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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75316; File No. SR-NASDAQ-2015-064)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Recent Changes to Rules 4751(h) and 4754(b)

June 26, 2015

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 June 19, 2015, 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 the Substance of the Proposed Rule Change

The Exchange proposes to modify recent changes to Rules 4751(h) and 4754(b), which are effective but not yet implemented.

The text of the proposed rule change is available on the Exchange’s web site at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

NASDAQ is proposing to modify certain recent changes made to Rules 4751(h) and 4754(b), which are effective but not yet implemented. On December 16, 2014, the Exchange filed an immediately effective filing³ to amend the processing of the Closing Cross under Rule 4754(b) to adopt a “Lockdown Period,” the point at which NASDAQ would close the order book for participation in the Closing Cross and the continuous market, and which would represent the close of the Regular Market Session.⁴ The Exchange also amended Rule 4751(h) to harmonize the processing of Market Hours Day orders⁵ and Good-till-market close orders⁶ upon initiation of the Lockdown Period.

The Exchange had originally anticipated implementing the changes in mid-February 2015, after the expiration of the 30-day operative delay provided by Rule 19b-4(f)(6)(iii) under

³ Securities Exchange Act Release No. 73943 (December 24, 2014), 80 FR 69 (January 2, 2015)(SR-NASDAQ-2014-123).

⁴ As defined by Rule 4120(b)(4)(D).

⁵ See Rule 4751(h)(6).

⁶ See Rule 4751(h)(8).

the Act.⁷ The Exchange subsequently extended the period for implementation to Monday, April 13, 2015,⁸ and then again until successful completion of a User Acceptance Test to ensure the proper function of the proposed changes.⁹ Upon successful completion of that test, the Exchange committed to announce a new implementation date and provide notice of that date to the industry.

The Exchange originally proposed to adopt the Lockdown Period so that there would be a time at which no further orders would be accepted for participation in the regular hours market including the Closing Cross.¹⁰ The Closing Cross is the process by which NASDAQ determines the price at which orders will be executed at market close. Each trading day, NASDAQ accepts orders designated to participate in the Closing Cross.¹¹ Beginning at 3:50 p.m. Eastern Time, NASDAQ disseminates an Order Imbalance Indicator¹² every five seconds until market close, which allows market participants to see the nature of interest in a security and make investment decisions accordingly. The NASDAQ closing process is initiated at 4:00 p.m. Eastern Time,

⁷ 17 CFR 240.19b-4(f)(6)(iii).

⁸ Securities Exchange Act Release No. 74342 (February 20, 2015), 80 FR 10562 (February 26, 2015)(SR-NASDAQ-2015-014).

⁹ Securities Exchange Act Release No. 74795 (April 23, 2015), 80 FR 23839 (April 29, 2015)(SR-NASDAQ-2015-038).

¹⁰ See Rule 4754.

¹¹ See Rule 4754(a)(1) for a description of quotes and orders eligible for participation in the Closing Cross.

¹² The Order Imbalance Indicator provides information about orders eligible to participate in the Closing Cross and the price at which those orders would execute at the time of dissemination.

after which individual Closing Crosses are conducted for each security traded on NASDAQ.¹³

During the brief period between the initiation of the closing process and the conclusion of the last Closing Cross,¹⁴ the continuous order book is open to accept orders and cancellations in a security until the Closing Cross for that security is complete. These orders can affect the ultimate closing price of the security.

The Exchange proposed adopting the Lockdown Period in an effort to avoid a potential risk, albeit slight, that the closing price of a security may be significantly altered by an aberrant order in a security due to an error.¹⁵ The Exchange had balanced the benefits of allowing orders up to the completion of the cross in an individual security against the potential risk of an aberrant order affecting the closing price of a security, and determined that setting a time after which orders for participation in the cross would no longer be accepted was the best approach to minimize risk. As the Exchange prepared to implement the new process, a further review from technological and broader market impact perspectives was conducted. This additional in-depth review raised concerns regarding the challenges with maintaining a lockdown state on the Exchange. In particular, the Exchange reevaluated whether market participants, including other exchanges, would react negatively to the brief Lockdown Period during which the Exchange would not accept orders. Additionally, the Lockdown Period introduced technological challenges that the Exchange believes were addressed successfully. Nonetheless even

¹³ Once the closing process is initiated, the System will execute crosses in each individual security traded on NASDAQ one by one. The order in which each security is processed is random and differs day by day.

¹⁴ This brief period is normally well under one second.

¹⁵ For example, a member firm that enters an order that is erroneous in price and/or size may cause significant order imbalances, which may cause the closing price of the security to be significantly different from what is anticipated.

successful solutions to difficult challenges can create unforeseen risks. As such, the Exchange has determined that the risk associated with making a broad change such as the Lockdown Period outweighs the risk associated with isolated events in which an order may have an undesirable impact on a particular security. As a consequence, the Exchange is eliminating from Rule 4754(b) text stating that, beginning at 4:00 p.m. Eastern Time, no further orders will be accepted for participation in the Closing Cross or the continuous market, and is replacing it with new rule text which makes it clear that the Exchange will accept orders for participation in the Closing Cross or the continuous market after 4:00 p.m. Eastern Time up to the conclusion of the Closing Cross in the individual security.

As a consequence of the proposed changes to Rule 4754(b), the Exchange is proposing to modify rule text in Rules 4751(h)(6) and (8), which note that the Exchange will not accept MDAY and GTMC Orders, respectively, after 4:00 p.m. Eastern Time. The Exchange is amending this language to make it clear that the System will accept such orders up to the conclusion of the Closing Cross in the individual security, which will occur sometime after 4:00 p.m. Eastern Time. A MDAY or GTMC order entered after completion of the Closing Cross in the security for which the order was designated will not be accepted.

The Exchange will begin implementation of the proposed changes the week of August 17, 2015 and will complete the implementation the week of August 31, 2015. The Exchange will issue an Equity Trader Alert notifying Exchange member firms of the changes.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of section 6 of the Act,¹⁶ in general, and with section 6(b)(5) of the Act,¹⁷ in particular, because it is

¹⁶ 15 U.S.C. 78f.

designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed changes to Rules 4751(h) and 4754(b) further perfect the NASDAQ market and serve to protect investors because they are designed to minimize risk and promote consistency in the closing process. Although the Exchange had originally adopted the Lockdown Period to address a potential and slight risk that an aberrant trade could affect the closing price of a security, it has since determined that instituting such a change would introduce new risks to the closing process, which would outweigh the benefit of adopting the Lockdown Period. As such, the Exchange believes the proposed changes protect investors and the public interest because they will serve to minimize risk in the closing process while also promoting both consistency in how MDAY and GTMC orders are handled in the closing process and transparency in the process for handling orders at the close.

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.¹⁸ The Exchange believes that the proposal is irrelevant to competition because it is not driven by, and will have no impact on, competition. Specifically, the proposal is representative

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ 15 U.S.C. 78f(b)(8).

of the Exchange's efforts to minimize risk in its market during the closing process, and to harmonize and simplify the processing of MDAY and GTMC orders during the closing process.

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 Act¹⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.²⁰ 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 (<http://www.sec.gov/rules/sro.shtml>); or

¹⁹ 15 U.S.C. 78s(b)(3)(a)(iii).

²⁰ 17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2015-064 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-2015-064. 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 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-2015-064, 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.²¹

Robert W. Errett,
Deputy Secretary.

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²¹ 17 CFR 200.30-3(a)(12).