

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-64691; File No. SR-NASDAQ-2011-079)

June 16, 2011

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Implementation Date for Several Rules in Connection with Trading System Enhancements

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on June 8, 2011, The NASDAQ Stock Market LLC ("Exchange" or "NASDAQ") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASDAQ is filing with the Securities and Exchange Commission ("Commission") a proposal for the NASDAQ Options Market ("NOM") to extend the time period where certain rules, in connection with several trading system enhancements, are implemented from May 2011 to August 2011, as described below. The Exchange will announce the specific implementation schedule by Options Trader Alert, once the rollout schedule is finalized.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

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

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

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

1. Purpose

The purpose of the proposed rule change is to extend the time period where certain rules, in connection with several trading system enhancements, are implemented from May 2011 to August 2011. The Exchange intends to rollout these enhancements in August 2011.<sup>3</sup> The Exchange will announce the specific implementation schedule by Options Trader Alert, once the rollout schedule is finalized.

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<sup>3</sup> The Commission notes that NASDAQ intends to begin implementation of these two rules by August 31, with the specific implementation scheduled to be announced via Options Trader Alert, as stated above. In the event that this does not occur by August 31, NASDAQ has represented that it will file a proposed rule change to establish the revised time period. See email from Edith Callahan, Principal Associate General Counsel, The NASDAQ OMX Group, Inc., to Steve L. Kuan, Special Counsel, Division of Trading and Markets, Commission, on June 16, 2011.

Previously, the Exchange filed two proposed rule changes indicating an implementation date of May 31, 2011.<sup>4</sup> The first one amended various rules to: (a) permit market maker assignment by option rather than by series; (b) adopt a \$5 quotation spread parameter; and (c) amend the quoting requirement for Market Makers.<sup>5</sup> The second one modified the procedures for the opening of trading at the start of the trading day and at the resumption of trading following a trading halt on NOM.<sup>6</sup> The implementation of both of those rules is now scheduled for August 2011. At the time the Exchange filed those two filings, the Exchange expected implementation to occur in May. However, since that time, additional enhancements have been finalized and filed as well,<sup>7</sup> all of which are intended to be implemented together. The Exchange needed more time to implement the enhancements. As a result, participants will have additional time to adapt to the enhancements.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>9</sup> in particular, in that

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<sup>4</sup> The Exchange has also filed other proposed rule changes in connection with these enhancements, but established the implementation date as on or about August 1, 2011, such that it does not need to be revised.

<sup>5</sup> Securities Exchange Act Release No. 64054 (March 8, 2011), 76 FR 14111 (March 15, 2011) (SR-NASDAQ-2011-036). The implementation date in the filing was May 31, 2011.

<sup>6</sup> Securities Exchange Act Release No. 64463 (May 11, 2011), 76 FR 28257 (May 16, 2011) (SR-NASDAQ-2011-037). The implementation date in the filing was May 31, 2011.

<sup>7</sup> See e.g., Securities Exchange Act Release No. 64312 (April 20, 2011), 76 FR 23351 (April 26, 2011) (SR-NASDAQ-2011-053).

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

it is 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest, because it merely extends an implementation period for two NOM enhancements, which should provide NOM Participants additional time to adapt to the enhancements.

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.

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, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup>

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the self-regulatory organization to submit to the Commission written notice of its intent to

The Exchange has requested the Commission to waive the 30-day operative delay so that NOM Participants will know that these two rules are not yet implemented. The Exchange noted that it will announce the specific implementation schedule by Options Trader Alert, once the rollout schedule is finalized. The Commission hereby grants the Exchange's request and believes such waiver is reasonable as it would provide notice to NOM participants with respect to the change in implementation date and is consistent with the protection of investors and the public interest.<sup>12</sup> Accordingly, the Commission designates the proposed rule change operative upon filing with the Commission.

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

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file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>12</sup> For purposes only of waiving the 30-day operative delay of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2011-079 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-2011-079. 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 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-2011-079 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.<sup>13</sup>

Cathy H. Ahn  
Deputy Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).