

November 1, 2024



**BRETT KITT**  
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Ms. Vanessa Countryman, Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

**Re: Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Expand its Co-Location Services (File Nos. SR-NASDAQ-2024-054, SR-BX-2024-035, SR-GEMX-2024-34, SR-ISE-2024-45, SR-MRX-2024-36, and SR-Phlx-2024-47)**

Dear Ms. Countryman:

Nasdaq, Inc. (“Nasdaq” or the “Exchange”) writes to respond briefly and in part to three comment letters<sup>1</sup> submitted in response to its above-referenced proposals (the “Proposals”) filed with the Securities and Exchange Commission (the “SEC” or the “Commission”) to expand its NY11 data center in Carteret, New Jersey to provide additional and upgraded colocation services in a new expanded space (“NY11-4”).<sup>2</sup>

Response to Concerns Regarding the Proposed Timeframe for Completion of the Equalization Project

First, Nasdaq writes to address concerns that the Letters raise about the timeframe Nasdaq proposes to accomplish its “Equalization Project,” through which it will equalize all telecommunications connectivity to customer cages within Nasdaq’s data center campus, including in both the existing NY11 facility and the soon-to-launch expansion in NY11-4. The Letters express concern that the proposed timeframe is too long and, in any event, longer than necessary to accomplish its objectives.

In response to these concerns, Nasdaq first wishes to make clear that we endeavor to complete the Equalization Project as quickly as possible. Contrary to McKay’s aspersions, we do not seek to artificially prolong this process to maximize our revenues. We are sensitive to the disruptive effects that the Equalization Project will have on our customers (as the PTG Letter exemplifies) and the need to minimize those effects and their durations to the extent we can do so reasonably. Although we appreciate McKay’s back-of-the-napkin calculation as to how much time it thinks that Nasdaq needs to complete our work, this estimate is uninformed and unrealistic. For example, McKay vastly underestimates the number

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<sup>1</sup> See Letter from J. Considine, McKay Brothers LLC (“McKay”), to V. Countryman, dated October 15, 2024, available at <https://www.sec.gov/comments/sr-nasdaq-2024-054/srnasdaq2024054-529335-1522022.pdf> (“McKay Letter”); Letter from J. Mallers, FIA Principal Traders Group, to V. Countryman, dated October 21, 2024, available at <https://www.sec.gov/comments/sr-nasdaq-2024-054/srnasdaq2024054-532497-1528502.pdf> (“PTG Letter”); Letter from E. Greene, SIFMA to V. Countryman, dated October 29, 2024, available at <https://www.sec.gov/comments/sr-nasdaq-2024-054/srnasdaq2024054-535675-1535882.pdf> (the “SIFMA Letter”) (collectively, the “Letters”).

<sup>2</sup> See Securities Exchange Act Release No. 34-100440 (June 27, 2024), 89 FR 55294 (July 3, 2024) (SR-NASDAQ-2024-026) (the “Proposal”).

of circuits to be replaced by several thousand circuits as well as the time required to replace them. It also fails to account for the planning that must be done to accomplish this Project.

In any event, while speed is a priority for Nasdaq in completing the Equalization Project, it is not our sole priority. We also must ensure that we carry out this Project responsibly, carefully, and successfully, including by ensuring that we avoid missed or mismatched connections. This Project is more complex than it seems. With all due respect to McKay, it is not just a simple function of removing and replacing cables. It also includes building additional infrastructure to support the overlay of cables as well as Intermediary Distribution Frames (“IDFs”) to accommodate new fiber paths. It will involve determining cable lengths to be used in IDFs and carrier cages to ensure that telecom connectivity will become equidistant from all locations within it. Many clients will need to make accommodations in their cabinets to support the new infrastructure, which will be illuminated during our feasibility studies of each client’s current deployment. We will also need to coordinate with customers, the industry, and vendors regarding cutovers.

Although we recognize the position that the Letters express that Nasdaq should have undertaken the Equalization Project at an earlier date, that view, even if valid, would not justify rushing Nasdaq now to conduct the Equalization Project in a hasty and haphazard manner. It is important to keep in mind that the objective of this Project – which Nasdaq itself initiated – is the same as that which the commenters desire – full equalization of connectivity in Nasdaq’s data center campus. Rather than quibble about what could have or should have been done historically, we submit that we focus ahead on accomplishing the tasks necessary to achieve this shared objective quickly, but responsibly.

Moreover, we also need to account for the reality that the pace of the Project will be dictated, in part, by factors outside of Nasdaq’s control, including sourcing the necessary equipment. Again, contrary to McKay’s assertions, certain key equipment was not readily available to us (e.g., backbone infrastructure), although we have tweaked designs to cut down on future lead times.

Nasdaq notes that the timeframe we set out in our Proposals for completing the Equalization Project is a conservative one. It reflects the outer limits of the time we reasonably estimate that we will need to complete the Equalization Project, taking into account the factors discussed above. Provided that the Project is not subject to delays outside of our control, we hope and expect that we will be able to complete the Project more quickly than our timeframe suggests. Nevertheless, we expect that the SEC will hold us accountable for meeting our self-imposed deadline.

Finally, we note that in November, Nasdaq plans to hold consultation sessions with our colocation customers to educate them about the details of the Project and its potential implications for them, as well as to solicit their concerns and scheduling needs. We hope that these customer consultations will allow us to further refine our timeline for completing the Equalization Project. In the interests of transparency, we will share any such refinements with our customers along with periodic updates on our progress in completing the Equalization Project.

#### Response to Other Allegations

In addition to the above, Nasdaq also responds below to several false or unfounded assertions made in the Letters.

First, the McKay Letter is simply wrong that Nasdaq misstated the range of lengths of cabling in NY11. We note that Nasdaq services over 100 clients in NY11, with each such client having an individual cross connect run; for each client, the connection length can vary greatly based on whether they connect to a telco provider or to another customer. The cabling length range that Nasdaq stated in its

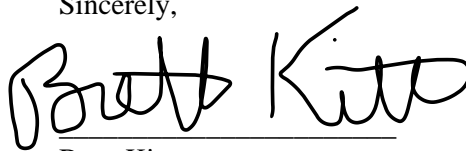
Proposal accounted for such variances. Moreover, contrary to McKay's assertions, the stated range did account for customer connectivity to and from Nasdaq Wireless Services; customers with such wireless connectivity fall in the mid-to-longer cable lengths of Nasdaq's stated range. However, Nasdaq did not include connectivity to and from the ATC Tower because it is a statistical outlier, and such connectivity is of an equal length for all clients and significantly longer than all other telecom connections. Including this measurement would have skewed the average artificially long and effectively penalized customers wishing to take space in the new data hall.

Second, the McKay and SIFMA Letters are also wrong that customers of NY11 lack sufficient information to understand their current latencies in NY11 so as to evaluate whether it would be more or less advantageous of them to secure space in NY11-4. In fact, customers are able to use commonly available tools to isolate and measure the lengths of their existing telco cross connects from their cabinets to the service providers. Examples of such tools include OTDR testers and latency tools such as RFC2544 calibrated measurement tools (e.g., JDSU, EXFO, Fluke). We note that to the extent that portions of such cross connects run outside of Nasdaq's purview, including connectivity subject to the control of their telco providers, customers would need to consult with their telco providers to determine the associated latencies.

Third, Nasdaq responds to McKay's assertion that Nasdaq does not require the additional capacity that NY11-4 will provide to operate a sound and orderly market. Respectfully, McKay does not know or understand the current space and power utilization in NY11, including utilization not only by Nasdaq's colocation customers, but also by Nasdaq itself. For security and other reasons, Nasdaq does not publicize the extent of such utilization. Nevertheless, we reiterate the accuracy of our representation that we require additional capacity to continue operating our markets.

Nasdaq appreciates the opportunity to respond to the Letters.

Sincerely,

A handwritten signature in black ink, appearing to read "Brett Kitt", written over a horizontal line.

Brett Kitt

Cc: The Honorable Gary Gensler, Chairman, SEC  
The Honorable Caroline A. Crenshaw, Commissioner, SEC  
The Honorable Hester M. Peirce, Commissioner, SEC  
The Honorable Jaime Lizárraga, Commissioner, SEC  
The Honorable Mark T. Uyeda, Commissioner, SEC  
Director Haoxiang Zhu, Division of Trading and Markets