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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-68654; File No. SR-NASDAQ-2013-007)

January 15, 2013

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Operative Date of Recent Changes Made to Rules 4613(a)(2)(F) and (G), and Rule 4751(f)(15)

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on January 14, 2013, The NASDAQ Stock Market LLC (the "NASDAQ" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 extend the operative date of recent changes made to Rules 4613(a)(2)(F) and (G), and Rule 4751(f)(15) to February 25, 2013, thereby extending the retirement of the automated quotation refresh functionality from January 15, 2013 to February 25, 2013.

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

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1 15 U.S.C.78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

On December 17, 2012, the Exchange filed an immediately effective rule change to retire the automated quotation refresh functionality ("AQR") provided to Exchange market makers under Rules 4613(a)(2)(F) and (G), and to make conforming changes to Rule 4751(f)(15).[4] The proposed changes are operative on January 15, 2013. The Exchange received one comment letter to the rule change, seeking an extension of the AQR retirement date to February 25, 2013.[5] The commenter, an industry association which represents a substantial number of NASDAQ members, noted it was concerned that the January 15, 2013 retirement date does not allow sufficient time for implementation of all functionality associated with the AQR system. The commenter explained that new functionality to automate quote movement after quote execution must be developed and incorporated into order management and trading systems. In support of its argument for an extension, the commenter noted that some firms require architectural reprogramming to mission critical systems that control trading operations, and that thorough testing of such changes must be done. The commenter further noted that year-end code freezes, which typically extend into the first week of January, will make it difficult for firms to adequately implement and test these significant changes to their systems by January 15, 2013. The Exchange has received similar telephonic comments from some of its member firms that are

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4 Securities Exchange Act Release No. 68528 (December 21, 2012), 77 FR 77165 (December 31, 2012) (SR-NASDAQ-2012-140).

5 See Letter from Manisha Kimmel, Executive Director, Financial Information Forum, to Elizabeth M. Murphy, Secretary, Commission, dated December 21, 2012.

Exchange market makers.

In light of member firm and industry feedback received on the current retirement date, the Exchange believes that a brief extension is warranted to allow member firms adequate time to program and test their systems to use the Market Maker Peg Order[6] or develop alternative means of complying with their market maker obligations. Given that member firms may not be prepared to comply with their market making obligations on January 15, 2013 in the absence of AQR and the potential market disruption that may be caused by eliminating AQR on that date, the Exchange has determined to extend the retirement date of AQR to February 25, 2013, and likewise extend the related changes to Rules 4613(a)(2)(F) and (G), and Rule 4751(f)(15) filed with the Commission on December 21, 2012[7] to February 25, 2013.

The Exchange reminds member firms that AQR presents difficulties to market makers in meeting their obligations under Rule 15c3-5 under the Act (the "Market Access Rule")[8] and Regulation SHO under the Act.[9] The Exchange emphasizes that market makers using AQR remain obligated to monitor their quotes and are responsible for complying with all Exchange rules, the Market Access Rule, as well as Rule 610, Rule 611 of Regulation NMS and Rule 200(g) of Regulation SHO, even in the event that AQR is not functioning properly. Market makers must have policies and procedures to address such contingencies and systems in place to ensure that they can continuously meet their two-sided obligation.

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6 On August 2, 2012, the Commission approved the Exchange's new Market Maker Peg Order, which is designed to replace AQR. See Securities Exchange Act Release No. 67584 (August 2, 2012), 77 FR 47472 (August 8, 2012) (SR-NASDAQ-2012-066).

7 Supra note 3.

8 17 CFR 240.15c3-5.

9 17 CFR 242.200 through 204.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,[10] which requires the rules of an exchange 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. The Exchange believes that the proposed rule meets these requirements in that it provides a brief extension to the retirement date of AQR to allow member firms that are market makers to adequately test and implement changes to their systems. AQR is a duplicative function and has been replaced with a new order type that allows member firms to better meet their minimum market maker quotation requirements and also comply with regulatory requirements, such as the Market Access Rule and Regulation SHO. Given the feedback received from both member firms and others in the industry concerning the AQR retirement date, NASDAQ believes granting a short extension will minimize the potential that an inadequately-tested or -implemented member firm market making system will disrupt or otherwise harmfully impact the market.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is designed to promote market making on the Exchange that complies with other regulatory obligations, such as the Market Access Rule and Regulation SHO. By extending the retirement date of AQR, member firms will be afforded additional time to test and implement new coding to their systems, thus avoiding the potential market disruption that may be caused by one or more market makers that are unable to meet their market maker obligations

[10] 15 U.S.C. 78f(b)(5).

due to a system error.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[11] and Rule 19b-4(f)(6)[12] thereunder.

The Exchange has requested that the Commission waive the 30-day operative delay.[13] The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Such waiver provides a brief extension of the AQR retirement date in response to concerns by market participants that the currently scheduled retirement date does not allow sufficient time for testing and implementation of changes to member firms' market making systems. Accordingly, the Commission designates the proposal operative upon filing.[14]

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11 15 U.S.C. 78s(b)(3)(A).

12 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 Commission has waived this requirement in this case.

13 17 CFR 240.19b-4(f)(6)(iii).

14 For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2013-007 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2013-007. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2013-007 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Kevin M. O'Neill
Deputy Secretary

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[15] 17 CFR 200.30-3(a)(12).