

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 17Ad-3(b) (17 CFR 240.17Ad-3(b)), under the Securities Exchange Act of 1934 (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.

Rule 17Ad-3(b) requires registered transfer agents to send a copy of the written notice required under Rule 17Ad-2(c), (d), and (h) to the chief executive officer of each issuer for which the transfer agent acts when it has failed to turnaround at least 75% of all routine items in accordance with the requirements of Rule 17Ad-2(a), or to process at least 75% of all items in accordance with the requirements of Rule 17Ad-2(b), for two consecutive months. The issuer may use the information contained in the notices: (1) as an early warning of the transfer agent’s non-compliance with the Commission’s minimum performance standards regarding registered transfer agents; and (2) to become aware of certain problems and poor performances with respect to the transfer agents that are servicing the issuer’s issues. If the issuer does not receive notice of a registered transfer agent’s failure to comply with the Commission’s minimum performance standards, then the issuer will be unable to take remedial action to correct the problem or to find another registered transfer agent. Pursuant to Rule 17Ad-3(b), a transfer agent that has already filed a Notice of Non-Compliance with the Commission pursuant to Rule 17Ad-2 will only be required to send a copy of that notice to issuers for which it acts when that transfer agent fails to turnaround 75% of all routine items or to process 75% of all items for two consecutive months.

The Commission estimates that only one transfer agent will be subject to the third party disclosure requirements of Rule 17Ad-3(b) each year. If a transfer agent fails to meet the turnaround and processing requirements under 17Ad-3(b), it would simply send its issuer-clients a copy of the notice that had already been produced for the Commission pursuant to Rule 17Ad-2(c) or (d). The Commission estimates the requirement will take the transfer agent approximately four hours to complete. The total estimated burden

associated with Rule 17Ad-3(b) is thus approximately 4 hours per year. The Commission estimates that the internal compliance cost for the transfer agent to comply with this third party disclosure requirement will be approximately \$1,128 per year (4 hours × \$283 per hour = \$1,128). The total estimated internal cost of compliance associated with Rule 17Ad-3(b) is thus approximately \$1,128 per year. There are no external costs associated with sending the notice to issuer-clients.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission’s estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by September 29, 2023.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or send an email to: PRA_Mailbox@sec.gov.

Dated: July 25, 2023.

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-97973; File No. SR-NASDAQ-2023-024]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Equity 4, Rules 4752, 4753, and 4754

July 25, 2023.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,²

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on July 19, 2023, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 Equity 4, Rules 4752, 4753, and 4754³ to clarify and restate the order in which Nasdaq prioritizes executions of Orders in its Opening, Closing, and Halt Crosses.

The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, 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

The Exchange proposes to amend and restate portions of its Rules governing its Opening (Rule 4752) and Closing Crosses (Rule 4754) (collectively, the “Crosses”) to clarify the existing processes for execution prioritization, including by correcting errors and omissions, as well as to clarify the Exchange’s intentions for those processes. The Exchange also proposes to amend the Rule governing processing of the Halt Cross (Rule 4753) to accurately reflect the relative execution prioritization of Displayed and Non-Displayed Orders entered therein.

³ References herein to Nasdaq Rules in the 4000 Series shall mean Rules in Nasdaq Equity 4.

The Exchange's Rules governing its Crosses each include a description of the priority in which the Exchange will execute Orders eligible to execute in a Cross when fewer than all such orders can be executed therein. The priority assignments are unique to each type of Cross.

With respect to the Opening and Closing Crosses, the Exchange generally assigns priority in buckets as follows, with orders executed on a price-time basis within each bucket: (1) market orders designated for the Crosses; (2) interest designated for the Crosses that is priced more aggressively than the Opening/Closing Cross Price, as applicable; (3) limit on Open/Close orders and displayed interest priced at the Opening/Closing Cross Price; and (4) non-displayed interest. All orders unexecuted in the Crosses are cancelled unless they are otherwise designated to continue trading afterwards.

The Exchange proposes to restate its Opening and Closing Cross procedures to clarify, simplify and, in certain cases, correct them so that they fully reflect the Exchange's intentions and practices. The Exchange believes that the existing Rule text is confusing in several respects. First, the existing prioritization Rules expressly differentiate between executions of certain Orders priced more aggressively than the Cross prices from those that would be priced at the Cross prices, even though the concept of price-time priority necessarily provides that Orders priced more aggressively would execute before Orders priced less aggressively. Second, the existing Rules describe, but do not always state expressly, that they prioritize execution of Displayed Orders and interest before Non-Displayed Orders. Third, the Rules do not state clearly how the System prioritizes certain Orders that are designated to either execute in the Crosses or cancel, without rebooking unaltered into the continuous market.

The Exchange proposes to restate and clarify these existing Rules for the Nasdaq Opening and Closing Crosses to address these issues, as follows.

The Exchange proposes to retain the first order execution prioritization bucket for the Nasdaq Opening Cross, at Rule 4752(d)(3)(A), which states that the System will first prioritize execution of Market on Open Orders ("MOOs")⁴ and Early Market Hours market peg orders,⁵

⁴ A MOO is an Order Type entered without a price that may be executed only during the Nasdaq Opening Cross at the price determined by the Opening Cross. See Rule 4702(b)(8).

⁵ "Early Market Hours Orders" are those that, if entered into the System prior to 9:28 a.m. shall be treated as MOO and LOO, as appropriate, for the

with time as the secondary priority. However, the Exchange proposes to consolidate the next two prioritization buckets, at Rule 4752(d)(3)(B) and (C).

Under existing Rule 4752(d)(3)(B), the System prioritizes Limit on Open Orders ("LOOs"),⁶ limit orders with a Time in Force ("TIF") of Early Market Hours,⁷ Opening Imbalance Only Orders ("OIOs"),⁸ SDAY limit orders, SGTC limit orders, GTMC limit orders, SHEX limit orders, displayed⁹ quotes, and reserve interest priced more aggressively than the Nasdaq Opening Cross price based on limit price with time as the secondary priority. Under existing Rule 4752(d)(3)(C), the System prioritizes execution of remaining LOOs and displayed interest, *i.e.*, LOO orders, OIO, Early Market Hours Orders and displayed interest of quotes, SDAY limit orders, SGTC limit orders, GTMC limit orders, and SHEX limit orders, at the Nasdaq Opening Cross price with time as the secondary priority. Nasdaq proposes to consolidate these two buckets into one, as they state essentially the same thing—that the Exchange will prioritize as a group the execution of Displayed Orders and interest, with price as the primary priority, and then within each price level, time as the secondary priority.

purposes of the Nasdaq Opening Cross. See Rule 4752(a)(10).

⁶ A LOO is an Order Type entered with a price that may be executed only in the Nasdaq Opening Cross, and only if the price determined by the Nasdaq Opening Cross is equal to or better than the price at which the LOO Order was entered. See Rule 4702(b)(9).

⁷ A TIF assigned to an Order means the period of time that the Nasdaq Market Center will hold the Order for potential execution. Participants specify an Order's Time-in-Force by designating a time at which the Order will become active and a time at which the Order will cease to be active. See Rule 4703(a). TIFs that would permit trading on the Continuous Book during Regular Market Hours include TIFs of "Market Hours," "Market Hours Day" or "MDAY," "Market Hours Good-til-Cancelled" or "MGTC," "System Hours," "System Hours Good-til-Cancelled" or "SGTC," "Good-til-Cancelled" or "GTC," and Extended Hours Trading or "EXT." TIFs that would permit trading on the Continuous Book after Regular Market Hours include TIFs of "System Hours," "SDAY," "GTC," and Closing Cross/Extended Hours" or "EXT." See *id.*; see Rule 4702(b)(12)(B).

⁸ An OIO is an Order Type entered with a price that may be executed only in the Nasdaq Opening Cross and only against MOO Orders, LOO Orders, or Early Market Hours Orders. See Rule 4702(b)(10).

⁹ Display is an Order Attribute that allows the price and size of an Order to be displayed to market participants via market data feeds. All Orders that are Attributable are also displayed, but an Order may be displayed without being Attributable. As discussed in Rule 4702, a Non-Displayed Order is a specific Order Type, but other Order Types may also be non-displayed if they are not assigned a Display Order Attribute; however, depending on context, all Orders that are not displayed may be referred to as "Non-Displayed Orders." An Order with a Display Order Attribute may be referred to as a "Displayed Order." See Rule 4703(k).

That is, there is no reason to distinguish between Orders priced more aggressively than the Opening Cross Price from those priced at the Opening Cross Price, as the concept of price-time priority sufficiently implies that the former category of Orders will execute prior to the latter category of Orders.¹⁰ The proposed amended Rule text also makes clear that all of the Orders in this new single prioritization bucket are either Displayed Orders or, as discussed below, are neither Displayed nor Non-Displayed Orders, but are currently treated like Displayed Orders for purposes of execution priority.¹¹ This includes auction-only Orders with an Immediate-or-Cancel Order Attribute ("IOC" Orders)¹² that do not rest on the Book after entry (and thus are neither Displayed nor Non-Displayed, strictly speaking), and are designated to either execute in the Opening Cross or cancel, without rebooking unaltered into the continuous market afterwards. (OIOs are another example of such an auction-only Order that is assigned a TIF of IOC and is therefore treated as a Displayed Order for purposes of priority.) The existing prioritization language does not clearly account for such Orders, and the proposal codifies their treatment. The proposed consolidated and restated

¹⁰ There is also no reason for the existing Rules to state the different types of Displayed Limit Orders that this bucket contains, as all such Limit Orders are included in it. Thus, the Exchange proposes to refer to these orders collectively as "Limit Orders."

¹¹ The proposed amended Rule also addresses an oversight in the prioritization of Reserve Orders. Currently, Rule 4752(d)(3)(B) expressly sets priority for "displayed . . . reserve interest"—which refers to the Displayed portion of Reserve Orders—priced more aggressively than the Cross Price. However, Rule 4752(d)(3)(C) does not expressly account for displayed reserve interest priced at the Opening Cross Price. Instead, the Rule merely implies that such Orders are included in (C) by referring to "remaining . . . displayed interest." Market participants may find such incongruous language confusing, and the Exchange therefore the Exchange proposes to delete references to "reserve interest" in existing Rule 4752(d)(3)(B) and the "interest of quotes" in existing Rule 4752(d)(3)(C) in favor of the phrase "the Displayed size of Reserve Orders."

¹² As stated in Rule 4703(a)(1), an IOC Order is one that is designated to deactivate immediately after determining whether the Order is marketable. Except as provided in Rule 4702 with respect to Opening Cross/Market Hours Orders and Closing Cross/Extended Hours Orders, MOO, LOO, OIO, MOC, LOC and OI Orders all have a Time in Force of IOC, because they are designated for execution in the Nasdaq Opening Cross or the Nasdaq Closing Cross, as applicable, and are cancelled after determining whether they are executable in such cross. Such an Order may also be referred to as having a Time-in-Force of "On Open" or "On Close", respectively. An MOO, LOO, OIO, MOC, LOC or IO Order, or any other Order with a Time-in-Force of IOC entered between 9:30 a.m. ET and 4:00 p.m. ET, may be referred to as having a Time-in-Force of "Market Hours Immediate or Cancel" or "MIOC."

prioritization bucket would be as follows, at a new Rule 4752(d)(3)(B):

Displayed Orders, with price as the primary priority, and then within each price level, with time as the secondary priority, including the following: LOOs; OIOs; Limit Orders; the Displayed size of Reserve Orders; other Displayed interests and all Orders with TIFs designated to execute in the Opening Cross and not immediately rebook, unaltered, into the continuous market;

The Exchange proposes to restate and renumber current Rule 4752(d)(3)(D), which prioritizes the execution of the reserve interest of quotes, SDAY limit orders, SGTC limit orders, GTMC limit orders, and SHEX limit orders, at the Nasdaq Opening Cross price with time as the secondary priority. Nasdaq proposes to amend this provision to state expressly what this provision implies—that it encompasses the prioritization of Non-Displayed Orders in price-time priority. Thus, the Exchange proposes to replace Rule 4752(d)(3)(D) with a new Rule 4752(d)(3)(C), which would state as follows: “Non-Displayed Orders, including LOOs, Limit Orders, and the Non-Displayed size of Reserve Orders, with price as the primary priority, and then within each price level, time as the secondary priority.”

The Exchange proposes to move the last sentence of Rule 4752(d)(3)(B), which states that an Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book in Early Market Hours, and which has been deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order, shall be ranked in time priority behind all orders at the price at which the Order was posted to the Nasdaq Book. The Exchange proposes to move this provision to a new, unnumbered paragraph in Rule 4752(d)(3) that follows the prioritization provisions at (d)(3)(A)–(C). This Exchange proposes this change because this provision is not part of the general prioritization of Displayed and Non-Displayed Orders in the Cross; rather it provides for special prioritization of an Order in a specific circumstance involving interaction with a specific Order Type. The Exchange believes that relocating this provision will avoid confusion.

The Exchange proposes to make similar amendments to Rule 4754(b)(3), which governs the execution priority of Orders and interest in the Nasdaq Closing Cross when fewer than all MOC, Limit on Close Orders (“LOCs”),¹³ IO,

¹³ A LOC is an Order Type entered with a price that may be executed only in the Nasdaq Closing Cross or the LULD Closing Cross (except as

and Close Eligible Interest¹⁴ would be executed therein. Similar to the Opening Cross Rules, the Exchange proposes to retain current Rule 4754(b)(3)(A), which prioritizes execution of Market on Close Orders (“MOCs”),¹⁵ with time as the secondary priority. And again, the Exchange proposes to consolidate and restate the second and third prioritization buckets.

Existing Rule 4754(b)(3)(B) prioritizes LOC, limit orders, Imbalance Only Orders (“IOs”),¹⁶ Displayed quotes and reserve interest priced more aggressively than the Nasdaq Closing Cross price based on price with time as the secondary priority. Meanwhile, existing Rule 4754(b)(3)(C) prioritizes LOCs, IOs, displayed interest of limit orders, and displayed interest of quotes at the Nasdaq Closing Cross price with time as the secondary priority. Again, Nasdaq proposes to consolidate these two buckets into one to state more simply the concept that, in the Closing Cross, the Exchange will prioritize as a group the execution of Displayed Orders and interest, with price as the primary priority, and then within each price level, with time as the secondary priority. As with the Opening Cross, there is no reason to distinguish in the Closing Cross between Orders priced more aggressively than the Closing Cross Price from those priced at the Closing Cross Price, as the concept of price-time priority sufficiently implies that the former category of Orders will execute prior to the latter category of Orders.¹⁷ The proposed amended Rule text also makes clear that all of the Orders in this new single prioritization bucket are either Displayed Orders or are currently treated like Displayed Orders for purposes of execution priority, despite being neither Displayed

provided herein), and only if the price determined by the Nasdaq Closing Cross or the LULD Closing Cross (except as provided herein) is equal to or better than the price at which the LOC Order was entered. See Rule 4702(b)(12).

¹⁴ Close Eligible Interest means any quotation or any order that may be entered into the system and designated with a time-in-force of SDAY, SGTC, MDAY, MGTC, SHEX, or GTMC. See Rule 4754(a)(1).

¹⁵ A MOC is an Order Type entered without a price that may be executed only during the Nasdaq Closing Cross at the price determined by the Closing Cross. See Rule 4702(b)(11).

¹⁶ An IO is an Order entered with a price that may be executed only in the Nasdaq Closing Cross and only against MOC Orders or LOC Orders. See Rule 4702(b)(13).

¹⁷ There is also no reason for the existing Rules to state the different types of Displayed Limit Orders that this bucket contains, as all such Limit Orders are included in it. Thus, the Exchange proposes to refer to these orders collectively as “Limit Orders.”

nor Non-Displayed.¹⁸ This includes auction-only IOC Orders that do not rest on the Book after entry (and thus are neither Displayed nor Non-Displayed, strictly speaking), and are designated to either execute in the Closing Cross or cancel, without rebooking unaltered into the continuous market afterwards. (IOs are another example of such an auction-only Order that is assigned a TIF of IOC and is therefore treated as a Displayed Order for purposes of priority.) The existing prioritization language does not clearly account for such Orders, and the proposal codifies their treatment. The proposed consolidated and restated prioritization bucket would be as follows, at a new Rule 4754(b)(3)(B):

Displayed Orders, with price as the primary priority, and then within each price level, with time as the secondary priority, including the following: LOCs; IOs; Limit orders; the Displayed size of Reserve Orders; other Displayed interest; and all Orders with TIFs designated to execute in the Nasdaq Closing Cross and not immediately rebook, unaltered, into the continuous market after Regular Market Hours;

The Exchange proposes to restate and renumber current Rule 4754(b)(3)(D), which prioritizes the execution of reserve interest at the Nasdaq Closing Cross price with time as the secondary priority. Nasdaq proposes to amend this provision to state expressly what the Exchange intends for this provision to imply—that it encompasses the prioritization of the Non-Displayed portion of Reserve Orders and other Non-Displayed Orders in price-time priority. Thus, the Exchange proposes to replace Rule 4754(b)(3)(D) with a new Rule 4752(b)(3)(C), which would state as follows: “Non-Displayed Orders, including LOCs, Limit Orders, and the Non-Displayed size of Reserve Orders, with price as the primary priority, and then within each price level, time as the secondary priority.”

The Exchange proposes to delete current Rule 4754(b)(3)(E), which states that unexecuted MOC, LOC, and IO orders will be canceled. The Exchange

¹⁸ The proposed amended Rule also addresses an oversight in the prioritization of Reserve Orders. Currently, Rule 4754(b)(3)(B) expressly sets priority for “displayed . . . reserve interest”—which refers to the Displayed portion of Reserve Orders—priced more aggressively than the Cross Price. However, Rule 4754(b)(3)(C) does not expressly account for Displayed Reserve interest priced at the Opening Cross Price. Instead, the Rule merely implies that such Orders are included in (C) by referring to “remaining . . . displayed interest.” Market participants may find such incongruous language confusing, and the Exchange proposes to delete references to “reserve interest” in existing Rule 4754(b)(3)(B) and the “interest of quotes” in existing Rule 4754(b)(3)(C) in favor of the phrase “Displayed size of Reserve Orders.”

proposes to delete this provision because it does not concern the prioritization of execution and it is redundant of statements of the cancellation conceptions for these Order Types as set forth in Rule 4702. The Exchange also notes that a similar provision does not exist in Rule 4752(d)(3) governing the Nasdaq Opening Cross, such that the deletion of this provision will render both sets of Cross rules consistent.

The Exchange proposes to move the last sentence of Rule 4754(b)(3)(B), which states that an Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book, and which has been deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order, shall be ranked in time priority behind all orders at the price at which the Order was posted to the Nasdaq Book. The Exchange proposes to move this provision to a new, unnumbered paragraph in Rule 4754(b)(3) that follows the prioritization provisions at (b)(3)(A)–(C). This Exchange proposes this change because this provision is not part of the general prioritization of Displayed and Non-Displayed Orders in the Cross; rather it provides for special prioritization of an Order in a specific circumstance involving interaction with a specific Order Type. The Exchange believes that relocating this provision will avoid confusion.

In addition to the above, the Exchange proposes to amend Rule 4753, which governs the Exchange's procedures for conducting the Halt Cross when fewer than all shares of Eligible Interest¹⁹ are executed at the Nasdaq Halt Cross price. Currently, Rule 4753(b)(3) states that, if the Nasdaq Halt Cross price is selected and fewer than all shares of Eligible Interest that are available in the Nasdaq Market Center would be executed, all Eligible Interest shall be executed at the Nasdaq Halt Cross price in price-time priority.²⁰ The Exchange proposes to amend this Rule to account for the fact that it fails to distinguish between how the System prioritizes Displayed (and

IOCs and IOs treated as Displayed Orders) vis-a-vis Non-Displayed Eligible Interest in a Halt Cross. Specifically, the Exchange proposes to amend the reference to "price/time" priority to state instead "price/display/time priority." The Exchange also proposes to add a sentence which states that Displayed Eligible Interest and Orders with IOC shall be ranked in time priority ahead of Non-Displayed Eligible Interest with the same prices.

This proposed amendment is intended to codify existing practice and to render Halt Cross prioritization procedures roughly consistent with those of the Opening and Closing Crosses.

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act,²¹ in general, and furthers the objectives of section 6(b)(5) of the Act,²² 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.

It is consistent with the Act to for the Exchange to amend its Rules governing its Crosses so that they account for how the System prioritizes certain Orders in certain situations and so that they accurately and clearly distinguish between how the System prioritizes Displayed versus Non-Displayed variants of Orders in the Crosses, as well as Orders with IOC that do not survive the Crosses. It is in the best interests of investors and the public, and consistent with the maintenance of an orderly market, to maintain comprehensive, accurate, and specific rules governing the prioritization of order execution in the Nasdaq Crosses. Doing so will avoid potential participant and investor confusion and frustration as well as promote confidence and participation in the Crosses.

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 will clarify and correct the Exchange's Rules governing its prioritization of order executions in the Cross. Such changes are neither intended to nor will they adversely impact competition. If anything, the

Exchange expects that the proposed changes will promote competition by increasing confidence in and the attractiveness of participating in the Exchange's Crosses.

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) of the Act²³ and Rule 19b-4(f)(6) thereunder.²⁴

A proposed rule change filed under Rule 19b-4(f)(6)²⁵ normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)²⁶ 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 asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because the proposed rule change does not raise any new or novel issues. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.²⁷

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

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 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 satisfied this requirement.

²⁵ 17 CFR 240.19b-4(f)(6).

²⁶ 17 CFR 240.19b-4(f)(6)(iii).

²⁷ 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).

¹⁹ Eligible Interest is any quotation or any Order that has been entered into the system and designated with a TIF that would allow the order to be in force at the time of the Halt Cross. See Rule 4753(a)(5).

²⁰ Rule 4753(b)(3) also states that an Order to buy (sell) that is locked or crossed at its non-displayed price by a Post-Only Order on the Nasdaq Book, and which has been deemed to have a price at one minimum price increment below (above) the price of the Post-Only Order, shall be ranked in time priority ahead of all orders one minimum price increment below (above) the price of the Post-Only Order but behind all orders at the price at which the Order was posted to the Nasdaq Book.

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(5).

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2023-024 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-2023-024. This file number should be included on the subject line if email 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 website (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-NASDAQ-2023-024 and should be submitted on or before August 21, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-97983; File No. SR-CboeBZX-2023-050]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rules To Provide Users With a Risk Setting They May Elect To Apply to Their Orders That Will Allow Them To Reject Market Orders During Continuous Trading and/or Auctions

July 25, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 14, 2023, Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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

Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposal to amend Interpretation and Policy .01 to Rule 11.13 in connection with a risk setting that Users³ may elect to apply to their orders that will allow them to reject market orders during continuous trading and/or auctions.⁴ The text of the proposed rule change is provided in Exhibit 5.

²⁸ 17 CFR 200.30-3(a)(12), (59).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A User is any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.13. See Rule 1.5(cc).

⁴ The Exchange plans to implement the proposed rule change on a date that will be circulated in a notice from the Cboe Trade Desk to all Members.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange's Office of the Secretary, 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

The purpose of this proposal is to amend Interpretation and Policy .01 to Rule 11.13 to allow the Exchange to offer its Users the ability to apply a risk setting to their orders that will allow them to reject market orders during continuous trading or auctions ("Market Order Check"). Pursuant to Interpretation and Policy .01 to Rule 11.13, the Exchange currently offers certain optional risk settings applicable to a User's activities on the Exchange. Specifically, pursuant to Interpretation and Policy .01(c), the Exchange currently provides Users with the controls to restrict order types or modifiers that can be utilized (including pre-market, post-market, short sales, ISOs, and Directed ISOs). When utilized, this optional risk tool acts as a risk filter by evaluating a User's orders to determine whether the orders comply with certain criteria established by the User.

Based on feedback from its Members, the Exchange now seeks to expand this risk setting to allow a User to restrict additional order types from being entered—market orders during continuous trading and/or market orders during auctions ("Market Order Check").⁵ The Market Order Check will

⁵ The Exchange notes that the proposed Market Order Check will treat Stop Orders as regular market orders. A "Stop Order" Stop Order is an order that becomes a BZX market order when the stop price is elected. A Stop Order to buy is elected when the consolidated last sale in the security