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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2025 - \* 027

Amendment No. (req. for Amendments \*)

Filing by The Nasdaq Stock Market LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

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

A proposed Rule Change to Amend Equity 4, Rules 4120, 4702, 4703, and 4757.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \*  Last Name \*

Title \*

E-mail \*

Telephone \*  Fax


**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, The Nasdaq Stock Market LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date  (Title \*)

By    
(Name \*)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

 Date: 2025.03.12  
16:53:00 -04'00'

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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SR-NASDAQ-2025-027 19b-4.docx

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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SR-NASDAQ-2025-027 Exhibit 1.docx

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 Advanced 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 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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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 Sent As Paper Document

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

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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 Sent As Paper Document

**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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SR-NASDAQ-2025-027 Exhibit 5.docx

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 establish “CORE FIX” or “CF” as a new Order<sup>3</sup> Entry Protocol (defined below) on the Exchange, and to amend Equity 4, Rules 4120, 4702, 4703, and 4757<sup>4</sup> to add the new CF protocol, as described further below. The proposed amendments will not make any other substantive changes to the rules.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange (the “Board”)

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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> The term “Order” means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An “Order Type” is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An “Order Attribute” is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Equity 4, Section 1(a)(7).

<sup>4</sup> References herein to Nasdaq Rules in the 4000 Series shall mean Rules in Nasdaq Equity 4.

on November 20, 2024. 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:

Marsha Dixon-Herbert  
Associate Vice President, Principal Associate General Counsel  
Nasdaq, Inc.  
(301) 978-8183

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

a. Purpose

Nasdaq currently offers customers the ability to send orders to the Exchange via four Order entry protocols<sup>5</sup>: OUCH, RASH, FIX, and FLITE.<sup>6</sup> Due to differences in the

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<sup>5</sup> The term "Order" means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Equity 4, Section 1(a)(7).

<sup>6</sup> The OUCH Order entry protocol is a proprietary protocol that allows subscribers to quickly enter orders into the System and receive executions. OUCH accepts limit Orders from members, and if there are matching Orders, they will execute. Non-matching Orders are added to the Limit Order Book, a database of available limit Orders, where they are matched in price-time priority. OUCH only provides a method for members to send Orders and receive status updates on those Orders. See <https://www.nasdaqtrader.com/Trader.aspx?id=OUCH>. RASH (Routing and Special Handling) is a proprietary protocol that allows Nasdaq members to enter Orders, cancel existing Orders and receive executions. RASH also allows participants to use advanced functionality, including discretion, random reserve, pegging and routing. See [https://www.nasdaqtrader.com/content/ProductsServices/Trading/Protocols\\_quickref.pdf](https://www.nasdaqtrader.com/content/ProductsServices/Trading/Protocols_quickref.pdf). The Exchange's FIX implementation acts like a router, converting incoming FIX messages into OUCH messages and back again. See id. QIX provides a fast, reliable point-to-point connection from the Nasdaq Market Center to customers. See id. FIX Lite or "FLITE" is an Order entry protocol based on a subset of FIX 4.2. See id.

technical designs and capabilities of these protocols, they offer market participants different functionalities and experiences with respect to order handling. That is, order handling behaviors on the Exchange and the speed at which those behaviors execute vary, in certain circumstances, depending upon the particular protocol that a participant chooses to utilize to enter its Orders<sup>7</sup> in connection with particular Order Types<sup>8</sup> and Order Attributes.<sup>9</sup>

In recent years, the Exchange acted to reduce variances in the behaviors and speeds of its Order entry protocols to simplify the customer experience and improve the efficiency of sending Orders to the Exchange. In 2022, for example, the Exchange upgraded the OUCH Order Entry Protocol to version 5.0 by infusing it with the complex Order handling abilities of RASH,<sup>10</sup> while also increasing the speed the Exchange can process those complex Order instructions by enabling the Exchange's matching engine (i.e., its CORE System) to do so itself, after receipt of such Orders from OUCH, rather than by utilizing a RASH-based software layer to execute the instructions first before forwarding the Orders to CORE.

The Exchange now proposes to introduce a new Order entry protocol named "CORE FIX" or "CF," that will bring to FIX similar Order handling capabilities and

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<sup>7</sup> See *id.*

<sup>8</sup> An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Exchange Book when submitted to Nasdaq. See Equity 1, Section 1(a)(7).

<sup>9</sup> An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Exchange Book when submitted to the Exchange. See *id.*

<sup>10</sup> The RASH (Routing and Special Handling) Order entry protocol is a proprietary protocol that allows members to enter Orders, cancel existing Orders and receive executions. RASH allows participants to use advanced functionality, including discretion, random reserve, pegging and routing. See [http://nasdaqtrader.com/content/technicalsupport/specifications/TradingProducts/rash\\_sb.pdf](http://nasdaqtrader.com/content/technicalsupport/specifications/TradingProducts/rash_sb.pdf).

efficiencies that OUCH 5.0 brought to OUCH. CORE FIX will operate as a streamlined alternative to FIX for participants that utilize and appreciate the familiarity of coding to FIX, but do not utilize routing strategies, and would benefit from an improvement in performance associated with the Exchange removing such routing capabilities from FIX and delegating certain order handling behaviors to CORE. CORE FIX will allow participants to code to the standard FIX specs while gaining faster direct access to the Exchange along with the latest and most efficient order handling functionality that the Exchange has to offer.

CF will cater to the customer segment that currently uses FIX but does not use its routing capabilities. Using the same standardized protocol as FIX, but eliminating the intricate RASH-based software layer that provides for Order routing functionality, will streamline order handling behavior and improve Order latency relative to either FIX or RASH. Additionally, the introduction of CORE FIX will simplify the overall protocol ecosystem by giving FIX users the option to target their Orders directly and leave the RASH-based software layer as a routing protocol primarily.

While CF will share similarities with FIX, certain CF functionalities will be similar to OUCH 5.0. However, the proposed amendments will not make any other substantive changes to the rule and order processing mechanism. Currently, pursuant to Rule 4120(a)(12)(E)(2)(a), limit-priced orders entered via OUCH and not assigned a Managed Pegging, Discretionary, or Reserve Order Attribute will be repriced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. The Exchange proposes to also apply this provision to CORE fix protocols. Pursuant to Rule 4120(a)(12)(E)(2)(b), for

limit-priced orders assigned a Managed Pegging, Discretionary, or Reserve Order Attribute, currently, when entered via RASH FIX or OUCH, the order may be repriced by the system multiple times if the Price Bands move such that the price of resting limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. The Exchange proposes to also apply this provision to CORE FIX protocols. Additionally, various provisions of Rule 4702 will be amended to provide that CF will behave similar to OUCH for the following Order Types and Order Attributes:

- If a Price to Comply Order (Rule 4702(b)(1)(B)), Price to Display Order (Rule 4702(b)(2)(B)) or Non-Displayed Order (Rule 4702(b)(3)(B)) is entered during Market Hours and the entered limit price of the Order crosses a Protected Quotation and the NBBO changes so that the Order could be displayed or posted at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order, Price to Display Order or Non-Displayed Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice.
- If the original entered limit price of the Price to Comply Order, Price to Display Order or Non-Displayed Order that locked a Protected Quotation, changes so that the Order would no longer lock a Protected Quotation, the Price to Comply Order, Price to Display Order or Non-Displayed Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price,

depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B).

- If a Post-Only Order (Rule 4702(b)(4)(B)) is entered during Market Hours and the entered limit price of the Order locks or crosses a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a Price to Comply Order (or a Price to Display Order, if it is Attributable). During System Hours, if the original entered limit price of the Post-Only Order locked or crossed a displayed Order on the Nasdaq Book and the Nasdaq Book changes so that the original entered limit price would no longer lock or cross an Order on the Nasdaq Book, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice.
- The Time-in-Force Order Attribute pursuant to Rules 4702(b)(4)(C) and 4702(b)(5)(C) may be assigned to a Post-Only Order and a Midpoint Peg Post-Only Order provided, however, that a Post-Only Order or a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through CORE FIX. And provided further pursuant to Rule 4702(b)(5)(C) that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of Market Hours.

Additionally, the Order Attributes in Rules 4702(b)(1)(C), 4702(b)(2)(C), 4702(b)(3)(C), 4702(b)(4)(C), and 4702(b)(5)(C) such as Reserve Size, Pegging, Discretion and Trade Now will be available through CORE FIX for Price to Comply, Price to Display and Non-Displayed Orders.



The Exchange is also proposing to amend Rules 4702(b)(6)(A) and 4702(b)(7)(A) to include the use of the CORE FIX protocol when entering a Supplemental Order and Market Maker Peg Order, respectively. Additionally, the Exchange is proposing to add CORE FIX to the Time-in-Force Order Attribute for Limit On Open Orders under Rule 4702(b)(9)(B). Moreover, pursuant to Rule 4702(b)(9)(B), Opening Cross/Market Hours Orders entered through the CF protocol that have a Time-in-Force other than an IOC, will be treated as an Opening Imbalance Only Order and cancelled after the Nasdaq Opening Cross, similar to OUCH. Additionally, similar to OUCH's functionality in Rule 4702(b)(12)(B), a Closing Cross/Extended Hours Order entered through CORE FIX with a Time-in-Force other than IOC after the time of the Nasdaq Closing Cross will be accepted but the Nasdaq Closing Cross flag will be ignored.

The Exchange is also proposing certain changes to include CF in the rules for Pegged Orders pursuant to Rule 4703. First, Primary Pegged, Market Pegged and Managed Pegged Orders may be available through CORE FIX pursuant to Rule 4703(d). Second, similar to OUCH and FLITE, Orders with Midpoint Pegging entered through CORE FIX, if the Inside Bid and Inside Offer are crossed or if there is no Inside Bid and/or Inside Offer, the Order would not be accepted, pursuant to Rule 4703(d). The Exchange is also proposing to amend Rule 4703(e) to provide that an Order entered through CORE FIX, may have a minimum quantity condition of any size of at least one round lot. Additionally, the Exchange is also proposing that a Reserve Order with displayed size of an odd lot entered using CORE FIX will be rejected pursuant to Rule 4703(h), similar to the how OUCH orders are handled. The Exchange also proposes that Trade Now Order Attribute may be enabled on an order-by-order basis or port-level basis

when entered through the CORE FIX protocol, under Rule 4703(m).<sup>11</sup> Lastly, the Exchange proposes to give Market participants using CORE FIX the ability to assign orders entered through a specific order entry port, a unique group identification modifier that will prevent quotes/orders with such modifier from executing against each other, pursuant to Rule 4757.

The Exchange will announce the implementation date of the new CORE FIX functionalities in an Equity Trader Alert at least 30 days prior to implementation. A present, the Exchange expects that the new CORE FIX functionality will be ready for full implementation in the third quarter of 2025, although that time frame is subject to change.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>13</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.

Generally speaking, it is consistent with the Act to amend the Rulebook to reflect upgrades to the Exchange's Order entry protocols. The introduction of CF is consistent

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<sup>11</sup> The Exchange is also proposing a technical change to Rule 4703(m) to clarify the functionality when Trade Now is entered through the OUCH protocol. Currently, the Rule provides two scenarios including an option for OUCH to function like FLITE. OUCH was not intended to function like FLITE under the Trade Now Attribute, therefore, the Exchange is proposing to remove the rule marking error from the Rulebook. See Securities Exchange Act Release No. 95768 (Sept. 14, 2022), 87 FR 57534 (Sept. 20, 2022) (Notice of Amendments to OUCH protocol).

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

with the Act because it will offer members a new optional order entry protocol that will be more streamlined and efficient than the existing FIX protocols. That is, CF will combine into a single protocol many of the most popular features of the FIX and OUCH protocols, while omitting routing capabilities, which many customers do not require. CF will utilize the Exchange's CORE system to directly process complex order instructions, rather than going through the RASH architecture layer, which FIX does currently to facilitate order routing. This design feature will render CF faster than FIX and on par with OUCH 5.0. Those participants that wish to route orders can continue to utilize existing protocols for that purpose.

The Exchange's proposal to amend its Rule governing the Limit Up-Limit Down Mechanism, at Rule 4120(a)(2), its Price to Comply Order Rules 4702(b)(1)(B) and 4702(b)(1)(C), its Price to Display Order Rules 4702(b)(1)(B) and 4702(b)(1)(C), its Non-Displayed Order Rules 4702(b)(3)(B) and 4702(b)(3)(C), its Post-Only Order Rules 4702(b)(4)(B) and 4702(b)(4)(C), its Mid-Point Peg Post-Only Order Rule 4702(b)(5)(C), its Supplemental Order Rule 4702(b)(6)(A), its Limit On Open Order Rule 4702(b)(9)(B), and its Limit On Close Rule 4702(12)(B) is consistent with the Act because the proposed amendments aligns with CF's capability to handle certain Order Types and Order Attributes similar to OUCH, RASH and FIX.

Similarly, the Exchange's proposal to amend its Rule governing the Minimum Quantity Order Attribute, at Rule 4703(e) and the Reserve Size Order Attribute, at Rule 4703(h) is consistent with the Act because the proposed amendments align CF's functionalities with OUCH, RASH and FIX.

Finally, this proposal will promote just and equitable principles of trade by modernizing and streamlining the Exchanges' order entry protocols so that members not looking to route orders will no longer need to sacrifice functionality for speed, or vice versa, when sending orders to the Exchanges. do not utilize routing strategies, and would benefit from an improvement in performance associated with the Exchange removing such routing capabilities from FIX and delegating certain order handling behaviors to CORE.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As a general principle, the proposed changes are reflective of the significant competition among exchanges and non-exchange venues for order flow. In this regard, proposed changes that facilitate enhancements to the Exchange's System and Order entry protocols as well as those that amend and clarify the Exchange's Rules regarding its Order Attributes, are pro-competitive because they bolster the efficiency, functionality, and overall attractiveness of the Exchange in an absolute sense and relative to its peers. Moreover, none of the proposed changes will unduly burden intra-market competition among various Exchange participants. Participants will experience no competitive impact from its proposals, as these proposals will restate and reorganize portions of the Rule to reflect the capabilities of CORE FIX, as well as to render the descriptions of CF's new capabilities easier to read and understand.

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>14</sup> of the Act and Rule 19b-4(f)(6) thereunder<sup>15</sup> in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

As noted above, the proposed changes do not significantly affect the protection of investors or the public interest; instead, they will further the interests of investors and the public by, among other things, catering to the customer segment that currently uses FIX but does not use its routing capabilities. And doing so in a way that will streamline order handling behavior, improve Order latency relative to either FIX or RASH and simplify the overall protocol ecosystem by giving FIX users the option to target their Orders directly and leave RASH FIX as a routing protocol primarily. Moreover, the proposed changes will not impose any significant or undue burden on competition to the extent that they serve these purposes.

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

Furthermore, Rule 19b-4(f)(6)(iii)<sup>16</sup> 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.

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.

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<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_; File No. SR-NASDAQ-2025-027)

March \_\_\_\_\_, 2025

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Equity 4, Rules 4120, 4702, 4703, and 4757

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 March 12, 2025. 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 establish “CORE FIX” or “CF” as a new Order<sup>3</sup> Entry Protocol (defined below) on the Exchange, and to amend Equity 4, Rules 4120, 4702,

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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> The term “Order” means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An “Order Type” is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An “Order Attribute” is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Equity 4, Section 1(a)(7).

4703, and 4757<sup>4</sup> to provide for the new CORE FIX protocol, as described further below. The proposed amendments will not make any substantive changes to the rule and order processing mechanism.

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

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<sup>4</sup> References herein to Nasdaq Rules in the 4000 Series shall mean Rules in Nasdaq Equity 4.



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

1. Purpose

Nasdaq currently offers customers the ability to send orders to the Exchange via four Order entry protocols<sup>5</sup>: OUCH, RASH, FIX, and FLITE.<sup>6</sup> Due to differences in the technical designs and capabilities of these protocols, they offer market participants different functionalities and experiences with respect to order handling. That is, order handling behaviors on the Exchange and the speed at which those behaviors execute vary, in certain circumstances, depending upon the particular protocol that a participant

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<sup>5</sup> The term "Order" means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Equity 4, Section 1(a)(7).

<sup>6</sup> The OUCH Order entry protocol is a proprietary protocol that allows subscribers to quickly enter orders into the System and receive executions. OUCH accepts limit Orders from members, and if there are matching Orders, they will execute. Non-matching Orders are added to the Limit Order Book, a database of available limit Orders, where they are matched in price-time priority. OUCH only provides a method for members to send Orders and receive status updates on those Orders. See <https://www.nasdaqtrader.com/Trader.aspx?id=OUCH>. RASH (Routing and Special Handling) is a proprietary protocol that allows Nasdaq members to enter Orders, cancel existing Orders and receive executions. RASH also allows participants to use advanced functionality, including discretion, random reserve, pegging and routing. See [https://www.nasdaqtrader.com/content/ProductsServices/Trading/Protocols\\_quickref.pdf](https://www.nasdaqtrader.com/content/ProductsServices/Trading/Protocols_quickref.pdf). The Exchange's FIX implementation acts like a router, converting incoming FIX messages into OUCH messages and back again. See id. QIX provides a fast, reliable point-to-point connection from the Nasdaq Market Center to customers. See id. FIX Lite or "FLITE" is an Order entry protocol based on a subset of FIX 4.2. See id.

chooses to utilize to enter its Orders<sup>7</sup> in connection with particular Order Types<sup>8</sup> and Order Attributes.<sup>9</sup>

In recent years, the Exchange acted to reduce variances in the behaviors and speeds of its Order entry protocols to simplify the customer experience and improve the efficiency of sending Orders to the Exchange. In 2022, for example, the Exchange upgraded the OUCH Order Entry Protocol to version 5.0 by infusing it with the complex Order handling abilities of RASH,<sup>10</sup> while also increasing the speed the Exchange can process those complex Order instructions by enabling the Exchange's matching engine (i.e., its CORE System) to do so itself, after receipt of such Orders from OUCH, rather than by utilizing a RASH-based software layer to execute the instructions first before forwarding the Orders to CORE.

The Exchange now proposes to introduce a new Order entry protocol named "CORE FIX" or "CF," that will bring to FIX similar Order handling capabilities and efficiencies that OUCH 5.0 brought to OUCH. CORE FIX will operate as a streamlined alternative to FIX for participants that utilize and appreciate the familiarity of coding to FIX, but do not utilize routing strategies, and would benefit from an improvement in performance associated with the Exchange removing such routing capabilities from FIX

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<sup>7</sup> See *id.*

<sup>8</sup> An "Order Type" is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Exchange Book when submitted to Nasdaq. See Equity 1, Section 1(a)(7).

<sup>9</sup> An "Order Attribute" is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Exchange Book when submitted to the Exchange. See *id.*

<sup>10</sup> The RASH (Routing and Special Handling) Order entry protocol is a proprietary protocol that allows members to enter Orders, cancel existing Orders and receive executions. RASH allows participants to use advanced functionality, including discretion, random reserve, pegging and routing. See [http://nasdaqtrader.com/content/technicalsupport/specifications/TradingProducts/rash\\_sb.pdf](http://nasdaqtrader.com/content/technicalsupport/specifications/TradingProducts/rash_sb.pdf).

and delegating certain order handling behaviors to CORE. CORE FIX will allow participants to code to the standard FIX specs while gaining faster direct access to the Exchange along with the latest and most efficient order handling functionality that the Exchange has to offer.

CF will cater to the customer segment that currently uses FIX but does not use its routing capabilities. Using the same standardized protocol as FIX, but eliminating the intricate RASH-based software layer that provides for Order routing functionality, will streamline order handling behavior and improve Order latency relative to either FIX or RASH. Additionally, the introduction of CORE FIX will simplify the overall protocol ecosystem by giving FIX users the option to target their Orders directly and leave the RASH-based software layer as a routing protocol primarily.

While CF will share similarities with FIX, certain CF functionalities will be similar to OUCH 5.0. However, the proposed amendments will not make any other substantive changes to the rule and order processing mechanism. Currently, pursuant to Rule 4120(a)(12)(E)(2)(a), limit-priced orders entered via OUCH and not assigned a Managed Pegging, Discretionary, or Reserve Order Attribute will be repriced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. The Exchange proposes to also apply this provision to CORE fix protocols. Pursuant to Rule 4120(a)(12)(E)(2)(b), for limit-priced orders assigned a Managed Pegging, Discretionary, or Reserve Order Attribute, currently, when entered via RASH FIX or OUCH, the order may be repriced by the system multiple times if the Price Bands move such that the price of resting limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. The

Exchange proposes to also apply this provision to CORE FIX protocols. Additionally, various provisions of Rule 4702 will be amended to provide that CF will behave similar to OUCH for the following Order Types and Order Attributes:

- If a Price to Comply Order (Rule 4702(b)(1)(B)), Price to Display Order (Rule 4702(b)(2)(B)) or Non-Displayed Order (Rule 4702(b)(3)(B)) is entered during Market Hours and the entered limit price of the Order crosses a Protected Quotation and the NBBO changes so that the Order could be displayed or posted at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order, Price to Display Order or Non-Displayed Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice.
- If the original entered limit price of the Price to Comply Order, Price to Display Order or Non-Displayed Order that locked a Protected Quotation, changes so that the Order would no longer lock a Protected Quotation, the Price to Comply Order, Price to Display Order or Non-Displayed Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B).
- If a Post-Only Order (Rule 4702(b)(4)(B)) is entered during Market Hours and the entered limit price of the Order locks or crosses a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a

Price to Comply Order (or a Price to Display Order, if it is Attributable).

During System Hours, if the original entered limit price of the Post-Only Order locked or crossed a displayed Order on the Nasdaq Book and the Nasdaq Book changes so that the original entered limit price would no longer lock or cross an Order on the Nasdaq Book, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice.

- The Time-in-Force Order Attribute pursuant to Rules 4702(b)(4)(C) and 4702(b)(5)(C) may be assigned to a Post-Only Order and a Midpoint Peg Post-Only Order provided, however, that a Post-Only Order or a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through CORE FIX. And provided further pursuant to Rule 4702(b)(5)(C) that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of Market Hours.

Additionally, the Order Attributes in Rules 4702(b)(1)(C), 4702(b)(2)(C), 4702(b)(3)(C), 4702(b)(4)(C), and 4702(b)(5)(C) such as Reserve Size, Pegging, Discretion and Trade Now will be available through CORE FIX for Price to Comply, Price to Display and Non-Displayed Orders.

The Exchange is also proposing to amend Rules 4702(b)(6)(A) and 4702(b)(7)(A) to include the use of the CORE FIX protocol when entering a Supplemental Order and Market Maker Peg Order, respectively. Additionally, the Exchange is proposing to add CORE FIX to the Time-in-Force Order Attribute for Limit On Open Orders under Rule 4702(b)(9)(B). Moreover, pursuant to Rule 4702(b)(9)(B), Opening Cross/Market Hours

Orders entered through the CF protocol that have a Time-in-Force other than an IOC, will be treated as an Opening Imbalance Only Order and cancelled after the Nasdaq Opening Cross, similar to OUCH. Additionally, similar to OUCH's functionality in Rule 4702(b)(12)(B), a Closing Cross/Extended Hours Order entered through CORE FIX with a Time-in-Force other than IOC after the time of the Nasdaq Closing Cross will be accepted but the Nasdaq Closing Cross flag will be ignored.

The Exchange is also proposing certain changes to include CF in the rules for Pegged Orders pursuant to Rule 4703. First, Primary Pegged, Market Pegged and Managed Pegged Orders may be available through CORE FIX pursuant to Rule 4703(d). Second, similar to OUCH and FLITE, Orders with Midpoint Pegging entered through CORE FIX, if the Inside Bid and Inside Offer are crossed or if there is no Inside Bid and/or Inside Offer, the Order would not be accepted, pursuant to Rule 4703(d). The Exchange is also proposing to amend Rule 4703(e) to provide that an Order entered through CORE FIX, may have a minimum quantity condition of any size of at least one round lot. Additionally, the Exchange is also proposing that a Reserve Order with displayed size of an odd lot entered using CORE FIX will be rejected pursuant to Rule 4703(h), similar to the how OUCH orders are handled. The Exchange also proposes that Trade Now Order Attribute may be enabled on an order-by-order basis or port-level basis when entered through the CORE FIX protocol, under Rule 4703(m).<sup>11</sup> Lastly, the

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<sup>11</sup> The Exchange is also proposing a technical change to Rule 4703(m) to clarify the functionality when Trade Now is entered through the OUCH protocol. Currently, the Rule provides two scenarios including an option for OUCH to function like FLITE. OUCH was not intended to function like FLITE under the Trade Now Attribute, therefore, the Exchange is proposing to remove the rule marking error from the Rulebook. See Securities Exchange Act Release No. 95768 (Sept. 14, 2022), 87 FR 57534 (Sept. 20, 2022) (Notice of Amendments to OUCH protocol).

Exchange proposes to give Market participants using CORE FIX the ability to assign orders entered through a specific order entry port, a unique group identification modifier that will prevent quotes/orders with such modifier from executing against each other, pursuant to Rule 4757.

The Exchange will announce the implementation date of the new CORE FIX functionalities in an Equity Trader Alert at least 30 days prior to implementation. A present, the Exchange expects that the new CORE FIX functionality will be ready for full implementation in the third quarter of 2025, although that time frame is subject to change.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>13</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.

Generally speaking, it is consistent with the Act to amend the Rulebook to reflect upgrades to the Exchange's Order entry protocols. The introduction of CF is consistent with the Act because it will offer members a new optional order entry protocol that will be more streamlined and efficient than the existing FIX protocols. That is, CF will combine into a single protocol many of the most popular features of the FIX and OUCH protocols, while omitting routing capabilities, which many customers do not require. CF

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<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

will utilize the Exchange's CORE system to directly process complex order instructions, rather than going through the RASH architecture layer, which FIX does currently to facilitate order routing. This design feature will render CF faster than FIX and on par with OUCH 5.0. Those participants that wish to route orders can continue to utilize existing protocols for that purpose.

The Exchange's proposal to amend its Rule governing the Limit Up-Limit Down Mechanism, at Rule 4120(a)(2), its Price to Comply Order Rules 4702(b)(1)(B) and 4702(b)(1)(C), its Price to Display Order Rules 4702(b)(1)(B) and 4702(b)(1)(C), its Non-Displayed Order Rules 4702(b)(3)(B) and 4702(b)(3)(C), its Post-Only Order Rules 4702(b)(4)(B) and 4702(b)(4)(C), its Mid-Point Peg Post-Only Order Rule 4702(b)(5)(C), its Supplemental Order Rule 4702(b)(6)(A), its Limit On Open Order Rule 4702(b)(9)(B), and its Limit On Close Rule 4702(12)(B) is consistent with the Act because the proposed amendments aligns with CF's capability to handle certain Order Types and Order Attributes similar to OUCH, RASH and FIX.

Similarly, the Exchange's proposal to amend its Rule governing the Minimum Quantity Order Attribute, at Rule 4703(e) and the Reserve Size Order Attribute, at Rule 4703(h) is consistent with the Act because the proposed amendments align CF's functionalities with OUCH, RASH and FIX.

Finally, this proposal will promote just and equitable principles of trade by modernizing and streamlining the Exchanges' order entry protocols so that members not looking to route orders will no longer need to sacrifice functionality for speed, or vice versa, when sending orders to the Exchanges. do not utilize routing strategies, and would benefit from an improvement in performance associated with the Exchange removing



such routing capabilities from FIX and delegating certain order handling behaviors to CORE.

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. As a general principle, the proposed changes are reflective of the significant competition among exchanges and non-exchange venues for order flow. In this regard, proposed changes that facilitate enhancements to the Exchange's System and Order entry protocols as well as those that amend and clarify the Exchange's Rules regarding its Order Attributes, are pro-competitive because they bolster the efficiency, functionality, and overall attractiveness of the Exchange in an absolute sense and relative to its peers. Moreover, none of the proposed changes will unduly burden intra-market competition among various Exchange participants. Participants will experience no competitive impact from its proposals, as these proposals will restate and reorganize portions of the Rule to reflect the capabilities of CORE FIX, as well as to render the descriptions of CF's new capabilities easier to read and understand.

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>14</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>15</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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2025-027 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.

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</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.

All submissions should refer to file number SR-NASDAQ-2025-027. 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-2025-027 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>16</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

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

**THE NASDAQ STOCK MARKET LLC RULES**  
**EQUITY 4 EQUITY TRADING RULES**

\* \* \* \* \*

**4120. Limit Up-Limit Down Plan and Trading Halts**

**(a) Authority to Initiate Trading Halts or Pauses**

In circumstances in which Nasdaq deems it necessary to protect investors and the public interest, Nasdaq, pursuant to the procedures set forth in paragraph (c):

(1) - (11) No change.

**(12) Limit Up-Limit Down Mechanism.**

(A) - (D) No change.

**(E) Repricing and Cancellation of Interest.** Exchange systems shall reprice and/or cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band. Any interest that is repriced pursuant to this Rule shall receive a new time stamp and new execution priority.

(1) No change.

**(2) Limit-priced Interest.** Both displayable and non-displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be repriced to the Upper (Lower) Price Band.

(a) For limit-priced orders entered via the OUCH or CORE FIX protocols, which are not assigned a Managed Pegging, Discretionary, or Reserve Order Attribute, the order shall be repriced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. Once slid:

(i) - (ii) No change.

(b) For limit-priced orders entered via RASH or FIX protocols, or via the OUCH or CORE FIX protocols if assigned a Managed Pegging, Discretionary, or Reserve Order Attribute, the order shall be eligible to be repriced by the system multiple times if the Price Bands move such that the

price of resting limit-priced interest to buy (sell) would be above (below) the upper (lower) Price Band. Once slid, if the Price Bands again move such that the price of resting limit interest to buy (sell) would be below (above) the upper (lower) Price Band the order will continue to be repriced either to its original limit price or to the new price bands, whichever is less aggressive.

(3) - (6) No change.

\* \* \* \* \*

## 4702. Order Types

(a) Participants may express their trading interest in the Nasdaq Market Center by entering Orders. The Nasdaq Market Center offers a range of Order Types that behave in the manner specified for each particular Order Type. Each Order Type may be assigned certain Order Attributes that further define its behavior. All Order Types and Order Attributes operate in a manner that is reasonably designed to comply with the requirements of Rules 610 and 611 under Regulation NMS. Each Order must designate whether it is to effect a buy, a long sale, a short sale, or an exempt short sale.

Nasdaq maintains several communications protocols for Participants to use in entering Orders and sending other messages to the Nasdaq Market Center:

- OUCH is a Nasdaq proprietary protocol.
- RASH is a Nasdaq proprietary protocol.
- QIX is a Nasdaq proprietary protocol.
- FLITE is a Nasdaq proprietary protocol.
- CORE FIX is a Nasdaq propriety protocol.

FIX is a non-proprietary protocol.

Except where otherwise stated, all protocols are available for all Order Types and Order Attributes.

....

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) (A) No change.

(B) If a Price to Comply Order is entered through RASH, QIX, or FIX, during Market Hours the price of the Price to Comply Order will be adjusted in the following manner after initial entry and posting to the Nasdaq Book (unless the Order is assigned a Routing Order

Attribute that would cause it to be routed to another market center rather than remaining on the Nasdaq Book):

- If the entered limit price of the Price to Comply Order locked or crossed a Protected Quotation and the NBBO changes, the displayed and non-displayed price of the Price to Comply Order will be adjusted repeatedly in accordance with changes to the NBBO; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a Price to Comply Order, the prices of the Price to Comply Order will not be adjusted. For example, if a Price to Comply Order to buy at \$11.02 would cross a Protected Offer of \$11, the Order will be ranked at non-displayed price of \$11 but will be displayed at \$10.99. If the Best Offer then moves to \$11.01, the displayed price will be changed to \$11 and the Order will be ranked at a non-displayed price of \$11.01. However, if another market center then displays an offer of \$11 (thereby locking the previously displayed price of the Price to Comply Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Price to Comply Order will not be changed. The Order may be repriced repeatedly until such time as the Price to Comply Order is able to be ranked and displayed at its original entered limit price (\$11.02 in the example). The Price to Comply Order receives a new timestamp each time its price is changed.
- If the original entered limit price of the Price to Comply Order would no longer lock or cross a Protected Quotation, the Price to Comply Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).
- If a Price to Comply Order is entered through CORE FIX, OUCH or FLITE, during Market Hours the price of the Price to Comply Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:
- If the entered limit price of the Price to Comply Order crossed a Protected Quotation and the NBBO changes so that the Price to Comply Order could be displayed at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice. For example, if a Price to Comply Order to buy at \$11.02 would cross a Protected Offer of \$11, the Order will be ranked at a non-displayed price of \$11 but will be displayed at \$10.99. If the Best Offer changes to \$11.01, the Order will not be repriced, but rather will either remain with a displayed price of \$10.99 but ranked at a non-displayed price of \$11 or be cancelled back to the Participant, depending on its choice. A Participant's choice with regard to maintaining the Price to Comply Order or cancelling it is set in advance for each port through which the Participant enters Orders.

....

(C) The following Order Attributes may be assigned to a Price to Comply Order:

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.
- Size.
- Reserve Size (available through CORE FIX, OUCH, RASH, FIX and QIX only).
- A Time-in-Force other than IOC. (A Price to Comply Order entered with a Time-in-Force of IOC would be processed as a Non-Displayed Order with a Time-in-Force of IOC).
- Designation as an ISO. In accordance with Regulation NMS, a Price to Comply Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Price to Comply Order would lock or cross.
- Routing (available through RASH, FIX and QIX only).
- Primary Pegging and Market Pegging (available through CORE FIX, OUCH, RASH, FIX, and QIX only).
- Discretion (available through CORE FIX, OUCH, RASH, FIX and QIX only).
- Participation in the Nasdaq Opening Cross, Nasdaq Halt Cross and/or the Nasdaq Closing Cross.
- Display. A Price to Comply Order is always displayed, although, as provided above, it may also have a non-displayed price and/or Reserve Size.
- Trade Now (available through CORE FIX, OUCH, RASH, FLITE and FIX).

(2) (A) No change.

(B) If a Price to Display Order is entered through RASH, QIX, or FIX, during Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the Nasdaq Book):

- If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes, the price of the Order will be adjusted repeatedly in accordance with changes to the NBBO; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the price of a Price to Display Order, the price of the Price to Display Order will not be adjusted. For example, if a Price to Display Order to buy at \$11.02 would cross a Protected Offer of \$11, the

Order will be displayed and ranked at \$10.99. If the Best Offer then moves to \$11.01, the displayed/ranked price will be changed to \$11. However, if another market center then displays an offer of \$11 (thereby locking the previously displayed price of the Price to Display Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Price to Display Order will not be changed. The Order may be repriced repeatedly until such time as the Price to Display Order is able to be displayed and ranked at its original entered limit price (\$11.02 in the example). The Price to Display Order receives a new timestamp each time its price is changed.

- If the original entered limit price of the Price to Display Order would no longer lock or cross a Protected Quotation, the Price to Display Order will be displayed and ranked at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

If a Price to Display Order is entered through CORE FIX, OUCH or FLITE, during Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes so that the Price to Display Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Price to Display Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. For example, if a Price to Display Order to buy at \$11.02 would cross a Protected Offer of \$11, the Order will be ranked and displayed at \$10.99. If the Best Offer changes to \$11.01, the Price to Display Order will not be repriced, but rather will either remain at its current price or be cancelled back to the Participant, depending on its choice. A Participant's choice with regard to maintaining the Price to Display Order or cancelling it is set in advance for each port through which the Participant enters Orders.

(C) The following Order Attributes may be assigned to a Price to Display Order:

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation.
- Size.
- Reserve Size (available through CORE FIX, OUCH, RASH, FIX and QIX only).
- A Time-in-Force other than IOC. (A Price to Display Order entered with a Time-in-Force of IOC would be processed as a Non-Displayed Order with a Time-in-Force of IOC).
- Designation as an ISO. In accordance with Regulation NMS, a Price to Display Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed



one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Price to Display Order would lock or cross.

- Routing (available through RASH, FIX and QIX only).
- Primary Pegging and Market Pegging (available through CORE FIX, OUCH, RASH, FIX, and QIX only).
- Discretion (available through CORE FIX, OUCH, RASH, FIX and QIX only).
- Participation in the Nasdaq Opening Cross, Nasdaq Halt Cross and/or the Nasdaq Closing Cross.
- Attribution. All Price to Display Orders are Attributable Orders.
- Display. A Price to Display Order is always displayed (but may also have Reserve Size).

(3) (A) No change.

(B) If a Non-Displayed Order is entered through RASH, QIX, or FIX, during Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the Nasdaq Book):

- If the original entered limit price of a Non-Displayed Order is higher than the Best Offer (for an Order to buy) or lower than the Best Bid (for an Order to sell) and the NBBO moves toward the original entered limit price of the Non-Displayed Order, the price of the Non-Displayed Order will be adjusted repeatedly in accordance with changes to the NBBO. For example, if a Non-Displayed Order to buy at \$11.02 would cross a Protected Offer of \$11, the Non-Displayed Order will be priced and posted at \$11. If the Best Offer then changes to \$11.01, the price of the Non-Displayed Order will be changed to \$11.01. The Order may be repriced repeatedly in this manner, receiving a new timestamp each time its price is changed, until the Non-Displayed Order is posted at its original entered limit price. The Non-Displayed Order will not thereafter be repriced under this paragraph (B), except as provided below with respect to crossing a Protected Quotation.
- If, after being posted to the Nasdaq Book, the NBBO changes so that the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be repriced at a price that would lock the new NBBO and receive a new timestamp. For example, if a Non-Displayed Order to buy at \$11 would lock a Protected Offer of \$11, the Non-Displayed Order will be posted at \$11. If the Best Offer then changes to \$10.99, the Non-Displayed Order will be repriced at \$10.99, receiving a new timestamp. The Non-Displayed Order may be repriced and receive a new timestamp repeatedly.

If a Non-Displayed Order is entered through CORE FIX, OUCH or FLITE, during Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- If the original entered limit price of the Non-Displayed Order locked or crossed a Protected Quotation and the NBBO changes so that the Non-Displayed Order could be posted at a price at or closer to its original entered limit price without crossing a Protected Quotation, the Non-Displayed Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice. For example, if a Non-Displayed Order to buy at \$11.02 would cross a Protected Offer of \$11, the Order will be priced at \$11. If the Best Offer changes to \$11.01, the Order will not be repriced, but rather will either remain at its current \$11 price or be cancelled back to the Participant, depending on its choice. A Participant's choice with regard to maintaining the Non-Displayed Order or cancelling it is set in advance for each port through which the Participant enters Orders.
- If, after a Non-Displayed Order is posted to the Nasdaq Book, the NBBO changes so that the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be cancelled back to the Participant. For example, if a Non-Displayed Order to buy at \$11 would lock a Protected Offer of \$11, the Non-Displayed Order will be posted at \$11. If the Best Offer then changes to \$10.99, the Non-Displayed Order will be cancelled back to the Participant.

(C) The following Order Attributes may be assigned to a Non-Displayed Order:

- Price. As described above, the price of the Order may be adjusted to avoid crossing a Protected Quotation.
- Size.
- Minimum Quantity.
- Time-in-Force.
- Designation as an ISO. In accordance with Regulation NMS, a Non-Displayed Order designated as an ISO would be processed at its entered limit price, since such a designation reflects a representation by the Participant that it has simultaneously routed one or more additional limit orders, as necessary, to execute against the full displayed size of any Protected Quotations that the Non-Displayed Order would cross. As discussed above, a Non-Displayed Order would be accepted at a price that locked a Protected Quotation, even if the Order was not designated as an ISO, because the non-displayed nature of the Order allows it to lock a Protected Quotation under Regulation NMS. Accordingly, the System would not interpret receipt of a Non-Displayed Order marked ISO that locked a Protected Quotation as the basis for determining that the Protected Quotation had been executed for purposes of accepting additional Orders at that price level.

- Routing (available through RASH, FIX and QIX only).
- Primary Pegging and Market Pegging (available through CORE FIX, OUCH, RASH, FIX, and QIX only).
- Pegging to the Midpoint (see Rule 4703(d) with respect to differences in behavior that occur in various scenarios involving Non-Displayed Orders with Midpoint Pegging).
- Discretion (available through CORE FIX, OUCH, RASH, FIX and QIX only).
- Participation in the Nasdaq Opening Cross, Nasdaq Halt Cross and/or the Nasdaq Closing Cross.
- Trade Now (available through CORE FIX, OUCH, RASH, FLITE and FIX).

(4) (A) No change.

(B) If a Post-Only Order is entered through RASH, QIX, or FIX, during System Hours the Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- If the original entered limit price of the Post-Only Order is not being displayed, the displayed price (and non-displayed price, if any) of the Order will be adjusted repeatedly in accordance with changes to the NBBO or the best price on the Nasdaq Book, as applicable; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a Post-Only Order, the price(s) of the Post-Only Order will not be adjusted. For example, if a Non-Attributable Post-Only Order to buy at \$11.02 would cross a Protected Offer of \$11, the Order will be ranked at a non-displayed price of \$11 but will be displayed at \$10.99. If the Best Offer then moves to \$11.01, the displayed price will be changed to \$11 and the non-displayed price at which the Order is ranked will be changed to \$11.01. However, if another market center then displays an offer of \$11 (thereby locking the previously displayed price of the Post-Only Order notwithstanding Rule 610(d) under Regulation NMS), the price of the Post-Only Order will not be changed. The Order may be repriced repeatedly until such time as the Post-Only Order is able to be displayed at its original entered limit price (\$11.02 in the example). The Post-Only Order receives a new timestamp each time its price is changed.
- If the original entered limit price of the Post-Only Order would no longer lock or cross a Protected Quotation or a displayed Order on the Nasdaq Book, the Post-Only Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

If a Post-Only Order is entered through CORE FIX, OUCH or FLITE, the Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

- During Market Hours, if the original entered limit price of the Post-Only Order locked or crossed a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a Price to Comply Order (or a Price to Display Order, if it is Attributable). Thus, in the case of a Non-Attributable Post-Only Order that crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on its choice. In the case of a Non-Attributable Post-Only Order that locked a Protected Quotation, if the limit price would no longer lock a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B). If the Post-Only Order is displayed at its original entered limit price, it will receive a new timestamp. Finally, in the case of an Attributable Post-Only Order that locked or crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. A Participant's choice with regard to adjustment of Post-Only Orders is set in advance for each port through which the Participant enters Orders.
- During System Hours, if the original entered limit price of the Post-Only Order locked or crossed a displayed Order on the Nasdaq Book and the Nasdaq Book changes so that the original entered limit price would no longer lock or cross an Order on the Nasdaq Book, the Post-Only Order may either remain on the Nasdaq Book unchanged or may be cancelled back to the Participant, depending on the Participant's choice. For example, if a Post-Only Order to buy at \$11 would lock a displayed Order on the Nasdaq Book priced at \$11, the Post-Only Order will be ranked and displayed at \$10.99. If the Order at \$11 is cancelled or executed, the Post-Only Order may either remain with a displayed price of \$10.99 or be cancelled back to the Participant, depending on the Participant's choice. A Participant's choice with regard to maintaining the Post-Only Order or cancelling it is set in advance for each port through which the Participant enters Orders.

(C) The following Order Attributes may be assigned to a Post-Only Order:

- Price. As described above, the price of the Order may be adjusted to avoid locking or crossing a Protected Quotation, and may include a displayed price as well as a non-displayed price.
- Size.
- Time-in-Force; provided, however, that a Post-Only Order with a Time-in-Force of IOC may not be entered through CORE FIX, RASH, QIX, or FIX.

....

(5) (A) - (B) No change.

(C) The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

- Price of more than \$1 per share.
- Size.
- Time-in-Force; provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through CORE FIX, RASH, QIX or FIX, and provided further that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of Market Hours. Midpoint Peg Post-Only Orders may not participate in the Nasdaq Opening Cross, Nasdaq Halt Cross, or the Nasdaq Closing Cross. A Midpoint Peg Post-Only Order entered prior to the beginning of Market Hours will be rejected. Midpoint Peg Post-Only Orders will be cancelled by the System when a trading halt is declared, and any Midpoint Peg Post-Only Orders entered during a trading halt will be rejected. A Midpoint Peg Post-Only Order remaining on the Nasdaq Book at 4:00 p.m. ET will be cancelled by the System.
- Pegging to the midpoint is required for Managed Midpoint Peg Post-Only Orders. As discussed above, the price of a Fixed Midpoint Peg Post-Only Order will be pegged to the midpoint upon entry and not adjusted thereafter.
- Minimum Quantity.
- Non-Display. All Midpoint Peg Post-Only Orders are Non-Displayed.

(6) (A) A "**Supplemental Order**" is an Order Type with a Non-Display Order Attribute that is held on the Nasdaq Book in order to provide liquidity at the NBBO through a special execution process described in Rule 4757(a)(1)(D). A Supplemental Order may be entered through the OUCH and CORE FIX protocols only.

....

(B) No change.

(7) (A) A "**Market Maker Peg Order**" is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Equity 2, Section 5(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through CORE FIX, OUCH, RASH, FIX or QIX only. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including Nasdaq), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible

trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

....

(B) No change.

(8) No change.

(9) (A) No change.

(B) The following Order Attributes may be assigned to a Limit On Open Order:

- Price.
- Size.
- Time-in-Force. In general, an LOO Order may execute only in the Nasdaq Opening Cross. However, a Participant may designate the Time-in-Force for an LOO Order either by designating a Time-in-Force of "On Open," in which case the Order will execute solely in the Nasdaq Opening Cross, or by entering another Order Type and Time-in-Force and flagging the Order to participate in the Nasdaq Opening Cross. In the latter case, if the Participant designates a Time-in-Force of IOC, the Order will participate solely in the Nasdaq Opening Cross. If the Participant enters a Time-in-Force that continues after the time of the Nasdaq Opening Cross, the Order will participate in the Nasdaq Opening Cross like an LOO Order, while operating thereafter in accordance with its designated Order Type and Order Attributes (if not executed in full in the Nasdaq Opening Cross). Such an Order may be referred to as an "Opening Cross/Market Hours Order." If such an Order has a Time-in-Force that continues until at least the time of the Nasdaq Closing Cross, the Order may be referred to as a "Cross to Cross Order."

Following the Nasdaq Opening Cross, an Opening Cross/Market Hours Order may not operate as a Post-Only Order, Midpoint Peg Post-Only Order, a Supplemental Order, a Retail Order, or an RPI Order. In the case of a Market Maker Peg Order entered prior to 9:28 a.m. ET that is also designated to participate in the Nasdaq Opening Cross, the price of the Order for purposes of operating as an LOO Order will be established on entry and will not thereafter be pegged until after the completion of the Nasdaq Opening Cross. An Opening Cross/Market Hours Order that has a Time-in-Force other than IOC and is entered between 9:29:30 a.m. ET and the time of the Nasdaq Opening Cross will be (i) held and entered into the System after the completion of the Nasdaq Opening Cross if it has been assigned a Routing Attribute, (ii) treated as an Opening Imbalance Only Order and entered into the System after the completion of the Nasdaq Opening Cross if entered through RASH, QIX, or FIX but not assigned a Routing Attribute, or (iii) treated as an Opening Imbalance Only Order and cancelled after the Nasdaq Opening Cross if entered through CORE FIX, OUCH or FLITE. An Opening Cross/Market Hours Order entered through

RASH or FIX after the time of the Nasdaq Opening Cross will be accepted but the Nasdaq Opening Cross flag will be ignored. All other Opening Cross/Market Hours Orders entered at or after 9:28 a.m. will be rejected with the exception of certain LOO Orders discussed in subparagraph (A) above.

- Participation in the Nasdaq Opening Cross is required for this Order Type.

(10) - (11) No change.

(12) (A) No change.

(B) The following Order Attributes may be assigned to a Limit On Close Order:

- Price.
- Size.
- Time-in-Force. In general, an LOC Order may execute only in the Nasdaq Closing Cross or LULD Closing Cross and, depending upon a Participant's choice, in the Extended Trading Close, to the extent that it is an ETC Eligible LOC Order. A Participant may designate the Time-in-Force for an LOC Order either by designating a Time-in-Force of "On Close," in which case the Order will execute solely in the Nasdaq Closing Cross or the LULD Closing Cross (and/or in the Extended Trading Close if it is an ETC Eligible LOC Order entered through RASH or FIX, and provided that the Participant has not opted to disable ETC eligibility for the Order), or by entering another Order Type and Time-in-Force and flagging the Order to participate in the Nasdaq Closing Cross or the LULD Closing Cross, or the Extended Trading Close.

In the latter case, if the Participant designates a Time-in-Force of IOC, the Order will participate solely in the Nasdaq Closing Cross or the LULD Closing Cross (except as provided herein) (and/or in the Extended Trading Close if it is an ETC Eligible LOC Order entered through RASH or FIX, and provided that the Participant has not opted to disable ETC eligibility for the Order). A Midpoint Peg Post-Only Order, Supplemental Order, or Market Maker Peg Order may not be flagged to solely participate in the Nasdaq Closing Cross, the LULD Closing Cross.

If the Participant enters a Time-in-Force that continues after the time of the Nasdaq Closing Cross or the LULD Closing Cross, the Order will participate in the Nasdaq Closing Cross or the LULD Closing Cross like an LOC Order, while operating thereafter in accordance with its designated Order Type and Order Attributes (if not executed in full in the Nasdaq Closing Cross or the LULD Closing Cross). Such an Order may be referred to as a "Closing Cross/Extended Hours Order." Closing Cross/Extended Hours Orders will bypass the Extended Trading Close.

A Post-Only Order, Midpoint Peg Post-Only Order, Supplemental Order, or Market Maker Peg Order may not operate as a Closing Cross/Extend Hours Order. A Closing

Cross/Extended Hours Order will be rejected if it has been assigned a Pegging Attribute. A Closing Cross/Extended Hours Order entered through CORE FIX, OUCH, FLITE, RASH, or FIX with a Time-in-Force other than IOC after the time of the Nasdaq Closing Cross will be accepted but the Nasdaq Closing Cross flag will be ignored. All other LOC Orders and Closing Cross/Extended Hours Orders entered at or after 3:58 p.m. ET will be rejected.

- Participation in the Nasdaq Closing Cross is required for this Order Type.

(13) - (17) No change.

\* \* \* \* \*

### 4703. Order Attributes

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

(a) – (c) No change.

(d) **Pegging.** Pegging is an Order Attribute that allows an Order to have its price automatically set with reference to the NBBO; provided, however, that if Nasdaq is the sole market center at the Best Bid or Best Offer (as applicable), then the price of any Displayed Order with Primary Pegging (as defined below) will be set with reference to the highest bid or lowest offer disseminated by a market center other than Nasdaq. An Order with a Pegging Order Attribute may be referred to as a "Pegged Order." For purposes of this rule, the price to which an Order is pegged will be referred to as the Inside Quotation, the Inside Bid, or the Inside Offer, as appropriate. There are three varieties of Pegging:

....

Primary Pegged, Market Pegged, and Managed Midpoint Orders (collectively, "Peg Managed Orders") are available through CORE FIX, OUCH, RASH, QIX, and FIX only.

If, at the time of entry, there is no price to which a Peg Managed Order, that has not been assigned a Routing Order Attribute or a Time in Force of IOC, can be pegged or pegging would lead to a price at which the Order cannot be posted, or in the case of a Managed Midpoint Order, the Inside Bid and Inside Offer are crossed, the Order will not be immediately available on the Nasdaq Book and will be entered once there is a permissible price; provided, however, that the System will cancel the Pegged Order if no permissible pegging price becomes available within one second after Order entry (the Exchange may, in the exercise of its discretion, modify the length of this one second time period by posting advance notice of the applicable time period on its website).

For a Peg Managed Order that has been assigned a Routing Order Attribute, if there is no permissible price to which the Order can be pegged at the time of entry, pegging would lead



to a price at which the Order cannot be posted, or in the case of a Managed Midpoint Order, the Inside Bid and Inside Offer are crossed, the Order will be rejected; provided, however, that a Displayed Order that has Market Pegging, or an Order with a Non-Display Attribute that has Primary Pegging or Market Pegging, will be accepted at its limit price.

A Midpoint Pegging Order will have its price set upon initial entry to the Midpoint, unless the Order has a limit price, and that limit price is lower than the Midpoint for an Order to buy (higher than the Midpoint for an Order to sell), in which case the Order will be ranked on the Nasdaq Book at its limit price. In the case of an Order with Midpoint Pegging, if the Inside Bid and Inside Offer are locked, the Order will be priced at the locking price; and for Orders with Midpoint Pegging entered through CORE FIX, OUCH or FLITE, if the Inside Bid and Inside Offer are crossed or if there is no Inside Bid and/or Inside Offer, the Order will not be accepted. However, even if the Inside Bid and Inside Offer are locked, an Order with Midpoint Pegging that locked an Order on the Nasdaq Book would execute (provided, however, that a Midpoint Peg Post-Only Order would execute or post as described in Rule 4702(b)(5)(A)).

....

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

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

- First, the Participant may specify that the minimum quantity condition may be satisfied by execution against multiple Orders. In that case, upon entry, the System would determine whether there were one or more posted Orders executable against the incoming Order with an aggregate size of at least the minimum quantity (500 shares in the above example). If there were not, the Order would post on the Nasdaq Book in accordance with the characteristics of its underlying Order Type.
- Second, the Participant may specify that the minimum quantity condition must be satisfied by execution against one or more Orders, each of which must have a size that satisfies the minimum quantity condition. If there are such Orders but there are also other Orders that do not satisfy the minimum quantity condition, the Minimum Quantity Order will execute against Orders on the Nasdaq Book in accordance with Rule 4757 (pertaining to execution priority) until it reaches an Order that does not satisfy the minimum quantity condition, and then the remainder of the Order will be cancelled. For example, if a Participant entered an Order to buy at \$11 with a size of 1,500 shares and a minimum quantity condition of 500 shares, and there were three Orders to sell at \$11 on the Nasdaq Book, two with a size of 500 shares each and one with a size of 200 shares, with the 200 share Order ranked in time priority between the 500 share Orders, the 500 share Order with the first time priority would

execute and the remainder of the Minimum Quantity Order would be cancelled. Alternatively, if the Order would lock or cross Orders on the Nasdaq Book but none of the resting Orders would satisfy the minimum quantity condition, an Order with a minimum quantity condition to buy (sell) will be repriced to one minimum price increment lower than (higher than) the lowest price (highest price) of such Orders. For example, if there was an Order to buy at \$11 with a minimum quantity condition of 500 shares, and there were resting Orders on the Nasdaq Book to sell 200 shares at \$10.99 and 300 shares at \$11, the Order would be repriced to \$10.98 and ranked at that price.

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

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

(f) – (g) No change.

(h) **Reserve Size.** Reserve Size is an Order Attribute that permits a Participant to stipulate that an Order Type that is displayed may have its displayed size replenished from additional non-displayed size. An Order with Reserve Size may be referred to as a "Reserve Order." At the time of entry, the displayed size of such an Order selected by the Participant must be one or more normal units of trading; an Order with a displayed size of a mixed lot will be rounded down to the nearest round lot. A Reserve Order with displayed size of an odd lot: (i) entered using CORE FIX or OUCH will be rejected; or (ii) entered using RASH or FIX will be accepted but with the full size of the Order displayed. Reserve Size is not available for Orders that are not displayed; provided, however, that if a Participant enters Reserve Size for a Non-Displayed Order, the full size of the Order, including Reserve Size, will be processed as a Non- Displayed Order.

....

(i) – (l) No change.

(m) **Trade Now.** Trade Now is an Order Attribute that allows: (i) a resting Order that is locked or crossed, as applicable, at its non-displayed price by the posted price of an incoming Displayed Order or a Midpoint Peg Post-Only Order or another Order or Orders (where such locking or crossing Order(s) or the order with Trade Now satisfies a Minimum Quantity condition) to execute against a locking or crossing Order(s) as a liquidity taker automatically when such Orders become marketable; and (ii) a Non-Displayed Order with Midpoint Pegging to execute against a M-ELO+CB automatically, subject to the eligibility requirements set forth below. Any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority.

- When entered through the CORE FIX, OUCH, RASH or FIX protocols, the Trade Now Order Attribute may be enabled on an order-by-order or a port-level basis. When entered through [OUCH or ]FLITE, the Trade Now Order Attribute may be enabled on a port-level basis for all Order Types that support it, and for the Non-Displayed Order Type, also on an order-by-order basis.
- If there is a resting Order on the Nasdaq Book without the Trade Now Attribute that is locked at its non-displayed price by a Midpoint Peg Post-Only Order, new incoming Orders (with or without the Trade Now Attribute, as applicable) will be able to execute against the Midpoint Peg Post-Only Order at the locking price. The resting Order will remain on the Nasdaq Book and will retain its priority relative to other resting orders on the same side of the market after the subsequent Order has executed against the Midpoint Peg Post-Only Order.
- When a participant enables the Trade Now Attribute for a Midpoint Order, then the Midpoint Order will also be eligible to execute against a M-ELO+CB after the Midpoint Order rests on the Continuous Book for a minimum of one-half second after the NBBO midpoint falls within the limit set by the participant and provided that the Midpoint Order satisfies any minimum quantity requirement of the M-ELO+CB.
- If there is a resting Midpoint Order on the Nasdaq Book without the Trade Now Attribute, a new incoming Midpoint Order with the Trade Now Attribute will be able to execute against a MELO+CB. The resting Midpoint Order will remain on the Nasdaq Book and will retain its priority relative to other resting orders on the same side of the market after the subsequent Midpoint Order with Trade Now has executed against the M-ELO+CB.

\* \* \* \* \*

**4757. Book Processing**

(a) Orders on the Nasdaq Book shall be presented for execution against incoming Orders in the order set forth below:

(1) – (3) No change.

(4) Exception: Anti-Internalization - Market participants may direct that quotes/orders entered into the System not execute against either quotes/orders entered under the same MPID or quotes/orders entered across MPIDs under Common Ownership.\* In addition, market participants using the CORE FIX or OUCH order entry protocols may assign to orders entered through a specific order entry port a unique group identification modifier that will prevent quotes/orders with such modifier from executing against each other. In such a case, a market participant may elect from the following options:

(i) if the interacting quotes/orders are equivalent in size, both quotes/orders will be cancelled back to their entering parties. If the interacting quotes/orders are not equivalent in size, share amounts equal to size of the smaller of the two quotes/orders will be cancelled back to their originating parties with the remainder of the larger quote/order being retained by the System for potential execution;

(ii) regardless of the size of the interacting quotes/orders, cancelling the oldest of them in full; or

(iii) regardless of the size of the interacting quotes/orders, cancelling the most recent of them in full.

The foregoing options may be applied to all orders entered under the same MPID, across MPIDs under Common Ownership,\* or, in the case of market participants using the CORE FIX or OUCH order entry protocols, may be applied to all orders entered through a specific order entry port.

(b) – (c) No change.

\* \* \* \* \*