time priority until Market Hours. Midpoint Extended Life Orders entered during Post-Market Hours will not be accepted by the System. A Midpoint Extended Life Order remaining unexecuted after 4:00 p.m. ET will be cancelled by the System.

• Non-Display. All Midpoint Extended Life Orders are Non-Displayed.

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4703. Order Attributes
As described in Rule 4702, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) – (k) No change.
(l) Participation in the Nasdaq Opening Cross or the Nasdaq Closing Cross. All Order Types except Supplemental Orders and Midpoint Extended Life Orders participate in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross if the Order has a Time-in-Force that would cause the Order to be in effect at the time of the Nasdaq Opening Cross and/or Nasdaq Closing Cross. MOO Orders, LOO Orders, and IOI Orders participate in the Nasdaq Opening Cross in the manner specified in Rule 4752. Other Order Types eligible to participate in the Nasdaq Opening Cross operate as “Market Hours Orders” or “Open Eligible Interest” as specified in Rule 4752. MOC Orders, LOC Orders and IO Orders participate in the Nasdaq Closing Cross in the manner specified in Rule 4754. Other Order Types eligible to participate in the Nasdaq Closing Cross operate as “Close Eligible Interest” in the manner specified in Rule 4754. For purposes of the Nasdaq Opening Cross or Closing Cross, an Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book shall be deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order.

(m) No change.

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EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

The Nasdaq Stock Market Rules

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4702. Order Types.

(a) No change.

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

(1) – (13) No change.

(14)(A) A “Midpoint Extended Life Order” is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until a minimum period of one half of a second (“Holding Period”) has passed after acceptance of the Order by the System. Eligible Midpoint Extended Life Orders may only execute against other eligible Midpoint Extended Life Orders. Buy (sell) Midpoint Extended Life Orders will be ranked in time order at the midpoint among other Buy (sell) Midpoint Extended Life Orders. A Midpoint Extended Life Order may be cancelled at any time. If a Midpoint Extended Life Order is modified by a member (other than to decrease the size of the Order or to modify the marking of a sell Order as long, short, or short exempt) during the Holding Period, the System will restart the Holding Period. If a Midpoint Extended Life Order is modified by a member (other than to decrease the size of the Order or to modify the marking of a sell Order as long, short, or short exempt) after it is eligible to execute, the Order will have to satisfy a new Holding Period to become eligible to execute.

If a limit price is assigned to a Midpoint Extended Life Order, the Order will be: (1) eligible for execution in time priority if upon acceptance of the Order by the System, the midpoint price is within the limit set by the participant; or (2) held until the midpoint falls within the limit set by the participant at which time the Holding Period will commence and thereafter the System will make the Order eligible for execution in time priority. For example, if the Best Bid was $11 and the Best Offer was $11.06, the price of the Midpoint Extended Life Order would be $11.03. If a participant enters a Midpoint Extended Life Order to buy with a limit of $11.02, the Holding Period would not begin until the midpoint price reached $11.02. If a Midpoint Extended Life Order has met the Holding Period requirement but the midpoint is no longer within its limit, it will nonetheless be ranked in time priority among other Midpoint Extended Life Orders if the NBBO later moves such that it is within the Order’s limit price. Midpoint Extended Life Orders will not execute if there is a resting non-displayed Order priced more aggressively than the midpoint between the NBBO, and will be held for execution until the resting non-displayed Order is no longer on the Nasdaq Book or the midpoint of the NBBO matches the price of the resting non-displayed Order.
Midpoint Extended Life Orders in existence at the time a halt is initiated will be ineligible to execute and held by the System until trading has resumed and the NBBO has been received by Nasdaq.

Nasdaq will publish on Nasdaqtrader.com weekly aggregated number of shares and transactions of Midpoint Extended Life Orders executed on Nasdaq by security. The weekly aggregated data would be published with a delay of two weeks for NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility, and four weeks for all other NMS stocks. Nasdaq will also publish on Nasdaqtrader.com monthly aggregated block-sized trading statistics of total shares and total transactions of Midpoint Extended Life Orders executed on Nasdaq. A transaction would be considered “block-sized” if it meets any of the following categories of criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000 or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to $199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value. For each of these categories, Nasdaq will publish monthly transaction count and share executed volume information. The data will be published no earlier than one month following the end of the month for which trading was aggregated.

(B) The following Order Attributes may be assigned to a Midpoint Extended Life Order:

• Minimum Quantity.

• Size. A Midpoint Extended Life Order must be entered with a size of at least one round lot. Any shares of a Midpoint Extended Life Order remaining after an execution that are less than a round lot will be cancelled by the System.

• A Time-in-Force other than IOC; provided that regardless of the Time-in-Force entered, a Midpoint Extended Life Order may not be active outside of Market Hours. A Midpoint Extended Life Order entered during Pre-Market Hours will be held by the System in time priority until Market Hours. Midpoint Extended Life Orders entered during Post-Market Hours will not be accepted by the System. A Midpoint Extended Life Order remaining unexecuted after 4:00 p.m. ET will be cancelled by the System.

• Non-Display. All Midpoint Extended Life Orders are Non-Displayed.

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4703. Order Attributes
As described in Rule 4702, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) – (k) No change.

(l) Participation in the Nasdaq Opening Cross or the Nasdaq Closing Cross. All Order Types except Supplemental Orders and Midpoint Extended Life Orders participate in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross if the Order has a Time-in-Force
that would cause the Order to be in effect at the time of the Nasdaq Opening Cross and/or Nasdaq Closing Cross. MOO Orders, LOO Orders, and IOI Orders participate in the Nasdaq Opening Cross in the manner specified in Rule 4752. Other Order Types eligible to participate in the Nasdaq Opening Cross operate as “Market Hours Orders” or “Open Eligible Interest” as specified in Rule 4752. MOC Orders, LOC Orders and IO Orders participate in the Nasdaq Closing Cross in the manner specified in Rule 4754. Other Order Types eligible to participate in the Nasdaq Closing Cross operate as “Close Eligible Interest” in the manner specified in Rule 4754. For purposes of the Nasdaq Opening Cross or Closing Cross, an Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book shall be deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order.

(m) No change.

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