

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 * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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

**Description**

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

Proposal to eliminate the Extended Life Priority Order Attribute, which has not been implemented to date.

**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 \* Sean Last Name \* Bennett  
 Title \* Principal Associate General Counsel  
 E-mail \* Sean.Bennett@nasdaq.com  
 Telephone \* (301) 978-8499 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 12/19/2018  
 By Edward S. Knight  
 (Name \*)

Global Chief Legal and Policy Officer

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 \***

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, 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**

Add Remove View

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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to eliminate the Extended Life Priority Order Attribute, which has not been implemented to date.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).<sup>3</sup>

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 Exchange (the “Board”) on September 26, 2018. 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:

T. Sean Bennett  
Principal Associate General Counsel  
Nasdaq, Inc.  
(301) 978-8499

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

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

a. Purpose

The Exchange is proposing to eliminate the Extended Life Priority Order Attribute, which was approved by the Commission<sup>4</sup> but has not been implemented.<sup>5</sup> The Extended Life Priority Order Attribute<sup>6</sup> would allow certain displayed retail Orders to receive higher priority on the Nasdaq Book than other Orders at the same price. To be eligible to enter Orders with Extended Life Priority, at least 99% of Designated Retail Orders with the Extended Life Priority Attribute entered by the Participant must exist unaltered on the Nasdaq Book for a minimum of one second. Thus, the Extended Life Priority Order Attribute would incentivize members to provide market-improving behavior on the Exchange in the form of longer-lived displayed retail Orders.

---

<sup>4</sup> See Securities Exchange Act Release No. 81097 (July 7, 2017), 82 FR 32386 (July 13, 2017) (SR-NASDAQ-2016-161).

<sup>5</sup> See Securities Exchange Act Release No. 81855 (October 11, 2017), 82 FR 48301 (October 17, 2017) (SR-NASDAQ-2017-103).

<sup>6</sup> The term “Order” means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An “Order Type” is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An “Order Attribute” is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Rule 4701(e).

The Commission approved Extended Life Priority Order Attribute on July 7, 2017. The Exchange anticipated a progressive rollout of the Extended Life Priority Order Attribute functionality, beginning with a small set of symbols and gradually expanding further. Specifically, the Exchange planned to implement the initial set of symbols eligible for the Extended Life Priority Order Attribute in the third quarter of 2017, with the exact implementation date being reliant on several factors, such as the results of extensive testing and industry events and initiatives. In September 2017, the Exchange determined to delay implementation of the Extended Life Priority Order Attribute until the second half of 2018, noting that it had encountered unforeseen issues in developing the new Order Attribute.

The Exchange notes that significant changes to market structure have been proposed since it first proposed the new Order Attribute, including the proposal of a Transaction Fee Pilot.<sup>7</sup> The Exchange has concerns with potential impact to market quality with regards to these proposals, which have introduced uncertainty and potential risk to the Exchange in implementing the Extended Life Priority Order Attribute. For example, the Transaction Fee Pilot, if approved, would reduce the level of fees the Exchange may charge for transactions and, in turn, reduce the incentives that it can provide to liquidity providers. As noted above, the Extended Life Priority Order Attribute would allow certain Orders to receive higher priority on the Nasdaq Book than other Orders at the same price that, coupled with a reduction in incentive to liquidity providers, may reduce the liquidity available on the Exchange and consequently impact market quality. The Exchange believes it is prudent to eliminate the unimplemented

---

<sup>7</sup> See Securities Exchange Act Release No. 82873 (March 14, 2018), 83 FR 13008 (March 26, 2018) (File No. S7-05-18).

Order Attribute at this time, pending clarity on the large market structure changes being proposed, including the Transaction Fee Pilot. The Exchange believes that, since it does not have an intent to implement the Order Attribute at this time, it is appropriate to remove it from the Exchange's rules to avoid any confusion that may be caused by having an approved yet unimplemented rule. Once there is clarity on the proposed market structure changes, if the Exchange determines the Extended Life Priority Order Attribute would add value to the market and may be implemented without significant risk of decreased liquidity on the market, it will re-propose the Order Attribute.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by eliminating an Order Attribute that has been approved by the Commission but not yet implemented. The Exchange believes that it is in the public interest to avoid any confusion that may be caused by having an approved yet unimplemented rule that the Exchange does not plan to implement at this time. Moreover, the Exchange believes that implementation of the Extended Life Priority Order Attribute at this time may negatively affect market quality given the large market structure changes being proposed, as discussed above.

---

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed elimination of the unimplemented Extended Life Priority Order Attribute is being done because implementation of the Order Attribute would potentially result in decreased liquidity on the Exchange. The Exchange has weighed the risk of implementing the Order Attribute at this time in light of current uncertainty surrounding the large market structure changes being proposed, including the significant risk of decreased liquidity that may be caused by the proposed Transaction Fee Pilot coupled with the possible negative impact on liquidity provider behavior caused by losing priority to Orders with the Extended Life Priority Order Attribute, and has determined that implementing the Order Attribute at this time may impact its market negatively. Accordingly, the Exchange is eliminating the Extended Life Priority Order Attribute to ensure that it remains competitive with other markets.

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)<sup>10</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>11</sup> in that it effects a change

---

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

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 notes that the proposal is being done to ensure the protection of investors by avoiding any confusion that may be caused by having an approved yet unimplemented rule that Exchange does not plan to implement at this time. The Exchange notes that the proposed elimination of the Extended Life Priority Order Attribute will not have any impact on market participants since the Order Attribute has not been implemented and, consequently, no market participants are using it. The Exchange does not believe that the proposal imposes any significant burden on competition for the reasons stated above.

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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the

---

<sup>11</sup> 17 CFR 240.19b-4(f)(6).



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 avoid any investor confusion over the implementation of the proposed Order Attribute, which was to be implemented by the end of the fourth quarter of 2018.

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-2018-106)

January \_\_, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Eliminate the Extended Life Priority Order Attribute

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 19, 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 eliminate the Extended Life Priority Order Attribute, which has not been implemented to date.

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.

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 Exchange is proposing to eliminate the Extended Life Priority Order Attribute, which was approved by the Commission<sup>3</sup> but has not been implemented.<sup>4</sup> The Extended Life Priority Order Attribute<sup>5</sup> would allow certain displayed retail Orders to receive higher priority on the Nasdaq Book than other Orders at the same price. To be

---

<sup>3</sup> See Securities Exchange Act Release No. 81097 (July 7, 2017), 82 FR 32386 (July 13, 2017) (SR-NASDAQ-2016-161).

<sup>4</sup> See Securities Exchange Act Release No. 81855 (October 11, 2017), 82 FR 48301 (October 17, 2017) (SR-NASDAQ-2017-103).

<sup>5</sup> The term "Order" means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Rule 4701(e).

eligible to enter Orders with Extended Life Priority, at least 99% of Designated Retail Orders with the Extended Life Priority Attribute entered by the Participant must exist unaltered on the Nasdaq Book for a minimum of one second. Thus, the Extended Life Priority Order Attribute would incentivize members to provide market-improving behavior on the Exchange in the form of longer-lived displayed retail Orders.

The Commission approved Extended Life Priority Order Attribute on July 7, 2017. The Exchange anticipated a progressive rollout of the Extended Life Priority Order Attribute functionality, beginning with a small set of symbols and gradually expanding further. Specifically, the Exchange planned to implement the initial set of symbols eligible for the Extended Life Priority Order Attribute in the third quarter of 2017, with the exact implementation date being reliant on several factors, such as the results of extensive testing and industry events and initiatives. In September 2017, the Exchange determined to delay implementation of the Extended Life Priority Order Attribute until the second half of 2018, noting that it had encountered unforeseen issues in developing the new Order Attribute.

The Exchange notes that significant changes to market structure have been proposed since it first proposed the new Order Attribute, including the proposal of a Transaction Fee Pilot.<sup>6</sup> The Exchange has concerns with potential impact to market quality with regards to these proposals, which have introduced uncertainty and potential risk to the Exchange in implementing the Extended Life Priority Order Attribute. For example, the Transaction Fee Pilot, if approved, would reduce the level of fees the Exchange may charge for transactions and, in turn, reduce the incentives that it can

---

<sup>6</sup> See Securities Exchange Act Release No. 82873 (March 14, 2018), 83 FR 13008 (March 26, 2018) (File No. S7-05-18).

provide to liquidity providers. As noted above, the Extended Life Priority Order Attribute would allow certain Orders to receive higher priority on the Nasdaq Book than other Orders at the same price that, coupled with a reduction in incentive to liquidity providers, may reduce the liquidity available on the Exchange and consequently impact market quality. The Exchange believes it is prudent to eliminate the unimplemented Order Attribute at this time, pending clarity on the large market structure changes being proposed, including the Transaction Fee Pilot. The Exchange believes that, since it does not have an intent to implement the Order Attribute at this time, it is appropriate to remove it from the Exchange's rules to avoid any confusion that may be caused by having an approved yet unimplemented rule. Once there is clarity on the proposed market structure changes, if the Exchange determines the Extended Life Priority Order Attribute would add value to the market and may be implemented without significant risk of decreased liquidity on the market, it will re-propose the Order Attribute

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by eliminating an Order Attribute that has been approved by the Commission but not yet implemented. The Exchange believes that it is in the public interest to avoid any confusion that may be

---

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

caused by having an approved yet unimplemented rule that the Exchange does not plan to implement at this time. Moreover, the Exchange believes that implementation of the Extended Life Priority Order Attribute at this time may negatively affect market quality given the large market structure changes being proposed, as discussed above.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed elimination of the unimplemented Extended Life Priority Order Attribute is being done because implementation of the Order Attribute would potentially result in decreased liquidity on the Exchange. The Exchange has weighed the risk of implementing the Order Attribute at this time in light of current uncertainty surrounding the large market structure changes being proposed, including the significant risk of decreased liquidity that may be caused by the proposed Transaction Fee Pilot coupled with the possible negative impact on liquidity provider behavior caused by losing priority to Orders with the Extended Life Priority Order Attribute, and has determined that implementing the Order Attribute at this time may impact its market negatively. Accordingly, the Exchange is eliminating the Extended Life Priority Order Attribute to ensure that it remains competitive with other markets.

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<sup>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2018-106 on the subject line.

---

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 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-2018-106. 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-2018-106 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.<sup>11</sup>

Eduardo A. Aleman  
Assistant Secretary

---

<sup>11</sup> 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.**

(a) No change.

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

(1) (A) – (B) No change.

(C) The following Order Attributes may be assigned to a Price to Comply Order:

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.
- Size.
- Reserve Size (available through RASH, FIX and QIX only).
- A Time-in-Force other than IOC. (A Price to Comply Order entered with a Time-in-Force of IOC would be processed as a Non-Displayed Order with a Time-in-Force of IOC).
- Designation as an ISO. In accordance with Regulation NMS, a Price to Comply Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Price to Comply Order would lock or cross.
- Routing (available through RASH, FIX and QIX only).
- Primary Pegging and Market Pegging (available through RASH, FIX, and QIX only).
- Discretion (available through RASH, FIX and QIX only).
- Participation in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross.

- Display. A Price to Comply Order is always displayed, although, as provided above, it may also have a non-displayed price and/or Reserve Size.
- Trade Now (available through OUCH, RASH, FLITE and FIX).

[• Extended Life Priority.]

(2) (A) – (B) No change.

(C) The following Order Attributes may be assigned to a Price to Display Order:

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation.
- Size.
- Reserve Size (available through RASH, FIX and QIX only).
- A Time-in-Force other than IOC. (A Price to Display Order entered with a Time-in-Force of IOC would be processed as a Non-Displayed Order with a Time-in-Force of IOC).
- Designation as an ISO. In accordance with Regulation NMS, a Price to Display Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Price to Display Order would lock or cross.
- Routing (available through RASH, FIX and QIX only).
- Primary Pegging and Market Pegging (available through RASH, FIX, and QIX only).
- Discretion (available through RASH, FIX and QIX only).
- Participation in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross.
- Attribution. All Price to Display Orders are Attributable Orders.
- Display. A Price to Display Order is always displayed (but may also have Reserve Size).
- Trade Now (available through OUCH, RASH, FLITE and FIX).

[• Extended Life Priority.]

(3) No change.

(4) (A) – (B) No change.

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

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.
- Size.
- Time-in-Force; provided, however, that a Post-Only Order with a Time-in-Force of IOC may not be entered through RASH, QIX, or FIX.
- Designation as an ISO. In accordance with Regulation NMS, a Post-Only Order designated as an ISO that locked or crossed a Protected Quotation would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Post-Only Order would lock or cross. However, as described above, a Post-Only Order designated as an ISO that locked or crossed an Order on the Nasdaq Book would either execute at time of entry, post at its limit price, or would have its price adjusted prior to posting. Accordingly, the System would not interpret receipt of a Post-Only Order marked ISO that had its price adjusted prior to posting as the basis for determining that any Protected Quotation at the Order's original entered limit price level had been executed for purposes of accepting additional Orders at that price level. However, if the Post-Only Order is ranked and displayed at its adjusted price, the System would consider the adjusted price level to be open for purposes of accepting additional Orders at that price level. For example, assume that there is a Protected Offer at \$11 and a Participant enters a Post-Only Order marked ISO to buy at \$11. If there are no Orders to sell at \$11 on the Nasdaq Book, the Order to buy will be displayed and ranked at \$11, since the designation of the Order as an ISO reflects the Participant's representation that it has routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Post-Only Order would lock or cross. However, if there was also a displayed Order to sell at \$11 on the Nasdaq Book, the Post-Only Order will be repriced, ranked, and displayed at \$10.99. In that case, the mere fact that the Post-Only Order was designated as an ISO would not allow Nasdaq to conclude that the \$11 price level was "open" for receiving orders to buy at that price; the \$11 price level would be considered open only if market data received by the System demonstrated that the Protected Offer at \$11 had been removed or if a subsequent Displayed Order marked ISO was received and ranked at that price.
- Attribution.

- Participation in the Nasdaq Opening Cross and/or the Nasdaq Closing Cross (available through OUCH and FLITE only).
- Display. A Post-Only Order is always displayed, although as provided above, may also have a non-displayed price.
- Trade Now (available through OUCH, RASH, FLITE and FIX).

[• Extended Life Priority.]

(5) – (14) No change.

\* \* \* \* \*

### **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) – (m) No change.

[(m) Extended Life Priority. Extended Life Priority is an Order Attribute that allows a Participant to receive priority in the Nasdaq Book above other Orders resting on the Nasdaq Book at the same price that are not designated with Extended Life Priority. Extended Life Priority is only available for Displayed Orders. Orders must qualify as a Designated Retail Order to be eligible for Extended Life Priority. Members must submit a signed written attestation, in a form prescribed by Nasdaq, that they will comply with the eligibility criteria of this rule. To be eligible to enter Orders with Extended Life Priority, at least 99% of Designated Retail Orders with the Extended Life Priority Attribute entered by the Participant must exist unaltered on the Nasdaq Book for a minimum of one second. Executions would not be counted as an Order modification for purposes of determining compliance with the qualification criteria.

If an Order with Extended Life Priority is not marketable upon entry, the Order will post and display at its limit price, and will be ranked with Extended Life Priority behind any other Orders with Extended Life Priority in time priority.

An Order entered with Extended Life Priority that is adjusted by the System upon entry to be displayed on the Nasdaq Book at one price, but ranked on the Nasdaq Book at a different non-displayed price will be ranked on the Nasdaq Book without an Extended Life Priority Attribute at the non-displayed price. If the Order is subsequently adjusted to be displayed and ranked on the Nasdaq Book at the same price, the Order will be assigned Extended Life Priority and ranked on the Nasdaq Book in time order among other Orders with Extended Life Priority in time priority.

A Designated Retail Order with a Non-Display Attribute that is also entered with Extended Life Priority will be ranked on the Nasdaq Book as a Non-Display Order without Extended Life Priority.

For purposes of the Nasdaq Opening, Closing and Halt Crosses, all Orders with Extended Life Priority on the Nasdaq Book upon the initiation of a Cross may participate in such a Cross and retain priority among orders posted on the Nasdaq Book that also participate in the Cross. Upon initiation of a Cross, all Orders with Extended Life Priority on the Nasdaq Book that are eligible to participate in a Cross will be processed in accordance with Rule 4752 (Opening Process), Rule 4753 (Nasdaq Halt Cross), or Rule 4754 (Nasdaq Closing Cross), as applicable. Orders with Extended Life Priority that are held by the System for participation in the Opening or Closing Cross do not have Extended Life Priority in the Cross, but will be assigned Extended Life Priority if the Order joins the Nasdaq Book upon completion of the Cross. Any Orders with Extended Life Priority that are not executed in a Cross will be ranked on the Nasdaq Book with Extended Life Priority.]

\* \* \* \* \*

#### **4752. Opening Process**

**(a) – (c)** No change.

**(d)** Processing of Nasdaq Opening Cross. For System securities, the Nasdaq Opening Cross shall occur at 9:30, and market hours trading shall commence when the Nasdaq Opening Cross concludes.

**(1) – (2)** No change.

**(3)** If the Nasdaq Opening Cross price is selected and fewer than all shares of MOO, LOO, OIO and Early Market Hours Orders that are available in the Nasdaq Market Center would be executed, all Quotes and Orders shall be executed at the Nasdaq Opening Cross price in the following priority:

**(A)** MOO and Early Market Hours market peg orders, with time as the secondary priority;

**(B)** [Orders with Extended Life Priority, ]LOO orders, Early Market Hours limit orders, OIO orders, SDAY limit orders, SGTC limit orders, GTMC limit orders, SHEX limit orders, displayed quotes and reserve interest priced more aggressively than the Nasdaq Opening Cross price based on limit price with [Extended Life Priority]time as the secondary priority[ and time as the tertiary priority]. An Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book in Early Market Hours, and which has been deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order, shall be ranked in time priority ahead of all orders

one minimum price increment below (above) the price of the Post-Only Order but behind all orders at the price at which the Order was posted to the Nasdaq Book;

(C) [Orders with Extended Life Priority, ]LOO orders, OIO Orders, Early Market Hours and displayed interest of quotes, SDAY limit orders, SGTC limit orders, GTMC limit orders, and SHEX limit orders at the Nasdaq Opening Cross price with [Extended Life Priority]time as the secondary priority[ and time as the tertiary priority];

(D) Reserve interest of quotes, SDAY limit orders, SGTC limit orders, and GTMC limit orders and SHEX limit orders at the Nasdaq Opening Cross price with time as the secondary priority; and

(4) No change.

\* \* \* \* \*

#### **4753. Nasdaq Halt Cross**

(a) No change.

(b) Processing of Nasdaq Halt Cross. For Nasdaq-listed securities that are the subject of a trading halt or pause initiated pursuant to Rule 4120(a)(1), (4), (5), (6), (7) or (11), the Nasdaq Halt Cross shall occur at the time specified by Nasdaq pursuant to Rule 4120, and Market hours trading shall commence when the Nasdaq Halt Cross concludes.

(1) – (2) No change.

(3) If the Nasdaq Halt Cross price is selected and fewer than all shares of Eligible Interest that are available in the Nasdaq Market Center would be executed, all Eligible Interest shall be executed at the Nasdaq Halt Cross price [with]in price[ as the primary priority]/time[, Extended Life Priority as the secondary priority and time as the tertiary] priority. An Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book, and which has been deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order, shall be ranked in time priority ahead of all orders one minimum price increment below (above) the price of the Post-Only Order but behind all orders at the price at which the Order was posted to the Nasdaq Book.

(4) No change.

(c) Nasdaq-listed securities that are the subject of a trading halt initiated pursuant to Rule 4120(a) and in which no Halt Cross occurs, shall open for trading at the time specified by Nasdaq pursuant to Rule 4120 in the following manner:

(1) Orders shall be added to the book in [Extended Life Priority as the primary priority, and ]time[ as the secondary] priority.

(2) No change.

\* \* \* \* \*

#### **4754. Nasdaq Closing Cross**

(a) No change.

(b) Processing of Nasdaq Closing Cross. The Nasdaq Closing Cross will begin at 4:00:00 p.m. EST, and post-market hours trading will commence when the Nasdaq Closing Cross concludes.

(1) – (2) No change.

(3) If the Nasdaq Closing Cross price is selected and fewer than all MOC, LOC IO and Close Eligible Interest would be executed, orders will be executed at the Nasdaq Closing Cross price in the following priority:

(A) MOC orders, with time as the secondary priority;

(B) [Orders with Extended Life Priority,] LOC orders, limit orders, IO orders, displayed quotes and reserve interest priced more aggressively than the Nasdaq Closing Cross price based on price with [Extended Life Priority]time as the secondary priority[ and time as the tertiary priority]. An Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book, and which has been deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order, shall be ranked in time priority ahead of all orders one minimum price increment below (above) the price of the Post-Only Order but behind all orders at the price at which the Order was posted to the Nasdaq Book;

(C) [Orders with Extended Life Priority,] LOC orders, IO Orders displayed interest of limit orders, and displayed interest of quotes at the Nasdaq Closing Cross price with [Extended Life Priority]time as the secondary priority[ and time as the tertiary priority];

(D) Reserve interest at the Nasdaq Closing Cross price with time as the secondary priority; and

(E) Unexecuted MOC, LOC, and IO orders will be canceled.

(4) – (8) No change.

\* \* \* \* \*

#### **4757. Book Processing**

(a) Orders on the Nasdaq Book shall be presented for execution against incoming Orders in the order set forth below:



**(1) Price/Display/Time Execution Algorithm.** The System shall present Orders on the Nasdaq Book for execution against incoming Order in accordance with a price/display/time algorithm:

**(A)** No change.

**(B)** Display and Time. Equally priced Orders with a Display Attribute will be ranked in time priority.[ Orders with Extended Life Priority (as defined in Rule 4703(m)) have priority in the Nasdaq Book above other Orders resting on the Nasdaq Book at the same price that are not designated Extended Life Priority.]

**(C) – (D)** No change.

**(2) – (4)** No change.

**(b) – (c)** No change.

\* \* \* \* \*