

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="23"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="031"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input checked="" type="checkbox"/> 19b-4(f)(6)
			<input type="checkbox"/> 19b-4(f)(3)		

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 \*).

A proposal to amend Rule 5702

**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="Brett"/>	Last Name * <input type="text" value="Kitt"/>
Title * <input type="text" value="Senior Associate General Counsel"/>	
E-mail * <input type="text" value="brett.kitt@nasdaq.com"/>	
Telephone * <input type="text" value="(301) 978-8132"/>	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="04/15/2019"/>	<input type="text" value="Global Chief Legal &amp; Policy Officer"/>
By <input type="text" value="Edward S. Knight"/>	<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 \***

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 \***

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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**

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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**

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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”) a proposal to amend Rule 5702 to clarify the fact that Rule 5250(b)(1) and IM-5250-1, which presently obligate issuers of non-convertible bonds listed on the Nasdaq Bond Exchange to promptly disclose to Nasdaq any material information that would reasonably be expected to affect the value of their listed bonds or influence decisions to invest in such bonds, includes an obligation to disclose to Nasdaq material information about the company’s equity securities, even if those securities are listed on a national securities exchange other than Nasdaq (including, for example, the New York Stock Exchange (“NYSE”) or the NYSE American market), to the extent that information about such equity securities also would reasonably be expected to affect the value of or influence decisions to invest in the listed bonds.

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.

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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).

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:

Brett Kitt  
Senior Associate General Counsel  
Nasdaq, Inc.  
(301) 978-8132

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

a. Purpose

In November 2018, the Commission approved amendments to the Exchange’s rules that permit the Exchange to list and trade non-convertible corporate debt securities (referred to herein as “bonds” or “non-convertible bonds”) on the Nasdaq Bond Exchange.<sup>4</sup> Under the Exchange’s listing rules, at Rule 5702(a)(2), a non-convertible bond is eligible for listing on the Exchange only if its issuer concurrently lists at least one class of an equity security on Nasdaq, NYSE, or NYSE American. The Exchange noted in its proposal for the Nasdaq Bond Exchange that upon the effective date of its proposal, the Exchange would be capable of listing and trading non-convertible bonds only of issuers that list equity securities on Nasdaq.<sup>5</sup> The Exchange stated that it expected to be

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<sup>4</sup> See Securities Exchange Act Release No. 34-84575 (Nov. 13, 2018), 83 FR 58309 (Nov. 19, 2018).

<sup>5</sup> See SR-NASDAQ-2018-070 (as modified by Amendment Nos. 1-3).

ready to list and trade bonds of issuers with equity securities listed on NYSE or NYSE American by the Second Quarter of 2019.<sup>6</sup>

As the Exchange prepares to begin listing and trading bonds of issuers of NYSE and NYSE American listed equity securities, it proposes to further amend its Rules to ensure that it will have access to all of the information it needs to evaluate whether and when to suspend, delist, or halt trading in such bonds. Specifically, the proposed amendment would highlight to issuers that their obligation, under Rule 5250(b)(1) and IM-5250-1, to promptly disclose to Nasdaq material information that could reasonably be expected to affect the value of or influence decisions to invest in their Nasdaq-listed bonds, includes an obligation to promptly notify the Exchange of material news about their NYSE or NYSE American listed equity securities, to the extent that such information about such NYSE or NYSE American listed securities could also reasonably be expected to affect the value of or influence decisions to invest in the Nasdaq-listed bonds.

Rule 4000B(i)(1) provides that the Exchange may halt or suspend trading in non-convertible bonds listed on the Nasdaq Bond Exchange when: (1) in the Exchange's regulatory capacity, it is necessary or appropriate to maintain a fair and orderly market, to protect investors, or is in the public interest, due to extraordinary circumstances or unusual market conditions; (2) a class of equity that is issued by the same issuer as the non-convertible bond has been halted or suspended by, or de-listed from, the Exchange or by its primary listing market (NYSE or NYSE American), as applicable; (3) news reports have a material impact on a non-convertible bond, its issuer, or related stock of its issuer;

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<sup>6</sup> See id.

or (4) the non-convertible bond is to be called for redemption or will mature or become subject to retirement, and thereafter it will be subject to de-listing.

To assist the Exchange in determining when to halt or suspend trading in non-convertible bonds, Rule 5250(b)(1) and IM-5250-1 require that, except in unusual circumstances,<sup>7</sup> Nasdaq listed companies, including issuers of non-convertible bonds listed on the Nasdaq Bond Exchange, shall disclose promptly to the public through any Regulation FD compliant method (or combination of methods) any material information that would reasonably be expected to affect the value of their securities or influence investors' decisions. Under Rule 5250 and IM-5250-1, Nasdaq-listed companies must notify Nasdaq's MarketWatch Department<sup>8</sup> prior to the distribution of certain material news at least ten minutes prior to public announcement of the news when the public release of the information is made, from 7:00 am to 8:00 pm E.T, or prior to 6:50 am, if the company releases the news publicly other than between 7:00 am and 8:00 pm.<sup>9</sup>

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<sup>7</sup> As set forth in IM-5250-1, companies in unusual circumstances may not be required to make public disclosure of material events including, for example, where it is possible to maintain confidentiality of those events and immediate public disclosure would prejudice the ability of the company to pursue its legitimate corporate objectives. However, IM-5250-1 states that companies remain obligated to disclose this information to Nasdaq upon request pursuant to Rule 5250(a).

<sup>8</sup> Nasdaq's MarketWatch Department monitors real time trading in all Nasdaq securities during the trading day for price and volume activity.

<sup>9</sup> As set forth in IM-5250-1, such events include: (1) financial-related disclosures, including quarterly or yearly earnings, earnings restatements, pre-announcements or guidance; (2) corporate reorganizations and acquisitions, including mergers, tender offers, asset transactions and bankruptcies or receiverships; (3) new products or discoveries, or developments regarding customers or suppliers (e.g., significant developments in clinical or customer trials, and receipt or cancellation of a material contract or order); (4) senior management changes of a material nature or a change in control; (5) resignation or termination of independent auditors, or withdrawal of a previously issued audit report; (6) events regarding

The Exchange construes Rule 5250(b)(1) and IM-5250-1 as already obligating an issuer of a Nasdaq-listed bond to disclose and to provide notice of disclosure to the Nasdaq MarketWatch Department of any news information – including information about the issuer’s equity securities – that is material to the value of or an decision to invest in the listed bond. For avoidance of doubt, however, the Exchange proposes to amend Rule 5702 to reiterate and make explicit this obligation.

Specifically, the Exchange proposes to reiterate, in new Rule 5702(c), that any company that has non-convertible bonds listed on the Exchange under Rule 5702 is concurrently obligated, under Rule 5250(b)(1) and IM-5250-1, to promptly disclose and provide notice of disclosure to Nasdaq’s MarketWatch Department of any material information that would reasonably be expected to affect the value of the bond or decisions to invest in the bond. The proposal would emphasize that this obligation extends to material information about the company’s equity securities, even if those securities are listed on a national securities exchange other than Nasdaq, to the extent that information about such equity securities also would reasonably be expected to affect the value of or influence decisions to invest in the bond. Potentially relevant news about the NYSE- or NYSE American-listed equity securities would include, among other things, a voluntary or involuntary delisting of the equity securities, a bankruptcy of the issuer, a corporate reorganization, a call for redemption of the equity securities, or a significant legal or regulatory development, such as a regulatory investigation or action.

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the Company’s securities, such as defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, or public or private sales of additional securities; (7) significant legal or regulatory developments; or (8) any event requiring the filing of a Form 8-K.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</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. Specifically, the Exchange believes that the proposal will promote just and equitable principles of trade by helping to ensure that bond issuers provide prompt notice to Nasdaq's MarketWatch Department, in accordance with Rule 5250(b)(1) and IM-5250-1, of all material news – including material news about the issuer's equity securities listed on Nasdaq or another national securities exchange – that can reasonably be expected to affect the value of or influence a decision to invest in a Nasdaq-listed bond. The proposal will protect investors by ensuring that MarketWatch has the all of the information it reasonably requires to determine whether to suspend, delist, or halt trading in a listed bond, as set forth in Rule 4000B(i), and that it does not lack access to material information that is relevant to the value of or a decision to invest in the listed bonds due to the fact that the issuer has disclosed the information to another national securities exchange in connection with the listing of its equity securities on that other exchange.

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

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).



Act. The proposal is merely intended to help ensure that the Exchange has the information it needs in all instances to evaluate whether to suspend, delist, or halt trading in a Nasdaq-listed bond. The Exchange does not expect that its proposal will have any impact whatsoever on inter-industry competition. The Exchange also does not believe that the proposal will have an adverse impact on intra-industry competition. Although the proposal will specifically require bond issuers with equity securities listed on other national securities exchanges to promptly report material news about those equity securities to Nasdaq, bond issuers with Nasdaq-listed securities are subject to the same obligation. Moreover, the Exchange does not expect that its proposal will require issuers to disclose any information to Nasdaq that they would not otherwise be required to disclose to NYSE or NYSE American for similar purposes.

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>12</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>13</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

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

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 does not believe that this filing will significantly affect the protection of investors or the public interest. This proposal merely reiterates, for the avoidance of doubt, the existing obligation of issuers of Nasdaq-listed bond issuers under Rule 5250(b) and IM-5250-1 to provide notice to Nasdaq's MarketWatch Department prior to the public disclosure of any material information that would reasonably be expected to affect the value of or influence investors' decisions regarding their bonds, includes the obligation to promptly disclose material information about their equity securities listed on Nasdaq, NYSE, or NYSE American to the extent that the equities information would reasonably be expected to affect the value of or influence decisions to invest in the bonds. Moreover, the proposal will protect investors and the public interest by ensuring that Nasdaq's MarketWatch Department has access to all information that would be material to its decisions to suspend, de-list, or halt trading in Nasdaq-listed bonds, including material information about equity securities not listed on Nasdaq that could reasonably be expected to affect the value of or influence decisions to invest in Nasdaq-listed bonds.

Likewise, the Exchange does not expect that the proposal will impose any burden whatsoever on competition. Although the proposal will specifically require bond issuers with equity securities listed on other national securities exchanges to promptly report material news about those equity securities to Nasdaq (to the extent that such news could reasonably be expected to affect the value of or influence decisions to invest in Nasdaq-

listed bonds), bond issuers with Nasdaq-listed securities are subject to the same obligation. Moreover, the Exchange does not expect that its proposal will require issuers to disclose any information to Nasdaq that they would not otherwise be required to disclose to NYSE or NYSE American for similar purposes.

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 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, as soon as the Exchange begins listing non-convertible bonds by issuers with equity securities listed on NYSE and NYSE American, the Exchange will have access to all information about the issuer's NYSE- and NYSE American-listed securities that is material to the Exchange's decisions to suspend, de-list, or halt trading in the bonds.

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-2019-031)

April \_\_, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 5702

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 April 15, 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 Rule 5702 to clarify the fact that Rule 5250(b)(1) and IM-5250-1, which presently obligate issuers of non-convertible bonds listed on the Nasdaq Bond Exchange to promptly disclose to Nasdaq any material information that would reasonably be expected to affect the value of their listed bonds or influence decisions to invest in such bonds, includes an obligation to disclose to Nasdaq material information about the company’s equity securities, even if those securities are listed on a national securities exchange other than Nasdaq (including, for example, the New York Stock Exchange (“NYSE”) or the NYSE American market), to the extent that

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

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

information about such equity securities also would reasonably be expected to affect the value of or influence decisions to invest in the listed bonds.

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

In November 2018, the Commission approved amendments to the Exchange's rules that permit the Exchange to list and trade non-convertible corporate debt securities (referred to herein as "bonds" or "non-convertible bonds") on the Nasdaq Bond Exchange.<sup>3</sup> Under the Exchange's listing rules, at Rule 5702(a)(2), a non-convertible bond is eligible for listing on the Exchange only if its issuer concurrently lists at least one class of an equity security on Nasdaq, NYSE, or NYSE American. The Exchange noted in its proposal for the Nasdaq Bond Exchange that upon the effective date of its proposal, the Exchange would be capable of listing and trading non-convertible bonds only of

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<sup>3</sup> See Securities Exchange Act Release No. 34-84575 (Nov. 13, 2018), 83 FR 58309 (Nov. 19, 2018).

issuers that list equity securities on Nasdaq.<sup>4</sup> The Exchange stated that it expected to be ready to list and trade bonds of issuers with equity securities listed on NYSE or NYSE American by the Second Quarter of 2019.<sup>5</sup>

As the Exchange prepares to begin listing and trading bonds of issuers of NYSE and NYSE American listed equity securities, it proposes to further amend its Rules to ensure that it will have access to all of the information it needs to evaluate whether and when to suspend, delist, or halt trading in such bonds. Specifically, the proposed amendment would highlight to issuers that their obligation, under Rule 5250(b)(1) and IM-5250-1, to promptly disclose to Nasdaq material information that could reasonably be expected to affect the value of or influence decisions to invest in their Nasdaq-listed bonds, includes an obligation to promptly notify the Exchange of material news about their NYSE or NYSE American listed equity securities, to the extent that such information about such NYSE or NYSE American listed securities could also reasonably be expected to affect the value of or influence decisions to invest in the Nasdaq-listed bonds.

Rule 4000B(i)(1) provides that the Exchange may halt or suspend trading in non-convertible bonds listed on the Nasdaq Bond Exchange when: (1) in the Exchange's regulatory capacity, it is necessary or appropriate to maintain a fair and orderly market, to protect investors, or is in the public interest, due to extraordinary circumstances or unusual market conditions; (2) a class of equity that is issued by the same issuer as the non-convertible bond has been halted or suspended by, or de-listed from, the Exchange or

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<sup>4</sup> See SR-NASDAQ-2018-070 (as modified by Amendment Nos. 1-3).

<sup>5</sup> See id.

by its primary listing market (NYSE or NYSE American), as applicable; (3) news reports have a material impact on a non-convertible bond, its issuer, or related stock of its issuer; or (4) the non-convertible bond is to be called for redemption or will mature or become subject to retirement, and thereafter it will be subject to de-listing.

To assist the Exchange in determining when to halt or suspend trading in non-convertible bonds, Rule 5250(b)(1) and IM-5250-1 require that, except in unusual circumstances,<sup>6</sup> Nasdaq listed companies, including issuers of non-convertible bonds listed on the Nasdaq Bond Exchange, shall disclose promptly to the public through any Regulation FD compliant method (or combination of methods) any material information that would reasonably be expected to affect the value of their securities or influence investors' decisions. Under Rule 5250 and IM-5250-1, Nasdaq-listed companies must notify Nasdaq's MarketWatch Department<sup>7</sup> prior to the distribution of certain material news at least ten minutes prior to public announcement of the news when the public release of the information is made, from 7:00 am to 8:00 pm E.T, or prior to 6:50 am, if the company releases the news publicly other than between 7:00 am and 8:00 pm.<sup>8</sup>

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<sup>6</sup> As set forth in IM-5250-1, companies in unusual circumstances may not be required to make public disclosure of material events including, for example, where it is possible to maintain confidentiality of those events and immediate public disclosure would prejudice the ability of the company to pursue its legitimate corporate objectives. However, IM-5250-1 states that companies remain obligated to disclose this information to Nasdaq upon request pursuant to Rule 5250(a).

<sup>7</sup> Nasdaq's MarketWatch Department monitors real time trading in all Nasdaq securities during the trading day for price and volume activity.

<sup>8</sup> As set forth in IM-5250-1, such events include: (1) financial-related disclosures, including quarterly or yearly earnings, earnings restatements, pre-announcements or guidance; (2) corporate reorganizations and acquisitions, including mergers, tender offers, asset transactions and bankruptcies or receiverships; (3) new products or discoveries, or developments regarding customers or suppliers (e.g.,



The Exchange construes Rule 5250(b)(1) and IM-5250-1 as already obligating an issuer of a Nasdaq-listed bond to disclose and to provide notice of disclosure to the Nasdaq MarketWatch Department of any news information – including information about the issuer’s equity securities – that is material to the value of or an decision to invest in the listed bond. For avoidance of doubt, however, the Exchange proposes to amend Rule 5702 to reiterate and make explicit this obligation.

Specifically, the Exchange proposes to reiterate, in new Rule 5702(c), that any company that has non-convertible bonds listed on the Exchange under Rule 5702 is concurrently obligated, under Rule 5250(b)(1) and IM-5250-1, to promptly disclose and provide notice of disclosure to Nasdaq’s MarketWatch Department of any material information that would reasonably be expected to affect the value of the bond or decisions to invest in the bond. The proposal would emphasize that this obligation extends to material information about the company’s equity securities, even if those securities are listed on a national securities exchange other than Nasdaq, to the extent that information about such equity securities also would reasonably be expected to affect the value of or influence decisions to invest in the bond. Potentially relevant news about the NYSE- or NYSE American-listed equity securities would include, among other things, a voluntary or involuntary delisting of the equity securities, a bankruptcy of the issuer, a

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significant developments in clinical or customer trials, and receipt or cancellation of a material contract or order); (4) senior management changes of a material nature or a change in control; (5) resignation or termination of independent auditors, or withdrawal of a previously issued audit report; (6) events regarding the Company’s securities, such as defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, or public or private sales of additional securities; (7) significant legal or regulatory developments; or (8) any event requiring the filing of a Form 8-K.

corporate reorganization, a call for redemption of the equity securities, or a significant legal or regulatory development, such as a regulatory investigation or action.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</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. Specifically, the Exchange believes that the proposal will promote just and equitable principles of trade by helping to ensure that bond issuers provide prompt notice to Nasdaq's MarketWatch Department, in accordance with Rule 5250(b)(1) and IM-5250-1, of all material news – including material news about the issuer's equity securities listed on Nasdaq or another national securities exchange – that can reasonably be expected to affect the value of or influence a decision to invest in a Nasdaq-listed bond. The proposal will protect investors by ensuring that MarketWatch has the all of the information it reasonably requires to determine whether to suspend, delist, or halt trading in a listed bond, as set forth in Rule 4000B(i), and that it does not lack access to material information that is relevant to the value of or a decision to invest in the listed bonds due to the fact that the issuer has disclosed the information to another national securities exchange in connection with the listing of its equity securities on that other exchange.

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

<sup>10</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 proposal is merely intended to help ensure that the Exchange has the information it needs in all instances to evaluate whether to suspend, delist, or halt trading in a Nasdaq-listed bond. The Exchange does not expect that its proposal will have any impact whatsoever on inter-industry competition. The Exchange also does not believe that the proposal will have an adverse impact on intra-industry competition. Although the proposal will specifically require bond issuers with equity securities listed on other national securities exchanges to promptly report material news about those equity securities to Nasdaq, bond issuers with Nasdaq-listed securities are subject to the same obligation. Moreover, the Exchange does not expect that its proposal will require issuers to disclose any information to Nasdaq that they would not otherwise be required to disclose to NYSE or NYSE American for similar purposes.

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>11</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>12</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 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-2019-031 on the subject line.

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</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-2019-031. 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-2019-031 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>13</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**The Nasdaq Stock Market Rules  
Equity Rules**

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**5702. Debt Securities (Other than Convertible Debt)**

(a) For initial listing of a non-convertible bond, the following conditions must be satisfied:

- (1) the principal amount outstanding or market value must be at least \$5 million; and
- (2) the issuer of the non-convertible bond must have one class of equity security that is listed on Nasdaq, NYSE American or the New York Stock Exchange ("NYSE").

*The Exchange anticipates that it will not be ready, prior to the Second Quarter of 2019, to list the non-convertible bonds of issuers whose equity securities are listed on NYSE American or NYSE. The Exchange will post a notification via a Trader Alert at least seven days prior to accepting applications from issuers to list such non-convertible bonds.*

(b) A non-convertible bond must meet the following requirements for continued listing:

- (1) the market value or principal amount of non-convertible bonds outstanding is at least \$400,000; and
- (2) the issuer must be able to meet its obligations on the listed non-convertible bonds.

(c) As is required by, and in accordance with the procedures set forth in, Rule 5250(b)(1) and IM-5250-1, a Company that has non-convertible bonds listed on the Nasdaq Bond Exchange must make prompt public disclosure of material information that would reasonably be expected to affect the value of its listed bonds or influence investors' decisions regarding such bonds and must provide notice of such disclosure to Nasdaq's MarketWatch Department. For avoidance of doubt, this obligation includes material information about the Company's equity securities to the extent the information would reasonably be expected to affect the value of, or influence investors' decisions to invest in, the listed bonds, even if those equity securities are listed on another national securities exchange.

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