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

1. Purpose

The purpose of the proposed rule change is to withdraw the Trading Insights product from sale. Trading Insights is an optional market data service designed to help members analyze their own order activity. It is comprised of three components: (a) Missed Opportunity—Liquidity; (b) Missed Opportunity—Latency; and (c) Peer Benchmarking.

The Missed Opportunity—Liquidity component identifies when an order from a market participant could have been increased in size, resulting in the execution of additional shares, and is designed to provide information to a market participant interested in gaining insight into pockets of liquidity.

The Missed Opportunity—Latency component identifies when an order from a market participant could have been executed faster, resulting in the execution of additional shares, and is designed to provide information to a market participant interested in gaining insight into pockets of latency.

Peer Benchmarking compares a member firm’s trading performance against its peers, allowing each participant to view its relative trading performance. It is designed to help participants better understand trends over time, their relative performance relative to their competitors in general, and whether behavioral changes translate into expected results.

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.


The data elements for this component, in summary, are: (i) Issue (Nasdaq symbol for the issue); (ii) Buy/Sell Indicator (side of the market at which the market participants are quoting); (iii) Price (the price (inclusive of decimal point) at which Nasdaq Market Center market participants had order interest for the given security at the given time); (iv) Order Reference Number (the unique reference number assigned to the new order at the time of receipt); (v) Order Size; (vi) Matching Engine times for incoming orders; (vii) Missed Opportunity times; and (viii) Reasons for not getting fills. The Missed Opportunity—Latency component would not provide specific information about resting orders on the Exchange order book.

A port is a means by which a member firm connects to Nasdaq’s systems. Each port would be categorized into a peer grouping that would be based upon a given set of metrics that would share similar trading behavior characteristics, and there would be at least ten peers within a security. The data elements for this component, in summary, include: (i) Total Dollar Volume; (ii) Total Share Volume; Share Volume of Liquidity Provision and Accessible for Tape A, Tape B and Tape C; (iii) Number of Trades, including Hidden Orders and Number of Hidden Trades; (iv) Mean/Median Trade Size; (v) Mean/Median Size of Hidden Orders; (vi) Number of Buy/Sell Orders Received; (vii) Number of Aggressive Orders, Mean Size of Aggressive Buy/Sell Orders; (viii) Number of Passive Orders, Mean Size of Displayed Passive Order, Hidden Passive for Buy and Sell Orders; (ix) Number of Orders at Best Bid/Ask Level; (x) Mean Cost to Execute for Buy and Sell for 1,000, 5,000, 10,000 Shares; (xi) Number of Modified/Cancelled Buy/Sell Orders; (xii) Mean Buy/Sell Price Range; (xiii) Total Number of Buy/Sell Orders, Mean—Resting Buy/Sell Price Points; (xiv) Missed Opportunities—Liquidity, Latency; (xv) Mean Share Volume Against Hidden, Mean Quote Rotation Time.
has found, however, that members are able to use messaging received on their order acknowledgments, coupled with internal software, to obtain the same information into trading activity that certain components of Trading Insights was designed to convey.7 Because the product is no longer needed in the industry, Nasdaq has decided to withdraw it and its associated fees from the market.

The withdrawal of Trading Insights will not materially impact either Nasdaq’s members or the market as a whole. Currently, less than ten customers purchase Trading Insights. Nasdaq has discussed the proposed withdrawal with each, and none indicated that withdrawal would materially impact their operations. Nasdaq also publicly announced its intent to withdraw Trading Insights in a Data News publication issued on October 1, 2021,8 and received no feedback indicating that withdrawal would be problematic.

Withdrawal of Trading Insights will not have a different impact on different types of market participants. Members that currently purchase the product have not indicated that they would be materially disadvantaged by its withdrawal, and members that do not currently purchase the product would remain unaffected.

In light of the small number of customers currently using the product, the ability of members to analyze their own order activity using in-house software, and the lack of any negative feedback after discussing the proposed withdrawal with Trading Insights customers and announcing it publicly, Nasdaq proposes to withdraw Trading Insights from sale as of December 31, 2021.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,9 in general, and further the objectives of Section 6(b)(5) of the Act,10 in particular, 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, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

Withdrawal of a product that is no longer needed in the industry is the quintessence of competition. The Proposal promotes competition because Nasdaq, like all of its competitors, has limited resources with which to attract customers, and, to remain competitive, Nasdaq must use its resources effectively. Withdrawal will allow Nasdaq to redirect its internal resources into developing other products that more effectively meet customer demand.

The Proposal will not permit unfair discrimination between customers, issuers, brokers, or dealers. Members that currently purchase the product have not indicated that they would be materially disadvantaged by its withdrawal, and members that do not currently purchase the product will remain unaffected. The Proposal therefore does not permit unfair discrimination.

For all of these reasons, the proposed withdrawal of Trading Insights promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest, and does not permit unfair discrimination.

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.

Intermarket Competition

The withdrawal of Trading Insights will have no impact on intermarket competition (the competition among SROs). As explained above, the Proposal would allow Nasdaq to redirect its internal resources into developing other products that more effectively meet customer demand. Other platforms may use the opportunity of this withdrawal to introduce their own versions of Trading Insights, although, as is evident from Nasdaq’s experience, such a product may not elicit high customer demand.

Intramarket Competition

The Proposal will not cause any unnecessary or inappropriate burden on intramarket competition (competition among exchange customers). As explained in our discussion of unfair discrimination above, members that currently purchase the product have not indicated that they would be materially disadvantaged by its withdrawal, and members that do not currently purchase the product will remain unaffected. The Proposal therefore will not cause any unnecessary or inappropriate burden on intramarket competition.

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 after 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) of the Act11 and Rule 19b–4(f)(6) hereunder.12

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act13 normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii)14 permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that it can withdraw Trading Insights on December 31, 2021. According to the Exchange, it has publicly announced its intent to withdraw Trading Insights in October 2021 and received no feedback indicating that withdrawal would be problematic, and it has discussed the withdrawal with each of the customers currently purchasing the product and no customer indicated that withdrawal would materially impact their operations. For these reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the

7 Nasdaq had noted previously that some market participants may be able to derive some of the data provided by Nasdaq Trading Insights based on executions and internal algorithms created by customers. See Securities Exchange Act Release No. 78886 (September 26, 2016), 81 FR 66113 (September 26, 2016) [SR-Nasdaq–2016–101].
12 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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 met this requirement.
proposed rule change operative upon filing.\textsuperscript{15}

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 change 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 email to rule-comments@sec.gov. Please include File Number SR-NASDAQ–2021–102 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—2021–102 on the subject line.

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–017, OMB Control No. 3235–0017]

Proposed Collection; Comment Request; Extension: Rules 6a–1 and 6a–2, Form 1

Upon Written Request Copies Available

From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 6a–1 (17 CFR 240.6a–1), Rule 6a–2 (17 CFR 240.6a–2), and Form 1 (17 CFR 249.1) under the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78a et seq.). The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

The Exchange Act sets forth a regulatory scheme for national securities exchanges. Rule 6a–1 under the Exchange Act generally requires an applicant for initial registration as a national securities exchange to file an application with the Commission on Form 1. An exchange that seeks an exemption from registration based on limited trading volume also must apply for such exemption on Form 1. Rule 6a–2 under the Exchange Act requires registered and exempt exchanges: (1) To amend the Form 1 if there are any material changes to the information provided in the initial Form 1; and (2) to submit periodic updates of certain information provided in the initial Form 1, whether such information has changed or not. The information required pursuant to Rules 6a–1 and 6a–2 is necessary to enable the Commission to maintain accurate files regarding the exchange and to exercise its statutory oversight functions. Without the information submitted pursuant to Rule 6a–1 on Form 1, the Commission would not be able to determine whether the respondent has met the criteria for registration (or an exemption from registration) set forth in Section 6 of the Exchange Act. The amendments and periodic updates of information submitted pursuant to Rule 6a–2 are necessary to assist the Commission in determining whether a national securities exchange or exempt exchange is continuing to operate in compliance with the Exchange Act.

Initial filings on Form 1 by prospective exchanges are made on a one-time basis. The Commission estimates that it will receive approximately one initial Form 1 filing per year and that each respondent could incur an average burden of 880 hours to file an initial Form 1 at an average internal compliance cost per response of approximately $340,886. Therefore, the Commission estimates that the annual burden for all respondents to file the initial Form 1 would be 880 hours (one response/respondent × one respondent × 880 hours/response) and an internal compliance cost of $340,886 (one response/respondent × one respondent × $340,886/response).

There currently are 24 entities registered as national securities exchanges. The Commission estimates that each registered or exempt exchange files eleven amendments or periodic updates to Form 1 per year, incurring an average burden of 25 hours per amendment to comply with Rule 6a–2. The Commission estimates that the average internal compliance cost for a national securities exchange per response would be approximately $8,480. The Commission estimates that the annual burden for all respondents to file amendments and periodic updates to the Form 1 pursuant to Rule 6a–2 would be 6,600 hours (24 respondents × 25 hours/response × 11 responses/respondent per year) and an internal compliance cost of $2,238,720 (24 respondents × $8,480/response × 11 responses/respondent per year).

\textsuperscript{15} For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).