Proposal to amend the Nasdaq Options Market LLC Rules to memorialize its order and execution information into Chapter VI, Section 19, entitled Data Feeds.
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 proposal to amend the Nasdaq Options Market LLC (“NOM”) Rules to memorialize its order and execution information into Chapter VI, Section 19, entitled “Data Feeds.”

   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 (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:

   Angela Saccomandi Dunn  
   Principal Associate General Counsel  
   Nasdaq, Inc.  
   215-496-5692

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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 Exchange proposes to memorialize its order and execution information into Chapter VI, Section 19, entitled “Data Feeds.” The Exchange proposes to rename this rule “Data Feeds and Trade Information.” The Exchange proposes other grammatical corrections in Section 19(a) as well.

**Section 19(b)**

First, the Exchange proposes to adopt a new Section 19(b) and memorialize the following order and execution information which was previously filed by the Exchange: (1) CTI; (2) TradeInfo; (3) FIX DROP; and (4) OTTO DROP.³

The Exchange originally noted in the Information Filing that CTI offers real-time clearing trade updates. The message containing the trade details is also simultaneously sent to the The Options Clearing Corporation. The trade messages are routed to a member’s connection containing certain information. The administrative and market event messages include, but are not limited to: system event messages to communicate operational-related events; options directory messages to relay basic option symbol and contract information for options traded on the Exchange; complex strategy messages to relay information for those strategies traded on the Exchange; trading action messages to inform market participants when a specific option or strategy is halted or released for trading on the Exchange; and an indicator which distinguishes electronic and non-electronically delivered orders.

The Exchange is proposing to more specifically describe the CTI offering and memorialize it within Section 19(b)(1). The description provides more detail as to the current functionality of CTI, which is not changing. The description would continue to state that CTI is a real-time clearing trade update message that is sent to a Participant after an execution has occurred and contains trade details specific to that Participant. The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or The Options Clearing Corporation or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity. The Exchange proposes to not add the sentence which states, “The message containing the trade details is also simultaneously sent to The Options Clearing Corporation.” The Exchange’s System sends clearing information to OCC for each transaction. This sentence does not add information that is useful or relevant and therefore the Exchange proposes to remove it. The Exchange notes that while the description is being amended, it retains more broadly the former descriptions. The information provided is specific to a market participant. The Exchange is expressing more specifically the type of data contained in CTI. The CTI offering is not changing. The Exchange is providing more details regarding the CTI offering than was originally filed in the Information Filing.

The Exchange originally noted in the Information Filing that TradeInfo allows users to scan for their NASDAQ-listed orders submitted in NASDAQ. Users can then perform actions on their orders. Users can scan for all orders in a particular security or all orders of a particular type, regardless of their status (open, canceled, executed, etc.).
For example, after scanning for open orders the user is then able to select an open order and is allowed to make corrections to the order or cancel the order. TradeInfo also allows the users to scan other orders, such as executed, cancelled, broken, rejected and suspended orders.

The Exchange proposes to amend and memorialize TradeInfo within Section 19(b)(2). The Exchange proposes to note that TradeInfo is a user interface, as compared to a data stream, to add more detail to the description. While some descriptive language is being removed from the rules, such as permitting a subscribing member to scan other order statuses, such as executed, cancelled, broken, rejected and suspended orders, the Exchange believes that this language is covered in the current description in that the text indicates that all orders may be searched regardless of their status. The Exchange is also adding more information to the TradeInfo description to provide Participants greater transparency.

The Exchange originally noted in the Information Filing that the Order Entry DROP provides real time information regarding orders sent to NOM and executions that occurred on NOM. The DROP interface is not a trading interface and does not accept order messages. The “Order Entry DROP” interface is being renamed “FIX DROP” for clarity as it relates to FIX ports.

The Exchange proposes to amend and memorialize FIX DROP within Section 19(b)(3). The Exchange is expanding on the original description by providing more detail by stating that it is a real-time order and execution update message that is sent to a Participant after an order has been received/modified or an execution has occurred and contains trade details specific to that Participant. The information includes, among other
things, the following: (1) executions; (2) cancellations; (3) modifications to an existing order; and (4) busts or post-trade corrections.

The Exchange originally noted in the Information Filing that OTTO DROP provides real-time information regarding orders entered through OTTO and the execution of those orders. The OTTO DROP data feed is not a trading interface and does not accept order messages. The Exchange is not amending this description rather the Exchange is memorializing the description within Section 19(b)(4).

The Exchange considers it appropriate to memorialize the order and execution information available on NOM within a rule so that Participants may understand the trade information which is available on the Exchange as it pertains to a firm’s trading information. This data is available to all Participants regarding that Participant’s transactions. Pricing for these products is included in the Exchange’s fee schedule at Chapter XV, Section 3.4

Section 19(a)

The Exchange proposes minor changes to Section 19(a)(1) and (2) to change the language to indicate the Nasdaq ITCH to Trade Options and Best of Nasdaq Options each separately are data feeds and removing the “A” before the description.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the

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4 See also SR-NASDAQ-2018-036 (not yet published) which proposes conforming changes to the fee schedule.

objectives of Section 6(b)(5) of the Act, in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest, by providing greater transparency as to the order and execution information offered on Nasdaq. The Exchange notes that it described this information in prior rule changes. The Exchange believes that memorializing this information within a rule and updating the information will provide market participants with a list of information available specific to their trading on NOM. The Exchange believes that this proposal is consistent with the Act because it provides information on the content available to market participants regarding the trades they execute on NOM.

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

In accordance with Section 6(b)(8) of the Act, the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange’s proposal does not impose an undue burden on competition, rather the Exchange is seeking to provide greater transparency within its rules with respect to the various order and execution information offered on NOM.

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7 See note 3 above.

5. **Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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)\(^9\) of the Act and Rule 19b-4(f)(6) thereunder\(^{10}\) in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest, nor does it impose any significant burden on competition because the Exchange, as explained, is providing greater transparency as to the order and execution information offered on NOM. The Exchange believes that this proposal does not impose any significant burden on competition, rather the Exchange is


\(^{10}\) 17 CFR 240.19b-4(f)(6).
seeking to provide greater transparency within its rules with respect to the various order and execution information offered on NOM.

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

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that it may update its rules immediately to provide this information on data offerings and ports within its Rulebook. The Exchange believes that granting the waiver will further the protection of investors and the public interest because its will provide greater transparency as to the trade detail available to market participants.
8. **Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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.
SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-NASDAQ-2018-035)

April __, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Memorialize Order and Execution Available to Participants

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), and Rule 19b-4 thereunder, notice is hereby given that on April 27, 2018, 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 the Nasdaq Options Market LLC ("NOM") Rules to memorialize its order and execution information into Chapter VI, Section 19, entitled “Data Feeds.”

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 Exchange proposes to memorialize its order and execution information into Chapter VI, Section 19, entitled “Data Feeds.” The Exchange proposes to rename this rule “Data Feeds and Trade Information.” The Exchange proposes other grammatical corrections in Section 19(a) as well.

Section 19(b)

First, the Exchange proposes to adopt a new Section 19(b) and memorialize the following order and execution information which was previously filed by the Exchange: (1) CTI; (2) TradeInfo; (3) FIX DROP; and (4) OTTO DROP.3

The Exchange originally noted in the Information Filing that CTI offers real-time clearing trade updates. The message containing the trade details is also simultaneously sent to the The Options Clearing Corporation. The trade messages are routed to a member’s connection containing certain information. The administrative and market event messages include, but are not limited to: system event messages to communicate

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operational-related events; options directory messages to relay basic option symbol and contract information for options traded on the Exchange; complex strategy messages to relay information for those strategies traded on the Exchange; trading action messages to inform market participants when a specific option or strategy is halted or released for trading on the Exchange; and an indicator which distinguishes electronic and non-electronically delivered orders.

The Exchange is proposing to more specifically describe the CTI offering and memorialize it within Section 19(b)(1). The description provides more detail as to the current functionality of CTI, which is not changing. The description would continue to state that CTI is a real-time clearing trade update message that is sent to a Participant after an execution has occurred and contains trade details specific to that Participant. The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or The Options Clearing Corporation or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity. The Exchange proposes to not add the sentence which states, “The message containing the trade details is also simultaneously sent to The Options Clearing Corporation.” The Exchange’s System sends clearing information to OCC for each transaction. This sentence does not add information that is useful or relevant and therefore the Exchange proposes to remove it. The Exchange notes that while the description is being amended, it retains more broadly the former descriptions. The information provided is specific to a market participant. The Exchange is expressing more specifically the type of data
contained in CTI. The CTI offering is not changing. The Exchange is providing more details regarding the CTI offering than was originally filed in the Information Filing.

The Exchange originally noted in the Information Filing that TradeInfo allows users to scan for their NASDAQ-listed orders submitted in NASDAQ. Users can then perform actions on their orders. Users can scan for all orders in a particular security or all orders of a particular type, regardless of their status (open, canceled, executed, etc.). For example, after scanning for open orders the user is then able to select an open order and is allowed to make corrections to the order or cancel the order. TradeInfo also allows the users to scan other orders, such as executed, cancelled, broken, rejected and suspended orders.

The Exchange proposes to amend and memorialize TradeInfo within Section 19(b)(2). The Exchange proposes to note that TradeInfo is a user interface, as compared to a data stream, to add more detail to the description. While some descriptive language is being removed from the rules, such as permitting a subscribing member to scan other order statuses, such as executed, cancelled, broken, rejected and suspended orders, the Exchange believes that this language is covered in the current description in that the text indicates that all orders may be searched regardless of their status. The Exchange is also adding more information to the TradeInfo description to provide Participants greater transparency.

The Exchange originally noted in the Information Filing that the Order Entry DROP provides real time information regarding orders sent to NOM and executions that occurred on NOM. The DROP interface is not a trading interface and does not accept
order messages. The “Order Entry DROP” interface is being renamed “FIX DROP” for clarity as it relates to FIX ports.

The Exchange proposes to amend and memorialize FIX DROP within Section 19(b)(3). The Exchange is expanding on the original description by providing more detail by stating that it is a real-time order and execution update message that is sent to a Participant after an order has been received/modified or an execution has occurred and contains trade details specific to that Participant. The information includes, among other things, the following: (1) executions; (2) cancellations; (3) modifications to an existing order; and (4) busts or post-trade corrections.

The Exchange originally noted in the Information Filing that OTTO DROP provides real-time information regarding orders entered through OTTO and the execution of those orders. The OTTO DROP data feed is not a trading interface and does not accept order messages. The Exchange is not amending this description rather the Exchange is memorializing the description within Section 19(b)(4).

The Exchange considers it appropriate to memorialize the order and execution information available on NOM within a rule so that Participants may understand the trade information which is available on the Exchange as it pertains to a firm’s trading information. This data is available to all Participants regarding that Participant’s transactions. Pricing for these products is included in the Exchange’s fee schedule at Chapter XV, Section 3.4

Section 19(a)

The Exchange proposes minor changes to Section 19(a)(1) and (2) to change the

4 See also SR-NASDAQ-2018-036 (not yet published) which proposes conforming changes to the fee schedule.
language to indicate the Nasdaq ITCH to Trade Options and Best of Nasdaq Options each separately are data feeds and removing the “A” before the description.

2. **Statutory Basis**

   The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),\(^5\) in general, and furthers the objectives of Section 6(b)(5) of the Act,\(^6\) in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest, by providing greater transparency as to the order and execution information offered on Nasdaq. The Exchange notes that it described this information in prior rule changes.\(^7\) The Exchange believes that memorializing this information within a rule and updating the information will provide market participants with a list of information available specific to their trading on NOM. The Exchange believes that this proposal is consistent with the Act because it provides information on the content available to market participants regarding the trades they execute on NOM.

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

   In accordance with Section 6(b)(8) of the Act,\(^8\) the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act.


\(^7\) See note 3 above.

\(^8\) 15 U.S.C. 78f(b)(8).
The Exchange’s proposal does not impose an undue burden on competition, rather the Exchange is seeking to provide greater transparency within its rules with respect to the various order and execution information offered on NOM.

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\(^9\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^{10}\)

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.


\(^{10}\) 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.
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-2018-035 on the subject line.

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-2018-035. 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-2018-035 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.11

Eduardo A. Aleman
Assistant Secretary

New text is underlined; deleted text is in brackets.

The Nasdaq Stock Market Rules

Options Rules

Chapter VI Trading Systems

Sec. 19 Data Feeds and Trade Information

(a) The following data feeds are offered by the Exchange:

(1) **Nasdaq ITCH to Trade Options (ITTO)** [- A]is a data feed that provides quotation information for individual orders on the NOM book, last sale information for trades executed on NOM, and Order Imbalance Information as set forth in NOM Rules Chapter VI, Section 8.

(2) **Best of Nasdaq Options (BONO)** [- A]is a data feed that provides the NOM Best Bid and Offer and last sale information for trades executed on NOM.

(b) The following order and execution information is available to Participants:

(1) **Clearing Trade Interface (“CTI”)** is a real-time clearing trade update message that is sent to a Participant after an execution has occurred and contains trade details specific to that Participant. The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or The Options Clearing Corporation or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; and (vi) capacity.

(2) **TradeInfo**, a user interface, permits a Participant to: (i) search all orders submitted in a particular security or all orders of a particular type, regardless of their status (open, canceled, executed, etc.); (ii) cancellation of open orders at the order, port or firm mnemonic level; (iii) a view of orders and executions; and (iv) download of orders and executions for recordkeeping purposes.

(3) **FIX DROP** is a real-time order and execution update message that is sent to a Participant after an order been received/modified or an execution has occurred.
and contains trade details specific to that Participant. The information includes, among other things, the following: (i) executions; (ii) cancellations; (iii) modifications to an existing order; and (iv) busts or post-trade corrections.

(4) **OTTO DROP** provides real-time information regarding orders entered through OTTO and the execution of those orders. The OTTO DROP data feed is not a trading interface and does not accept order messages.

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