

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="22"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="005"/>
		Amendment No. (req. for Amendments *) <input type="text"/>

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"/>
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**Description**

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

Proposal to amend certain rules of the Rule 7000A Series concerning the Order Audit Trail System to make conforming and technical changes

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  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

By

(Name \*)

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.

edward.knight@nasdaq.com

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

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

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

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

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

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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**

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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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) proposal to amend certain rules of the Rule 7000A Series concerning the Order Audit Trail System to make conforming and technical changes.

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

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<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).

Nasdaq, Inc.  
(301) 978-8499

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 amend certain rules of the Rule 7000A Series concerning FINRA's Order Audit Trail System ("OATS") to make conforming and technical changes. The Exchange's Rule 7000A Series imposes an obligation on Exchange members to record in electronic form and report to FINRA on a daily basis certain information with respect to orders originated, received, transmitted, modified, canceled, or executed by members in Nasdaq-listed stocks. OATS captures this order information and integrates it with quote and transaction information to create a time-sequenced record of orders, quotes, and transactions. This information is used by FINRA staff to conduct surveillance and investigations of members for potential violation of Exchange rules, federal securities laws, and FINRA rules. As such, the Exchange and its sister exchanges, Nasdaq BX, Inc. ("BX") and Nasdaq PHLX LLC ("PHLX"), endeavor to keep their OATS rules consistent with FINRA's OATS rules, as well as with each other's.

BX and PHLX recently updated and harmonized their respective OATS rules with those of the Exchange and FINRA. Through this process, several technical issues were identified with the Exchange's OATS rules that require a rule change. This proposed rule change makes those changes.<sup>4</sup>

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<sup>4</sup> The Exchange is making a technical change to the rule numbering under the Rule 7000A Series to add a period after the individual rule numbers under the Series.

First, the Exchange is proposing to amend Rule 7410A, which defines terms used in the OATS rules. The Exchange is proposing to change the reference to the Rule 7400A Series immediately under the title of the Rule to instead reference the Rule 7000A Series, which is the correct citation. The Exchange is also proposing to amend the definition of “Nasdaq Market Center” under Rule 7410A(d). Nasdaq has a more comprehensive definition of the “Nasdaq Market Center” under Rule 4701(a). As a consequence, the Exchange is proposing to amend Rule 7410A(d) to note that the term “Nasdaq Market Center” has the same meaning as that term has under Rule 4701(a). The Exchange is adding an omitted hyphen to the term “over-the-counter” within the definition of “Electronic Communication Network.” The Exchange is also proposing to delete the defined term “NMS stock” from paragraph (j) of the rule, and re-letter the remaining rules accordingly. The term “NMS stock” is not used in Nasdaq’s OATS rules. The term is used in FINRA Rule 7410(k), defining “Order Audit Trail System, whereas the Exchange instead references Nasdaq listed securities under Rule 7410A(l). Moreover, neither BX nor PHLX defines the term in its respective OATS rules. Thus, the Exchange believes that the defined term is not needed for purposes of its OATS rules, and is accordingly deleting the definition and re-lettering the subparagraphs that follow. The Exchange is proposing to apply lower case letters to the term bona fide hedge transaction within the definition of “Order” under re-lettered paragraph (j). The Exchange notes that it currently capitalizes the term “Bona Fide Hedge Transaction” under the rule, although the term is not defined in Nasdaq’s rules. The Exchange believes that capitalizing the term was an error and is therefore not capitalizing the term in Rule 7410A(j). The Exchange notes that neither BX nor PHLX chose to capitalize the

term for purposes of their OATS rules. The Exchange is proposing to move text within the definition of “Reporting Member” to conform it to how BX and PHLX present the subparagraphs within their definition of “Reporting Member” and “Reporting Member Organization,” respectively. Last, the Exchange is proposing to amend Rule 7410A(o) to cross-reference the definition of term “customer” under Rule 7410A(c) instead of cross-referencing the definition under Rule 0120(g), which is equivalent to the definition under Rule 7410A(c).

Second, the Exchange is proposing to amend Rule 7440A to delete a sentence from Rule 7440A(a), which notes that members are complying with these rules by complying with the related FINRA rules 7440(a). The Exchange believes these sentences are duplicative of the first sentence of Rule 7440A(a), which states that Nasdaq members and persons associated with a member shall comply with FINRA Rule 7440 as if such Rule were part of Nasdaq’s rules. The Exchange notes that neither BX nor PHLX chose to incorporate that sentence into their related OATS rules.

Third, the Exchange is proposing to amend Rule 7450A(b) to include the term “associated persons.” Rule 7450A concerns order data transmission requirements, and paragraph (b) thereunder provides the requirements applicable to proprietary trading firms. Both BX and PHLX apply their related rules to both proprietary trading firms and their associated persons. The Exchange believes that it was an omission to not include associated persons under the rule and is therefore including associated persons thereunder.

Last, the Exchange is proposing to clarify under Rules 7440A and 7450A that certain rules cited thereunder are FINRA rules. The Exchange is also clarifying under

Rules 7440A(a) and 7450A(a) that the regulatory services contract noted under the rule is an agreement with FINRA. These clarifying changes will also harmonize the pertinent parts of Rules 7440A and 7450A with the respective rules of BX and PHLX.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>6</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 harmonizing the Exchange's OATS rules with those of BX and PHLX, with which they should materially match. Consequently, the proposed change will promote consistent regulatory standards with respect to rules that FINRA enforces pursuant to its Regulatory Services Agreements with the Exchange, BX and PHLX. With respect to the proposed technical corrections to the rules, the Exchange believes that these changes are consistent with the Act because they will prevent investor confusion that may be caused by inconsistencies and vagueness in the Rules.

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 rule change align the Exchange's rules with those of BX and PHLX, which will assist FINRA in its oversight work done pursuant to a regulatory services

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

agreement with the Exchange. The proposed changes also provide uniform standards with which market participants must comply. Consequently, the Exchange does not believe that the proposed changes implicate competition at all.

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>7</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>8</sup> 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 the proposal promotes the protection of investors as it will make technical and conforming changes that harmonize the Exchange's rules concerning OATS with those of BX and PHLX. The proposed changes will simplify the oversight process conducted by FINRA pursuant to a Regulatory Services Agreement with the Exchange. Moreover, because the proposed changes make technical and

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).



conforming changes to the Rules and align the Exchange's rules with those of BX and PHLX, which will assist FINRA in its oversight work done pursuant to a regulatory services agreement with the Exchange, the Exchange does not believe that the proposed changes implicate competition at all.

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 the Exchange can implement these clarifying and conforming changes at the earliest time possible.

Allowing the proposed changes to become operative immediately is consistent with the protection of investors and the public interest because the proposed changes are technical in nature, make the rules more clear, and will simplify FINRA's work under the

Regulatory Services Agreements with the Exchange, BX and PHLX.

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

The proposed changes harmonize the Exchange's Rule 7400A rules with BX and PHLX Rules 7400A.

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-2019-005)

February \_\_, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Certain Rules of the Rule 7000A Series Concerning the Order Audit Trail System

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 February 1, 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 amend certain rules of the Rule 7000A Series concerning the Order Audit Trail System to make conforming and technical changes. 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.

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<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 amend certain rules of the Rule 7000A Series concerning FINRA's Order Audit Trail System ("OATS") to make conforming and technical changes. The Exchange's Rule 7000A Series imposes an obligation on Exchange members to record in electronic form and report to FINRA on a daily basis certain information with respect to orders originated, received, transmitted, modified, canceled, or executed by members in Nasdaq-listed stocks. OATS captures this order information and integrates it with quote and transaction information to create a time-sequenced record of orders, quotes, and transactions. This information is used by FINRA staff to conduct surveillance and investigations of members for potential violation of Exchange rules, federal securities laws, and FINRA rules. As such, the Exchange and its sister exchanges, Nasdaq BX, Inc. ("BX") and Nasdaq PHLX LLC ("PHLX"), endeavor to keep their OATS rules consistent with FINRA's OATS rules, as well as with each other's.

BX and PHLX recently updated and harmonized their respective OATS rules with those of the Exchange and FINRA. Through this process, several technical issues were

identified with the Exchange's OATS rules that require a rule change. This proposed rule change makes those changes.<sup>3</sup>

First, the Exchange is proposing to amend Rule 7410A, which defines terms used in the OATS rules. The Exchange is proposing to change the reference to the Rule 7400A Series immediately under the title of the Rule to instead reference the Rule 7000A Series, which is the correct citation. The Exchange is also proposing to amend the definition of "Nasdaq Market Center" under Rule 7410A(d). Nasdaq has a more comprehensive definition of the "Nasdaq Market Center" under Rule 4701(a). As a consequence, the Exchange is proposing to amend Rule 7410A(d) to note that the term "Nasdaq Market Center" has the same meaning as that term has under Rule 4701(a). The Exchange is adding an omitted hyphen to the term "over-the-counter" within the definition of "Electronic Communication Network." The Exchange is also proposing to delete the defined term "NMS stock" from paragraph (j) of the rule, and re-letter the remaining rules accordingly. The term "NMS stock" is not used in Nasdaq's OATS rules. The term is used in FINRA Rule 7410(k), defining "Order Audit Trail System, whereas the Exchange instead references Nasdaq listed securities under Rule 7410A(l). Moreover, neither BX nor PHLX defines the term in its respective OATS rules. Thus, the Exchange believes that the defined term is not needed for purposes of its OATS rules, and is accordingly deleting the definition and re-lettering the subparagraphs that follow. The Exchange is proposing to apply lower case letters to the term bona fide hedge transaction within the definition of "Order" under re-lettered paragraph (j). The Exchange notes that it currently capitalizes the term "Bona Fide Hedge Transaction"

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<sup>3</sup> The Exchange is making a technical change to the rule numbering under the Rule 7000A Series to add a period after the individual rule numbers under the Series.

under the rule, although the term is not defined in Nasdaq's rules. The Exchange believes that capitalizing the term was an error and is therefore not capitalizing the term in Rule 7410A(j). The Exchange notes that neither BX nor PHLX chose to capitalize the term for purposes of their OATS rules. The Exchange is proposing to move text within the definition of "Reporting Member" to conform it to how BX and PHLX present the subparagraphs within their definition of "Reporting Member" and "Reporting Member Organization," respectively. Last, the Exchange is proposing to amend Rule 7410A(o) to cross-reference the definition of term "customer" under Rule 7410A(c) instead of cross-referencing the definition under Rule 0120(g), which is equivalent to the definition under Rule 7410A(c).

Second, the Exchange is proposing to amend Rule 7440A to delete a sentence from Rule 7440A(a), which notes that members are complying with these rules by complying with the related FINRA rules 7440(a). The Exchange believes these sentences are duplicative of the first sentence of Rule 7440A(a), which states that Nasdaq members and persons associated with a member shall comply with FINRA Rule 7440 as if such Rule were part of Nasdaq's rules. The Exchange notes that neither BX nor PHLX chose to incorporate that sentence into their related OATS rules.

Third, the Exchange is proposing to amend Rule 7450A(b) to include the term "associated persons." Rule 7450A concerns order data transmission requirements, and paragraph (b) thereunder provides the requirements applicable to proprietary trading firms. Both BX and PHLX apply their related rules to both proprietary trading firms and their associated persons. The Exchange believes that it was an omission to not include

associated persons under the rule and is therefore including associated persons thereunder.

Last, the Exchange is proposing to clarify under Rules 7440A and 7450A that certain rules cited thereunder are FINRA rules. The Exchange is also clarifying under Rules 7440A(a) and 7450A(a) that the regulatory services contract noted under the rule is an agreement with FINRA. These clarifying changes will also harmonize the pertinent parts of Rules 7440A and 7450A with the respective rules of BX and PHLX.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>4</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>5</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 harmonizing the Exchange's OATS rules with those of BX and PHLX, with which they should materially match. Consequently, the proposed change will promote consistent regulatory standards with respect to rules that FINRA enforces pursuant to its Regulatory Services Agreements with the Exchange, BX and PHLX. With respect to the proposed technical corrections to the rules, the Exchange believes that these changes are consistent with the Act because they will prevent investor confusion that may be caused by inconsistencies and vagueness in the Rules.

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<sup>4</sup> 15 U.S.C. 78f(b).

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

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 rule change align the Exchange's rules with those of BX and PHLX, which will assist FINRA in its oversight work done pursuant to a regulatory services agreement with the Exchange. The proposed changes also provide uniform standards with which market participants must comply. Consequently, the Exchange does not believe that the proposed changes implicate competition at all.

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>6</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>7</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

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>7</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.



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 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-2019-005 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-2019-005. 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-2019-005 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>8</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**The Nasdaq Stock Market Rules**

\* \* \* \* \*

**7000A. Order Audit Trail Series****7400A. Order Audit Trail System****7410A. Definitions**

For purposes of the Rule 7[4]000A Series:

- (a) Terms shall have the same meaning as those defined in the Nasdaq By-Laws and rules, unless otherwise specified.
- (b) “Bunched Order” shall mean two or more orders that are aggregated prior to execution.
- (c) “Customer” shall mean a person other than a broker or dealer.
- (d) “Nasdaq Market Center” shall have the same meaning as the term “Nasdaq Market Center” in Rule 4701(a) [mean the service provided by Nasdaq that provides for the automated execution and reporting of transactions in Nasdaq securities].
- (e) “Electronic Communication Network” shall mean any electronic system that widely disseminates to third parties orders entered therein by an exchange market maker or over-the-counter market maker, and permits such orders to be executed in whole or in part, and as further defined in Rule 600 of SEC Regulation NMS.
- (f) “Electronic Order” shall mean an order captured by a member in an electronic order-routing or execution system.
- (g) “Index Arbitrage Trade” shall have the same meaning as the term “Index Arbitrage” in New York Stock Exchange Rule 7410.
- (h) “Intermarket sweep order” shall have the same meaning as contained in Rule 600 of SEC Regulation NMS.
- (i) “Manual Order” shall mean an order that is captured by a member other than in an electronic order-routing or execution system.
- (j) [“NMS stock” shall have the same meaning as contained in Rule 600 of SEC Regulation NMS.]

(k) “Order” shall mean any oral, written, or electronic instruction to effect a transaction in an equity security listed on The Nasdaq Stock Market that is received by a member from another person for handling or execution, or that is originated by a department of a member for execution by the same or another member, other than any such instruction to effect (1) a proprietary transaction originated by a trading desk in the ordinary course of a member’s market making activities in a Nasdaq-listed equity security or (2) effect a (B)bona (F)fide (H)hedge (T)transaction involving a Nasdaq-listed equity security originated by a trading desk in the ordinary course of the member’s options market making activities.

(l) “Order Audit Trail System” shall mean the automated system owned and operated by FINRA that is designed to capture order information in equity securities listed on The Nasdaq Stock Market reported by members for integration with trade and quotation information to provide FINRA with an accurate time sequenced record of orders and transactions.

(m) “Program Trade” shall have the same meaning as the term “Program Trading” in New York Stock Exchange Rule 7410.

(n) “Reporting Agent” shall mean a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member’s obligations under Rule 7450A.

(o) “Reporting Member” shall mean a member that receives or originates an order and has an obligation to record and report information under Rules 7440A and 7450A. [

(1) A member shall not be considered a Reporting Member in connection with an order, if the following conditions are met:

(A) the member engages in a non-discretionary order routing process, pursuant to which it immediately routes, by electronic or other means, all of its orders to:

(A)(i) a single receiving Reporting Member; or

(B)(ii) two receiving Reporting Members, provided:

(i)[a.] orders are routed by the member to each receiving Reporting Member on a predetermined schedule approved by FINRA; and

(ii)[b.] orders are routed to two receiving Reporting Members pursuant to the schedule for a time period not to exceed one year; and

(2)(B) the member does not direct and does not maintain control over subsequent routing or execution by the receiving Reporting Member;

(3[C]) the receiving Reporting Member records and reports all information required under Rules 7440A and 7450A with respect to the order; and

(4[D]) the member has a written agreement with the receiving Reporting Member specifying the respective functions and responsibilities of each party to effect full compliance with the requirements of Rules 7440A and 7450A.

(o[p]) “Proprietary Trading Firm” shall mean a Nasdaq member that trades its own capital and that does not have “customers,” as that term is defined in paragraph (c) of this Rule[Nasdaq Rule 0210(g)], and that is not a FINRA member. The funds used by a Proprietary Trading firm must be exclusively firm funds and all trading must be in the firm’s accounts. Traders must be owners of, employees of, or contractors to the firm.

#### **7420A. Applicability**

(a) Unless otherwise indicated, the requirements of the Rule 7400A Series are in addition to the requirements contained elsewhere in the Nasdaq Rules.

(b) Unless otherwise indicated, the requirements of the Rule 7400A Series shall apply to all Nasdaq Members and to their associated persons.

(c) Unless otherwise indicated, the requirements of the Rule 7400A Series shall apply to all executed or unexecuted orders for equity securities listed on Nasdaq.

#### **7430A. Synchronization of Member Business Clocks**

(a) Nasdaq members shall comply with FINRA Rule 4590 as if such Rule were part of Nasdaq’s rules.

(b) For purposes of this Rule, references to “the FINRA By-Laws or other FINRA rules” shall be construed as references to “the Nasdaq Rules”.

#### **7440A. Recording of Order Information**

(a) Nasdaq members and persons associated with a member shall comply with FINRA Rule 7440 as if such Rule were part of Nasdaq’s rules. Nasdaq and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. [Therefore, Nasdaq members are complying with Nasdaq Rule 7440A by complying with FINRA Rule 7440 as written, including, for example, filing requirements and notifications. ]In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Nasdaq Rule 7440A are being performed by FINRA on behalf of Nasdaq.

(b) For purposes of this Rule:

(1) references to FINRA Rules 7420 through 7460 shall be construed as references to Nasdaq Rules 7420A through 7460A;

(2) references to FINRA Rules 5320, 7440, and 7450 shall be construed as references to Nasdaq Rules 5320A, 7440A, and 7450A, respectively.

(c) Nasdaq members shall assign and enter a unique order identifier, in the form prescribed by Nasdaq, to all orders that are electronically transmitted to the Nasdaq Market Center. An order identifier shall not be required for orders that are manually transmitted.

#### **7450A. Order Data Transmission Requirements**

(a) Except as provided in paragraph (b), Nasdaq members and persons associated with a member shall comply with FINRA Rule 7450 as if such Rule were part of Nasdaq's rules. Nasdaq and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with Nasdaq Rule 7450A by complying with FINRA Rule 7450 as written, including, for example, filing requirements and notifications. In addition, functions performed by FINRA, FINRA departments, and FINRA staff under Nasdaq Rule 7450A are being performed by FINRA on behalf of Nasdaq.

(b) Proprietary Trading Firms and their associated persons shall be required to comply with FINRA Rule 7450 as if such Rule were part of Nasdaq's rules, only when they receive a request from Nasdaq Regulation to submit order information with respect to specific time periods identified in such request. Nothing in this Rule shall be construed to limit the obligations of Proprietary Trading Firms and their associated persons under any other Rule of the 7400A Series, including but not limited to, Rule 7440A.

(c) For purposes of this Rule, references to FINRA Rule 7440 shall be construed as references to Nasdaq Rule 7440A.

#### **7460A. Violation of Order Audit Trail System Rules**

Failure of a member or person associated with a member to comply with any of the requirements of Rule 7410A through Rule 7460A may be considered conduct that is inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Rule 2110.

#### **7470A. Reserved**

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