

Required fields are shown with yellow backgrounds and asterisks.

Filing by The Nasdaq Stock Market LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

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

A proposed rule change to amend Rule 4702

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 * Adrian Last Name * Griffiths

Title * Senior Associate General Counsel

E-mail * adrian.griffiths@nasdaq.com

Telephone * (212) 231-5176 Fax

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 11/09/2017

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

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 *

Add Remove View

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

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

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

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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 (“SEC” or “Commission”) a proposed rule change to amend Rule 4702(b)(5) to provide that Midpoint Peg Post-Only Orders may not participate in the Nasdaq Closing Cross, and to make other technical changes with respect to Order Types flagged for the Nasdaq Closing Cross pursuant to Rule 4702(b)(12).

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 September 19, 2017. 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:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Adrian Griffiths
Senior Associate General Counsel
Nasdaq, Inc.
212-231-5176

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

a. Purpose

The purpose of the proposed rule change is to amend Rule 4702(b)(5) to provide that Midpoint Peg Post-Only Orders ("MPPOs") may not participate in the Nasdaq Closing Cross, and to make other technical changes with respect to Order Types flagged for the Nasdaq Closing Cross pursuant to Rule 4702(b)(12).

An "MPPO" is defined in Rule 4702(b)(5) as an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the national best bid and offer, and that will execute upon entry only in circumstances where economically beneficial to the party entering the Order. Today, MPPOs are available during Market Hours only, and MPPOs remaining on the Nasdaq Book at 4:00 p.m. ET are cancelled by the System. Due to how the Exchange currently processes these cancel messages, however, Rule 4702(b)(5)(C) also provides that an MPPO may participate in the Nasdaq Closing Cross if the Nasdaq Closing Cross occurs prior to the cancellation message being fully processed. The Exchange believes that it would be beneficial to members and investors to completely prevent MPPOs from executing in the Nasdaq Closing Cross rather than having their participation determined by whether the cancel message is processed prior to the Nasdaq Closing Cross. The Exchange therefore proposes to eliminate language indicating that MPPOs may participate in the Nasdaq Closing Cross if the Nasdaq Closing Cross for the security occurs prior to the cancellation message being fully processed, and instead provide that MPPOs may not participate in the Nasdaq Closing

Cross. In connection with this change, the Exchange also proposes to remove language indicating that the trading system “attempts to” cancel MPPOs prior to the commencement of the Nasdaq Closing Cross as the “attempts to” language is no longer necessary with the elimination of the race condition described above. With this change members will have more certainty with respect to MPPO handling for the Nasdaq Closing Cross since no MPPOs will be allowed to participate, which is consistent with how the Exchange believes members want these order treated. In addition, since the Exchange is explicitly addressing MPPO availability for the Nasdaq Closing Cross in this rule, the Exchange also proposes to add language indicating that MPPOs may not participate in the Nasdaq Opening Cross. MPPOs are excluded from the Nasdaq Opening Cross today as they can only be entered during Market Hours and are cancelled at the end of the trading day. Furthermore, Rule 4703(l) provides that Order Types except Supplemental 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. Since MPPOs will not be permitted to participate in the Nasdaq Opening Cross or Nasdaq Closing Cross under any circumstances, the Exchange proposes to amend Rule 4703(l) to state that MPPOs do not participate in these crosses.

Furthermore, Rule 4702(b)(12) contains language explaining which Order Types are not available to be flagged for the Nasdaq Closing Cross, including orders entered with a time-in-force of IOC, or orders entered with a time-in-force that continues after the time of the Nasdaq Closing Cross, i.e., Closing Cross/Extended Hours Orders. MPPOs cannot be flagged for the Nasdaq Closing Cross today as closing cross participation is not

permitted for this Order Type, with the one exception being remedied above. The same is also true of Supplemental Orders. A “Supplemental Order” is an Order Type with a Non-Display Order Attribute that is held on the Nasdaq Book in order to provide liquidity at the NBBO through a special execution process described in Rule 4757(a)(1)(D). Pursuant to Rule 4702(b)(6)(B), Supplemental Orders are not permitted to participate in the Nasdaq Closing Cross. In connection with the other changes described above, the Exchange therefore proposes to amend Rule 4702(b)(12) to state that MPPOs and Supplemental Orders may not be flagged to solely participate in the Nasdaq Closing Cross. Rule 4702(b)(12) already contains language indicating that these order types are not permitted to be entered as Closing Cross/Extended Hours Orders. The Exchange believes that adding this additional detail to the rule will make the operation of the Exchange more transparent to members and other market participants.

Implementation

The Exchange proposes to introduce the MPPO changes described in this proposed rule change in Q4 2017 or Q1 2018. The Exchange will announce the implementation date of this functionality in an Equity Trader Alert issued to members prior to the launch date.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁴ in particular, in that it is designed to promote just and equitable principles of trade, to remove

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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. As indicated in the Exchange's current rules, MPPOs are designed for Market Hours trading and are therefore cancelled at 4:00 p.m. ET each day when the Exchange begins processing the Nasdaq Closing Cross pursuant to Rule 4754. Nevertheless, MPPOs may trade in the Nasdaq Closing Cross in the race condition described above where the cancellation of the MPPO is not processed by the trading system prior to the Nasdaq Closing Cross. The Exchange believes that it is consistent with the protection of investors and the public interest to eliminate this race condition and ensure that no MPPOs participate in the Nasdaq Closing Cross. This change will perfect the mechanism of a free and open market by eliminating the possibility that MPPOs can inadvertently make it into the Nasdaq Closing Cross due to the sequence of messages received by the trading system. The Exchange believes that members prefer not to have their MPPOs executed in the Nasdaq Closing Cross, and therefore cancels these orders immediately prior to the closing auction today. The proposed changes would further enhance MPPO handling by ensuring that no MPPOs are permitted to trade in the Nasdaq Closing Cross. Furthermore, the proposed rule change would increase transparency surrounding the operation of the Exchange, and, in particular, the availability of MPPOs and Supplemental orders to be flagged for the Nasdaq Closing Cross. The Exchange believes that the proposed changes will benefit members and other market participants by specifying with additional clarity that these Order Types cannot be flagged for participation in the Nasdaq Closing Cross, as closing cross participation is not available for either MPPOs or Supplemental Orders.

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. Currently, MPPOs can participate in the Nasdaq Closing Cross if the cancel message is not fully processed prior to the closing auction. The Exchange is now enhancing MPPO handling to prevent all MPPOs from participating in the Nasdaq Closing Cross. The Exchange does not believe this change will have any significant impact on competition as no members will have their MPPOs participate in the Nasdaq Closing Cross, which is how the Exchange believes members want these orders treated. Furthermore, the other proposed change with respect to handling of MPPOs and Supplemental Orders that are flagged for the Nasdaq Closing Cross is a non-substantive clarifying change and will therefore have no impact on competition.

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)⁵ of the Act and Rule 19b-4(f)(6) thereunder⁶ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii)

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 17 CFR 240.19b-4(f)(6).

does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition as it merely eliminates the possibility that MPPOs may participate in the Nasdaq Closing Cross in the race condition described in this proposed rule change, and makes another non-substantive clarifying change to rules related to the Nasdaq Closing Cross. The Exchange believes that the proposed rule change will more closely align the MPPO Order Type with members' desired order handling, and provide a consistent experience that does not depend on the order of messages processed by the trading system. Furthermore, the proposed rule change will increase transparency around the operation of the Exchange, and, in particular, around Order Types flagged for the Nasdaq Closing Cross. The proposed changes raise no novel regulatory issues, and the Exchange therefore believes that the proposed rule change qualifies for immediate effectiveness as a "non-controversial" rule change.

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.

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 Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-NASDAQ-2017-122)

November __, 2017

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 4702

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 9, 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(b)(5) to provide that Midpoint Peg Post-Only Orders may not participate in the Nasdaq Closing Cross, and to make other technical changes with respect to Order Types flagged for the Nasdaq Closing Cross pursuant to Rule 4702(b)(12).

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 proposed rule change is to amend Rule 4702(b)(5) to provide that Midpoint Peg Post-Only Orders ("MPPOs") may not participate in the Nasdaq Closing Cross, and to make other technical changes with respect to Order Types flagged for the Nasdaq Closing Cross pursuant to Rule 4702(b)(12).

An "MPPO" is defined in Rule 4702(b)(5) as an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the national best bid and offer, and that will execute upon entry only in circumstances where economically beneficial to the party entering the Order. Today, MPPOs are available during Market Hours only, and MPPOs remaining on the Nasdaq Book at 4:00 p.m. ET are cancelled by the System. Due to how the Exchange currently processes these cancel messages, however, Rule 4702(b)(5)(C) also provides that an MPPO may participate in the Nasdaq Closing Cross if the Nasdaq Closing Cross occurs prior to the cancellation message being fully processed. The Exchange believes that it would be beneficial to members and investors to completely prevent MPPOs from executing in the Nasdaq Closing Cross rather than having their participation determined by whether the cancel message is processed prior to

the Nasdaq Closing Cross. The Exchange therefore proposes to eliminate language indicating that MPPOs may participate in the Nasdaq Closing Cross if the Nasdaq Closing Cross for the security occurs prior to the cancellation message being fully processed, and instead provide that MPPOs may not participate in the Nasdaq Closing Cross. In connection with this change, the Exchange also proposes to remove language indicating that the trading system “attempts to” cancel MPPOs prior to the commencement of the Nasdaq Closing Cross as the “attempts to” language is no longer necessary with the elimination of the race condition described above. With this change members will have more certainty with respect to MPPO handling for the Nasdaq Closing Cross since no MPPOs will be allowed to participate, which is consistent with how the Exchange believes members want these order treated. In addition, since the Exchange is explicitly addressing MPPO availability for the Nasdaq Closing Cross in this rule, the Exchange also proposes to add language indicating that MPPOs may not participate in the Nasdaq Opening Cross. MPPOs are excluded from the Nasdaq Opening Cross today as they can only be entered during Market Hours and are cancelled at the end of the trading day. Furthermore, Rule 4703(l) provides that Order Types except Supplemental 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. Since MPPOs will not be permitted to participate in the Nasdaq Opening Cross or Nasdaq Closing Cross under any circumstances, the Exchange proposes to amend Rule 4703(l) to state that MPPOs do not participate in these crosses.

Furthermore, Rule 4702(b)(12) contains language explaining which Order Types are not available to be flagged for the Nasdaq Closing Cross, including orders entered with a time-in-force of IOC, or orders entered with a time-in-force that continues after the time of the Nasdaq Closing Cross, i.e., Closing Cross/Extended Hours Orders. MPPOs cannot be flagged for the Nasdaq Closing Cross today as closing cross participation is not permitted for this Order Type, with the one exception being remedied above. The same is also true of Supplemental Orders. A “Supplemental Order” is an Order Type with a Non-Display Order Attribute that is held on the Nasdaq Book in order to provide liquidity at the NBBO through a special execution process described in Rule 4757(a)(1)(D). Pursuant to Rule 4702(b)(6)(B), Supplemental Orders are not permitted to participate in the Nasdaq Closing Cross. In connection with the other changes described above, the Exchange therefore proposes to amend Rule 4702(b)(12) to state that MPPOs and Supplemental Orders may not be flagged to solely participate in the Nasdaq Closing Cross. Rule 4702(b)(12) already contains language indicating that these order types are not permitted to be entered as Closing Cross/Extended Hours Orders. The Exchange believes that adding this additional detail to the rule will make the operation of the Exchange more transparent to members and other market participants.

Implementation

The Exchange proposes to introduce the MPPO changes described in this proposed rule change in Q4 2017 or Q1 2018. The Exchange will announce the implementation date of this functionality in an Equity Trader Alert issued to members prior to the launch date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁴ 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. As indicated in the Exchange's current rules, MPPOs are designed for Market Hours trading and are therefore cancelled at 4:00 p.m. ET each day when the Exchange begins processing the Nasdaq Closing Cross pursuant to Rule 4754. Nevertheless, MPPOs may trade in the Nasdaq Closing Cross in the race condition described above where the cancellation of the MPPO is not processed by the trading system prior to the Nasdaq Closing Cross. The Exchange believes that it is consistent with the protection of investors and the public interest to eliminate this race condition and ensure that no MPPOs participate in the Nasdaq Closing Cross. This change will perfect the mechanism of a free and open market by eliminating the possibility that MPPOs can inadvertently make it into the Nasdaq Closing Cross due to the sequence of messages received by the trading system. The Exchange believes that members prefer not to have their MPPOs executed in the Nasdaq Closing Cross, and therefore cancels these orders immediately prior to the closing auction today. The proposed changes would further enhance MPPO handling by ensuring that no MPPOs are permitted to trade in the Nasdaq Closing Cross. Furthermore, the proposed rule change would increase transparency surrounding the operation of the Exchange, and,

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

in particular, the availability of MPPOs and Supplemental orders to be flagged for the Nasdaq Closing Cross. The Exchange believes that the proposed changes will benefit members and other market participants by specifying with additional clarity that these Order Types cannot be flagged for participation in the Nasdaq Closing Cross, as closing cross participation is not available for either MPPOs or Supplemental Orders.

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. Currently, MPPOs can participate in the Nasdaq Closing Cross if the cancel message is not fully processed prior to the closing auction. The Exchange is now enhancing MPPO handling to prevent all MPPOs from participating in the Nasdaq Closing Cross. The Exchange does not believe this change will have any significant impact on competition as no members will have their MPPOs participate in the Nasdaq Closing Cross, which is how the Exchange believes members want these orders treated. Furthermore, the other proposed change with respect to handling of MPPOs and Supplemental Orders that are flagged for the Nasdaq Closing Cross is a non-substantive clarifying change and will therefore have no impact on competition.

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 Act⁵ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁶

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-2017-122 on the subject line.

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 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.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2017-122. 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-2017-122 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.⁷

Eduardo A. Aleman
Assistant Secretary

⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

The Nasdaq Stock Market Rules

* * * * *

4702. Order Types.

* * * * *

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

* * * * *

(5) (A)

* * * * *

For purposes of any cross in which a Midpoint Peg Post-Only Order participates, a Midpoint Peg Post-Only Order to buy (sell) that is locking a preexisting Order shall be deemed to have a price equal to the price of the highest sell Order (lowest buy Order) that would be eligible to execute against the Midpoint Peg Post-Only Order in such circumstances. Thus, a Midpoint Peg Post-Only Order to buy that locked a preexisting Non-Displayed Order to sell at \$11.03 would be deemed to have a price of \$11.02. It should be noted, however, that Midpoint Peg Post-Only Orders may not be entered prior to the Nasdaq Opening Cross, and the System [attempts to] cancel Midpoint Peg Post-Only Orders prior to the commencement of the Nasdaq Closing Cross.

A Midpoint Peg Post-Only Order that would be assigned a price of \$1 or less per share will be rejected or cancelled, as applicable.

(B) No change.

(C) The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

- Price of more than \$1 per share.
- Size.
- Time-in-Force; provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through RASH, QIX or FIX, and provided further that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of Market Hours. Midpoint Peg Post-Only Orders may not participate in the Nasdaq Opening Cross or the Nasdaq Closing Cross. A Midpoint Peg Post-Only Order entered prior to the beginning of Market Hours will be rejected. A Midpoint Peg Post-Only Order remaining on the Nasdaq Book at 4:00 p.m. ET will be cancelled by the System[]; provided, however, that if the Nasdaq Closing Cross for the security that is the subject of the Order occurs prior to the cancellation message being fully processed, a Midpoint Peg Post-Only Order may participate in the Nasdaq Closing Cross].
- Pegging to the midpoint is required for Midpoint Peg Post-Only Orders entered through RASH, QIX or FIX. As discussed above, the price of a Midpoint Peg Post-Only Order

entered through OUCH or FLITE will be pegged to the midpoint upon entry and not adjusted thereafter.

- Minimum Quantity.
- Non-Display. All Midpoint Peg Post-Only Orders are Non-Displayed.
- Trade Now (available through OUCH, RASH, FLITE and FIX).

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(12) (A) No change.

(B) The following Order Attributes may be assigned to a Limit On Close Order:

- Price.
- Size.
- Time-in-Force. In general, an LOC Order may execute only in the Nasdaq Closing Cross. However, a Participant may designate the Time-in-Force for an LOC Order either by designating a Time-in-Force of "On Close," in which case the Order will execute solely in the Nasdaq Closing Cross, or by entering another Order Type and Time-in-Force and flagging the Order to participate in the Nasdaq Closing Cross.

In the latter case, if the Participant designates a Time-in-Force of IOC, the Order will participate solely in the Nasdaq Closing Cross. A Midpoint Peg Post-Only Order, Supplemental Order, or Market Maker Peg Order may not be flagged to solely participate in the Nasdaq Closing Cross.

If the Participant enters a Time-in-Force that continues after the time of the Nasdaq Closing Cross, the Order will participate in the Nasdaq Closing Cross like an LOC Order, while operating thereafter in accordance with its designated Order Type and Order Attributes (if not executed in full in the Nasdaq Closing Cross). Such an Order may be referred to as a "Closing Cross/Extended Hours Order."

A Post-Only Order, Midpoint Peg Post-Only Order, Supplemental Order, or Market Maker Peg Order may not operate as a Closing Cross/Extend Hours Order. A Closing Cross/Extended Hours Order that is entered between 3:50 p.m. and the time of the Nasdaq Closing Cross will be rejected if it has been assigned a Pegging Attribute. A Closing Cross/Extended Hours Order entered through OUCH, FLITE, RASH, or FIX with a Time-in-Force other than IOC after the time of the Nasdaq Closing Cross will be accepted but the Nasdaq Closing Cross flag will be ignored. All other LOC Orders and Closing Cross/Extended Hours Orders entered at or after 3:55 p.m. ET will be rejected.

- Participation in the Nasdaq Closing Cross is required for this Order Type.

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4703. Order Attributes

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(1) Participation in the Nasdaq Opening Cross or the Nasdaq Closing Cross. All Order Types except Midpoint Peg Post-Only Orders and Supplemental 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.

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