

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 22	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2019 - * 004	Amendment No. (req. for Amendments *)
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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <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 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 *).				
<input type="text" value="Proposal to adopt a new MIDP routing option under Rule 4758 and make a conforming change to Rule 4703(e)."/>				
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 *	<input type="text" value="Sean"/>	Last Name *	<input type="text" value="Bennett"/>	
Title *	<input type="text" value="Principal Associate General Counsel"/>			
E-mail *	<input type="text" value="sean.bennett@nasdaq.com"/>			
Telephone *	<input type="text" value="(301) 978-8499"/>	Fax	<input type="text"/>	
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	<input type="text" value="01/31/2019"/>	<input type="text" value="Global Chief Legal and Policy Officer"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>		
(Name *)		<input type="text" value="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 *

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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 *

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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 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

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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

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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 adopt a new MIDP routing option under Rule 4758 and make a conforming change to Rule 4703(e).

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 the Board of Directors of the Exchange on January 30, 2019. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 adopt MIDP, a new order routing³ option under Rule 4758(a)(1)(A). The Exchange provides a variety of routing options under Rule 4758(a)(1). Routing options may be combined with all available Order Types and Times-in-Force, with the exception of Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. The MIDP routing option would allow members to seek midpoint liquidity on Nasdaq and other markets on the System routing table.⁴ Specifically, the MIDP routing option may be assigned only to a Non-Displayed Order Type⁵ with a Midpoint Pegging Order Attribute.⁶ An Order with

³ Routing is an Order Attribute that allows a Participant to designate an Order to employ one of several Routing Strategies (also called “routing options”) offered by Nasdaq, as described in Rule 4758; such an Order may be referred to as a “Routable Order.” Upon receipt of an Order with the Routing Order Attribute, the System will process the Order in accordance with the applicable Routing Strategy. In the case of a limited number of Routing Strategies, the Order will be sent directly to other market centers for potential execution. For most other Routing Strategies, including MIDP, the Order will attempt to access liquidity available on Nasdaq in the manner specified for the underlying Order Type and will then be routed in accordance with the applicable Routing Strategy. Shares of the Order that cannot be executed are then returned to Nasdaq, where they will (i) again attempt to access liquidity available on Nasdaq and (ii) post to the Nasdaq Book or be cancelled, depending on the Time-in- Force of the Order. See Rule 4703(f).

⁴ The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. See Rule 4758(a)(1)(A).

⁵ See Rule 4702(b)(3).

⁶ Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer (the “Midpoint”). See Rule 4703(d).

MIDP will check the System for available shares and then the remaining shares are routed to destinations on the System routing table⁷ that support midpoint eligible orders with a limit price that is at the lesser (greater) of: (1) the current NBO (NBB); or (2) the Order's entered limit price (if applicable).⁸ If shares remain unexecuted after routing, the Order returns to Nasdaq and will check the System for available shares, with remaining shares posted on the Nasdaq Book⁹ as a Non-Displayed Order with a Midpoint Pegging Order Attribute.¹⁰

A member may specify a Minimum Quantity Order Attribute upon entry.¹¹ Minimum Quantity is an Order Attribute that allows a Participant to provide that an Order will not execute unless a specified minimum quantity of shares can be obtained.¹² If at any point during the routing process, but prior to returning to post on the Nasdaq Book (unless an IOC), the remaining size of the Order becomes less than the specified

⁷ The Order is routed sequentially to the various venues on the System routing table in the full amount. An Order with MIDP and a Minimum Quantity Order Attribute will similarly route to the venues sequentially.

⁸ If the entered limit price of a buy (sell) Order entered with MIDP is less (greater) than the current Midpoint price, the Order will not be routed but will instead be posted on the Nasdaq Book as a Midpoint Peg Order (if not an IOC). Once on the Nasdaq Book, if the NBBO moves and the Order's limit price is equal to or greater (less) than the NBO (NBB), the Order would not subsequently route.

⁹ See Rule 4701(a).

¹⁰ An Order with the MIDP routing option will only be accepted with a Time-in-Force of Market Hours DAY or IOC and may not be flagged to participate in any of the Nasdaq Crosses. Unexecuted shares of an order with the MIDP routing option will be cancelled after routing if the order has a Time-in-Force of IOC.

¹¹ If upon entry the Order size is less than the minimum quantity designated by the member the Order will be rejected.

¹² See Rule 4703(e).

minimum quantity, the Order will be cancelled back to the member. This will avoid an execution of a member's Order that is inconsistent with its minimum quantity instructions. If shares remain unexecuted after routing, they return to Nasdaq and check the System for available shares with remaining shares posted on the Nasdaq Book as a Non-Displayed Order with a Midpoint Pegging Order Attribute and the minimum quantity condition specified by the member upon entry of the Order. For example, if the National Best Bid and Offer ("NBBO") is \$5.00 x \$5.01 and a member enters a Non-Displayed Order with a Midpoint Pegging Order Attribute to buy 500 shares with a TIF of Day, a limit of \$5.01 and no minimum quantity, the System will first attempt to execute the Order on Nasdaq at the midpoint of the NBBO and if no shares are executed, the Order will be routed as a midpoint order to destinations on the System routing table that support midpoint eligible orders. If the Order does not receive an execution at the venues to which it was routed, the Order would return to Nasdaq and check the System for available shares, with remaining shares posted to the Nasdaq Book at the midpoint price of \$5.005. If, however, the Order also had a minimum quantity of 300 shares and received an execution of 300 shares at a venue on the System routing table, instead of continuing to route or post to the Nasdaq Book, the Order will instead be cancelled back to the member, consistent with the minimum quantity instruction.

The Exchange does not currently allow an Order with Minimum Quantity to also have a Routing Order Attribute.¹³ Historically, the Exchange System has been unable to support Minimum Quantity and Routing due to limitations in the System. The Exchange has made technical changes to the System to allow for Minimum Quantity and MIDP,

¹³ Id.

and Minimum Quantity would only be available for MIDP. Thus, the Exchange is making a conforming change to Rule 4703(e) to allow Minimum Quantity with MIDP. Should Participants request Minimum Quantity for other Routing strategies, the Exchange would consider making the technical changes to allow for such Routing and submit a rule change proposal to the Commission.

The Exchange will implement the proposal in the second quarter of 2019, subject to approval by the Commission. The Exchange will provide notice of the implementation date at least 30 days prior to implementation via an Equity Trader Alert.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ 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 providing members additional control over the execution of their Orders so that they may source Midpoint liquidity from venues other than Nasdaq. Midpoint Orders allow participants to receive price improvement by executing against other non-displayed liquidity at the midpoint of the NBBO. An entirely optional routing option, MIDP will help maximize the potential that members will receive Midpoint executions for their Orders. In addition, the proposed functionality is currently offered by competitor exchanges.¹⁶ The Exchange

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

¹⁶ BYX Rule 11.13(b)(3)(Q) and EDGA Rule 11.11(g)(13). These rules provide that RMPT and RMPL routing strategies may be used with a Mid-Point Peg Order

believes that allowing Minimum Quantity to be an Order Attribute to an Order with MIDP is consistent with the Act because it provides market participants with greater flexibility and control over their Orders. As noted above, the Exchange has not allowed Orders with both Minimum Quantity and Routing for technical reasons. The Exchange has made technical changes that will allow Minimum Quantity with Routing solely for MIDP, although it may make the change for other Routing strategies based on market participant interest.¹⁷ For these reasons, the Exchange believes that the proposed rule change is consistent with the Act.

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. To the contrary, the proposed change is pro-competitive because it may make the Exchange a more attractive venue to market participants, which may incent other exchanges and trading venues to adopt similar routing functionality. In this regard, the proposed change does not create any competitive barriers or in any way preclude competitor exchanges and other trading venues from implementing similar functionality. As noted above, the proposed functionality copies, in part, existing functionality available on competitor exchanges. In addition, to the extent other exchanges and other trading

to check the exchanges' respective Systems for available shares and any remaining shares are then sent to destinations on their routing tables that support midpoint eligible orders. Any shares remaining unexecuted after routing are posted on the exchanges' respective books as a Mid-Point Peg Order, unless otherwise instructed by the exchange participant. It is unclear to the Exchange if market participants may associate a minimum quantity attribute with RMPT or RMPL. As a consequence, MIDP may differ from RMPT and/or RMPL in this way.

¹⁷ Subject to submission of a rule change filing with the Commission.

venues do not support minimum quantity and routing, they are free to make the changes to their systems to allow for such. Thus, the proposed change is reflective of competition among trading venues, and does not impose any burden thereon.

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

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

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

The proposed change is based on BYX Rule 11.13(b)(3)(Q) and EDGA Rule 11.11(g)(13). As discussed above, these rules provide the RMPT and RMPL routing strategies for both exchanges, which respectively use a MidPoint Peg Order to check the exchange systems for available shares and any remaining shares are then sent to destinations on the exchanges' routing table that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the exchanges' books as a MidPoint Peg Order, unless otherwise instructed by the participant entering the order. Thus, the RMPT and RMPL operate like the proposed MIDP routing strategy; however, it is unclear to the Exchange if market participants may associate a minimum quantity attribute with RMPT or RMPL. As a consequence, MIDP may differ from RMPT and/or RMPL in this way.

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-2019-004)

February __, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Adopt a new MIDP routing option under Rule 4758 and Make a Conforming Change to Rule 4703(e)

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 January 31, 2019, 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 adopt a new MIDP routing option under Rule 4758 and make a conforming change to Rule 4703(e).

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 Exchange is proposing to adopt MIDP, a new order routing³ option under Rule 4758(a)(1)(A). The Exchange provides a variety of routing options under Rule 4758(a)(1). Routing options may be combined with all available Order Types and Times-in-Force, with the exception of Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. The MIDP routing option would allow members to seek midpoint liquidity on Nasdaq and other markets on the

³ Routing is an Order Attribute that allows a Participant to designate an Order to employ one of several Routing Strategies (also called "routing options") offered by Nasdaq, as described in Rule 4758; such an Order may be referred to as a "Routable Order." Upon receipt of an Order with the Routing Order Attribute, the System will process the Order in accordance with the applicable Routing Strategy. In the case of a limited number of Routing Strategies, the Order will be sent directly to other market centers for potential execution. For most other Routing Strategies, including MIDP, the Order will attempt to access liquidity available on Nasdaq in the manner specified for the underlying Order Type and will then be routed in accordance with the applicable Routing Strategy. Shares of the Order that cannot be executed are then returned to Nasdaq, where they will (i) again attempt to access liquidity available on Nasdaq and (ii) post to the Nasdaq Book or be cancelled, depending on the Time-in- Force of the Order. See Rule 4703(f).

System routing table.⁴ Specifically, the MIDP routing option may be assigned only to a Non-Displayed Order Type⁵ with a Midpoint Pegging Order Attribute.⁶ An Order with MIDP will check the System for available shares and then the remaining shares are routed to destinations on the System routing table⁷ that support midpoint eligible orders with a limit price that is at the lesser (greater) of: (1) the current NBO (NBB); or (2) the Order's entered limit price (if applicable).⁸ If shares remain unexecuted after routing, the Order returns to Nasdaq and will check the System for available shares, with remaining shares posted on the Nasdaq Book⁹ as a Non-Displayed Order with a Midpoint Pegging Order Attribute.¹⁰

⁴ The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. See Rule 4758(a)(1)(A).

⁵ See Rule 4702(b)(3).

⁶ Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer (the "Midpoint"). See Rule 4703(d).

⁷ The Order is routed sequentially to the various venues on the System routing table in the full amount. An Order with MIDP and a Minimum Quantity Order Attribute will similarly route to the venues sequentially.

⁸ If the entered limit price of a buy (sell) Order entered with MIDP is less (greater) than the current Midpoint price, the Order will not be routed but will instead be posted on the Nasdaq Book as a Midpoint Peg Order (if not an IOC). Once on the Nasdaq Book, if the NBBO moves and the Order's limit price is equal to or greater (less) than the NBO (NBB), the Order would not subsequently route.

⁹ See Rule 4701(a).

¹⁰ An Order with the MIDP routing option will only be accepted with a Time-in-Force of Market Hours DAY or IOC and may not be flagged to participate in any of the Nasdaq Crosses. Unexecuted shares of an order with the MIDP routing option will be cancelled after routing if the order has a Time-in-Force of IOC.

A member may specify a Minimum Quantity Order Attribute upon entry.¹¹ Minimum Quantity is an Order Attribute that allows a Participant to provide that an Order will not execute unless a specified minimum quantity of shares can be obtained.¹² If at any point during the routing process, but prior to returning to post on the Nasdaq Book (unless an IOC), the remaining size of the Order becomes less than the specified minimum quantity, the Order will be cancelled back to the member. This will avoid an execution of a member's Order that is inconsistent with its minimum quantity instructions. If shares remain unexecuted after routing, they return to Nasdaq and check the System for available shares with remaining shares posted on the Nasdaq Book as a Non-Displayed Order with a Midpoint Pegging Order Attribute and the minimum quantity condition specified by the member upon entry of the Order. For example, if the National Best Bid and Offer ("NBBO") is \$5.00 x \$5.01 and a member enters a Non-Displayed Order with a Midpoint Pegging Order Attribute to buy 500 shares with a TIF of Day, a limit of \$5.01 and no minimum quantity, the System will first attempt to execute the Order on Nasdaq at the midpoint of the NBBO and if no shares are executed, the Order will be routed as a midpoint order to destinations on the System routing table that support midpoint eligible orders. If the Order does not receive an execution at the venues to which it was routed, the Order would return to Nasdaq and check the System for available shares, with remaining shares posted to the Nasdaq Book at the midpoint price of \$5.005. If, however, the Order also had a minimum quantity of 300 shares and received an execution of 300 shares at a venue on the System routing table, instead of

¹¹ If upon entry the Order size is less than the minimum quantity designated by the member the Order will be rejected.

¹² See Rule 4703(e).

continuing to route or post to the Nasdaq Book, the Order will instead be cancelled back to the member, consistent with the minimum quantity instruction.

The Exchange does not currently allow an Order with Minimum Quantity to also have a Routing Order Attribute.¹³ Historically, the Exchange System has been unable to support Minimum Quantity and Routing due to limitations in the System. The Exchange has made technical changes to the System to allow for Minimum Quantity and MIDP, and Minimum Quantity would only be available for MIDP. Thus, the Exchange is making a conforming change to Rule 4703(e) to allow Minimum Quantity with MIDP. Should Participants request Minimum Quantity for other Routing strategies, the Exchange would consider making the technical changes to allow for such Routing and submit a rule change proposal to the Commission.

The Exchange will implement the proposal in the second quarter of 2019, subject to approval by the Commission. The Exchange will provide notice of the implementation date at least 30 days prior to implementation via an Equity Trader Alert.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ 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 providing

¹³ Id.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

members additional control over the execution of their Orders so that they may source Midpoint liquidity from venues other than Nasdaq. Midpoint Orders allow participants to receive price improvement by executing against other non-displayed liquidity at the midpoint of the NBBO. An entirely optional routing option, MIDP will help maximize the potential that members will receive Midpoint executions for their Orders. In addition, the proposed functionality is currently offered by competitor exchanges.¹⁶ The Exchange believes that allowing Minimum Quantity to be an Order Attribute to an Order with MIDP is consistent with the Act because it provides market participants with greater flexibility and control over their Orders. As noted above, the Exchange has not allowed Orders with both Minimum Quantity and Routing for technical reasons. The Exchange has made technical changes that will allow Minimum Quantity with Routing solely for MIDP, although it may make the change for other Routing strategies based on market participant interest.¹⁷ For these reasons, the Exchange believes that the proposed rule change is consistent with the Act.

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

¹⁶ BYX Rule 11.13(b)(3)(Q) and EDGA Rule 11.11(g)(13). These rules provide that RMPT and RMPL routing strategies may be used with a Mid-Point Peg Order to check the exchanges' respective Systems for available shares and any remaining shares are then sent to destinations on their routing tables that support midpoint eligible orders. Any shares remaining unexecuted after routing are posted on the exchanges' respective books as a Mid-Point Peg Order, unless otherwise instructed by the exchange participant. It is unclear to the Exchange if market participants may associate a minimum quantity attribute with RMPT or RMPL. As a consequence, MIDP may differ from RMPT and/or RMPL in this way.

¹⁷ Subject to submission of a rule change filing with the Commission.

Act. To the contrary, the proposed change is pro-competitive because it may make the Exchange a more attractive venue to market participants, which may incent other exchanges and trading venues to adopt similar routing functionality. In this regard, the proposed change does not create any competitive barriers or in any way preclude competitor exchanges and other trading venues from implementing similar functionality. As noted above, the proposed functionality copies, in part, existing functionality available on competitor exchanges. In addition, to the extent other exchanges and other trading venues do not support minimum quantity and routing, they are free to make the changes to their systems to allow for such. Thus, the proposed change is reflective of competition among trading venues, and does not impose any burden thereon.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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-2019-004 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-2019-004. 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-2019-004 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.¹⁸

Eduardo A. Aleman
Assistant Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined>.

The Nasdaq Stock Market Rules

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4703. Order Attributes

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

(a) – (d) No change.

(e) **Minimum Quantity.** Minimum Quantity is an Order Attribute that allows a Participant to provide that an Order will not execute unless a specified minimum quantity of shares can be obtained. An Order with a Minimum Quantity Order Attribute may be referred to as a "Minimum Quantity Order." For example, a Participant could enter an Order with a Size of 1000 shares and specify a Minimum Quantity of 500 shares.

A Participant may specify two alternatives with respect to the processing of a Minimum Quantity Order at time of entry:

- First, the Participant may specify that the minimum quantity condition may be satisfied by execution against multiple Orders. In that case, upon entry, the System would determine whether there were one or more posted Orders executable against the incoming Order with an aggregate size of at least the minimum quantity (500 shares in the above example). If there were not, the Order would post on the Nasdaq Book in accordance with the characteristics of its underlying Order Type.
- Second, the Participant may specify that the minimum quantity condition must be satisfied by execution against one or more Orders, each of which must have a size that satisfies the minimum quantity condition. If there are such Orders but there are also other Orders that do not satisfy the minimum quantity condition, the Minimum Quantity Order will execute against Orders on the Nasdaq Book in accordance with Rule 4757 (pertaining to execution priority) until it reaches an Order that does not satisfy the minimum quantity condition, and then the remainder of the Order will be cancelled. For example, if a Participant entered an Order to buy at \$11 with a size of 1,500 shares and a minimum quantity condition of 500 shares, and there were three Orders to sell at \$11 on the Nasdaq Book, two with a size of 500 shares each and one with a size of 200 shares, with the 200 share Order ranked in time priority between the 500 share Orders, the 500 share Order with the first time priority would execute and the remainder of the Minimum Quantity Order would be cancelled. Alternatively, if the Order would lock or cross Orders on the Nasdaq Book but none of the resting Orders

would satisfy the minimum quantity condition, an Order with a minimum quantity condition to buy (sell) will be repriced to one minimum price increment lower than (higher than) the lowest price (highest price) of such Orders. For example, if there was an Order to buy at \$11 with a minimum quantity condition of 500 shares, and there were resting Orders on the Nasdaq Book to sell 200 shares at \$10.99 and 300 shares at \$11, the Order would be repriced to \$10.98 and ranked at that price.

Once posted to the Nasdaq Book, a Minimum Quantity Order retains its Minimum Quantity Order Attribute, such that the Order may execute only against incoming Orders with a size of at least the minimum quantity condition. An Order that has a Minimum Quantity Order Attribute and that posts to the Nasdaq Book will not be displayed.

Upon entry, an Order with a Minimum Quantity Order Attribute must have a size of at least one round lot. An Order entered through OUCH or FLITE may have a minimum quantity condition of any size of at least one round lot. An Order entered through RASH, QIX or FIX must have a minimum quantity of one round lot or any multiple thereof, and a mixed lot minimum quantity condition will be rounded down to the nearest round lot. In the event that the shares remaining in the size of an Order with a Minimum Quantity Order Attribute following a partial execution thereof are less than the minimum quantity specified by the Participant entering the Order, the minimum quantity value of the Order will be reduced to the number of shares remaining. An Order with a Minimum Quantity Order Attribute may not be displayed; if a Participant marks an Order with both a Minimum Quantity Order Attribute and a Display Order Attribute, the System will accept the Order but will give a Time-in-Force of IOC, regardless of the Time-in-Force marked by the Participant. An Order marked with a Minimum Quantity Order Attribute and a Routing Order Attribute will be rejected, unless otherwise noted. An Order with a Minimum Quantity Order Attribute is ineligible to participate in the Nasdaq Opening, Halt or Closing Crosses, and is not included in the calculation of the Cross price.

(f) – (n) No change.

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4758. Order Routing

(a) Order Routing Process

(1) The Order Routing Process shall be available to Participants during System Hours, unless otherwise noted, and shall route orders as described below. All routing of orders shall comply with Rule 611 of Regulation NMS under the Exchange Act.

(A) The System provides a variety of routing options. Routing options may be combined with all available Order Types and Times-in-Force, with the exception of Order Types and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible markets. The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes Orders and the Order in which it routes them.

Nasdaq reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(i) – (xiv) No change.

(xv) MIDP is a routing option under which a Non-Displayed Order with a Midpoint Pegging Order Attribute will check the System for available shares and then route to destinations on the System routing table that support midpoint eligible orders with a limit price that is at the lesser (greater) of: (1) the current NBO (NBB); or (2) the Order's entered limit price (if applicable). If shares remain unexecuted after routing, they are posted on the Nasdaq Book as a Non-Displayed Order with a Midpoint Pegging Order Attribute. A member may specify a Minimum Quantity Order Attribute on a MIDP Order and if at any point during the routing process, but prior to the Order returning to post on the Nasdaq Book, the remaining size of the Order becomes less than the specified Minimum Quantity, the Order will be cancelled back to the member. If shares remain unexecuted after routing, they are posted on the Nasdaq Book as a Non-Displayed Order with a Midpoint Pegging Order Attribute with the minimum quantity condition specified by the member upon entry of the Order. An Order with the MIDP routing option will only be accepted with a Time-in-Force of Market Hours DAY or IOC. Unexecuted shares of an Order with the MIDP routing option will be cancelled after routing if the Order has a Time-in-Force of IOC. An Order with the MIDP routing option may not be flagged to participate in any of the Nasdaq Crosses.

(B) No change.

(b) – (d) No change.

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