



SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72760; File No. SR-NASDAQ-2014-076)

August 5, 2014

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Utilize a Trade Condition Modifier

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 28, 2014, The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a 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

NASDAQ proposes a rule change to utilize a trade condition modifier recently adopted by the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis (the “Plan”). NASDAQ will implement the proposed change on or about August 25, 2014.

The text of the proposed rule change is below. Proposed new language is in italics.

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

4754. NASDAQ Closing Cross

No Change.

(a) Processing of Nasdaq Closing Cross. The Nasdaq Closing Cross will begin at 4:00:00, and post-market hours trading will commence when the Nasdaq Closing Cross concludes.

(1) – (3) No Change.

(4) All orders executed in the Nasdaq Closing Cross will be executed at the Nasdaq Closing Cross price, trade reported anonymously, and disseminated via the consolidated tape. The Nasdaq Closing Cross price will be the Nasdaq Official Closing Price for stocks that participate in the Nasdaq Closing Cross. Fifteen minutes after the close of trading, NASDAQ will disseminate via the network processor a trade message setting the NASDAQ Official Closing Price as the official Consolidated Last Sale Price in each NASDAQ-listed security in which one round lot or more is executed in the NASDAQ Closing Cross where the closing price differs from the Consolidated Last Sale Price.

(5) – (7) No Change.

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(b) Not applicable.

(c) Not applicable.

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

In its filing with the Commission, NASDAQ 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 those 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 parts of such statements.

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

1. Purpose

The official closing price of NASDAQ-listed securities is a critical value for millions of investors and the trillions of dollars they invest in equity securities and assets linked to the value of equity securities. For example, mutual fund complexes, exchange traded fund sponsors, and index providers each utilize an official closing price to value their assets under management or license. Broker-dealers, including retail brokerages holding millions of investors' accounts, use official closing prices to display their portfolio values. Internet portals and online content providers do the same for more varied uses.

Currently, industry participants use multiple different values to determine the closing price of a NASDAQ-listed security. Some choose consolidated data, where the closing price is the last, unmodified, regular-way trade of the day in each security. Other participants choose a market-specific closing price, such as the NASDAQ Official Closing Price ("NOCP") set forth in NASDAQ Rule 4754. Market participants can use the exchange-specific closing price from another exchange, each of which is permitted to disseminate an official closing price via the network processor for NASDAQ-listed securities. An exchange-specific closing price is simple to create and disseminate; markets need only append the ".M" modifier to a trade message at or after the close of trading. This multiplicity of choices has benefits but it can create ambiguity as well.

The Operating Committee of the Plan has attempted to reduce this ambiguity by allowing NASDAQ, as the listing market, to create a clearer official consolidated closing price. On May 8, 2013, the Operating Committee voted unanimously to approve the creation of the Corrected Consolidated Close Modifier. According to the written proposal the Operating Committee approved, the Modifier was intended to “allow the Listing Markets to establish the official Consolidated Last price as needed.” The Modifier will impact the Consolidated Last Sale and the Consolidated High and Low for each security. It will not impact statistics for individual exchanges, such as the Participant Open, Last, High/Low or Volume. Use of the Modifier will not impact Consolidated Volume because it will be appended to a trade message with a volume of zero shares. For NASDAQ-listed securities it can be disseminated once and only once per day per symbol.

NASDAQ plans to implement its use of the Modifier in a simple, straightforward manner. At fifteen minutes after the close each day, NASDAQ will disseminate to the network processor one trade message with the Modifier appended for each security in which at least one round lot was executed in the NASDAQ Closing Cross at a price that differs from the consolidated closing price reported by the network processor. The network processor will then disseminate the trade messages to market participants via the UTP Trade Data Feed. The trade message for each security will be based on the price of the NOCP and will have a volume of zero shares as required. NASDAQ already disseminates the NOCP on its proprietary data feeds, including NASDAQ Last Sale, NASDAQ Basic and NASDAQ TotalView so no change to those feeds is necessary.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act³ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴ in particular, in that the proposal 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. The proposal supports these policies in that it establishes more clearly an official consolidated closing price for NASDAQ-listed securities. Clarity regarding this value will benefit investors of different types and strategies, whether long-term or short-term focused, professional or non-professional status, or individual, member or institutional. The official consolidated closing price will be widely disseminated, clearly marked, and available at no additional cost.

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

NASDAQ 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, as amended. To the contrary, NASDAQ's proposal merely implements a unanimous decision of the Operating Committee of the Plan that is designed to benefit investors equally without regard to competition.

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.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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 if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁵ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁶

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:

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 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.

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-2014-076 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2014-076. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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-2014-076, 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.⁷

Kevin M. O'Neill
Deputy Secretary

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⁷ 17 CFR 200.30-3(a)(12).