



Brett Kitt

Senior Associate General Counsel
805 KING FARM BOULEVARD
ROCKVILLE, MD 20850

P:
F:
E:

October 12, 2018

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SR-NASDAQ-2018-070 Amendment 1

Dear Mr. Fields:

The Exchange filed the above-referenced filing on October 12, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brett Kitt', followed by a stylized flourish.

Brett Kitt

OMB APPROVAL

OMB Number: 3235-0045
 Estimated average burden
 hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 27

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No.* SR - 2018 - * 070

Amendment No. (req. for Amendments *) 1

Filing by The Nasdaq Stock Market LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *

☐

Amendment *

☒

Withdrawal

☐

Section 19(b)(2) *

☒

Section 19(b)(3)(A) *

☐

Section 19(b)(3)(B) *

☐

Rule

Pilot

☐

Extension of Time Period
 for Commission Action *

☐

Date Expires *

☐ 19b-4(f)(1)

☐ 19b-4(f)(4)

☐ 19b-4(f)(2)

☐ 19b-4(f)(5)

☐ 19b-4(f)(3)

☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant
 to the Securities Exchange Act of 1934

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to adopt listing and trading requirements and fees for non-convertible corporate bonds.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Brett

Last Name * Kitt

Title *

Senior Associate General Counsel

E-mail *

Telephone *

Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 10/12/2018

Global Chief Legal and Policy Officer

By Edward S. Knight

(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549	
For complete Form 19b-4 instructions please refer to the EFFT website.	
<div>Form 19b-4 Information *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
<div>Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
<div>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
<div>Exhibit 4 - Marked Copies</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
<div>Partial Amendment</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Partial Amendment No. 1 to SR-NASDAQ-2018-70

On August 21, 2018, the Nasdaq Stock Market LLC (“Nasdaq” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to list and trade on the Exchange non-convertible corporate bonds.¹ The Commission published the proposal in the Federal Register for notice and comment on August 30, 2018.² The public comment period expired on September 27, 2018. No comments were submitted.

The Exchange is filing this Amendment No. 1 to SR-NASDAQ-2018-70 to render certain aspects of it more accurate, complete, comprehensive, and clear. Specifically, Nasdaq proposes the following amendments to the Exhibit 5, Form 19b-4, and Exhibit 1 to SR-NASDAQ-2018-70.

Amendments to the Proposed Rule Text in Exhibit 5

As described below, proposed additions to the new rule language contained in the original filing are double underlined and **bolded**, while deletions are ~~struck-through~~ and **bolded**. The full text of the proposed rule change, as amended by this Partial Amendment No. 1, is included in Exhibit 5.

1. The Exchange proposes to amend the proposed definition of a “Nasdaq Bond Exchange Fill-or-Kill All-Or-None Order”, in proposed Rule 4000B(b)(2)(B)(ii), to clarify that such an Order may execute, not at a single “price,” but rather at multiple “prices.”

4000B. Trading of Non-Convertible Bonds Listed on Nasdaq

¹ SR-NASDAQ-2018-70.

² Securities Exchange Act Release No. 34-84001 (Aug. 30, 2018), 83 Fed. Reg. 45289 (Sept. 6, 2018).

...

(b) Applicability and Definitions.

...

(2) Definitions. As used in this rule and other rules in their application to the Nasdaq Bond Exchange, the following terms shall have the meanings specified below:

...

(B) The Nasdaq Bond Exchange Order Types. The following types of orders may be entered on the Nasdaq Bond Exchange.

...

(ii) A “Nasdaq Bond Exchange Fill-or-Kill All-Or-None Order” (the “Nasdaq Bond Exchange FOK-AON Order”) is a Nasdaq Bond Exchange market order that is to be executed immediately in its entirety against one or more contra parties at the best prices available, or if it is not executed immediately in its entirety, it is cancelled.

2. The Exchange proposes to strike the phrase “unless otherwise determined by the Exchange” from the definition of a “Bond Trading Session,” in proposed Rule 4000B(b)(2)(E), insofar as phrase is unnecessary to the definition and suggests, misleadingly, that the Exchange may vary the hours of a Bond Trading Session.

4000B. Trading of Non-Convertible Bonds Listed on Nasdaq

...

(b) Applicability and Definitions.

...

(2) Definitions. As used in this rule and other rules in their application to the Nasdaq Bond Exchange, the following terms shall have the meanings specified below:

...

(E) "Bond Trading Session" is the time during which non-convertible bonds will be available for trading on the Nasdaq Bond Exchange each day the Exchange is open for business, ~~unless otherwise determined by the Exchange.~~

3. The Exchange proposes to amend in proposed Rule 4000B(i)(2), which sets forth procedures associated with bond halts, so that these same procedures apply also to bond suspensions. The proposed amendment also clarifies that the Exchange will disseminate messages concerning the commencement and conclusion of bond halts and suspensions to subscribers of the Nasdaq Corporates Totalview Data Feed. Finally, the Exchange proposes to eliminate the defined term "Bond Halt" from the proposed Rule.

4000B. Trading of Non-Convertible Bonds Listed on Nasdaq

...

(i) Halting or Suspending Trading on the Nasdaq Bond Exchange

...

(2) **Procedures for Bond Halts and Suspensions.**

(A) In the event of a trading halt **or suspension** on the Nasdaq Bond Exchange ~~(a "Bond Halt")~~, a halt **or suspension** message shall be disseminated by the Exchange to **subscribers to the Nasdaq Corporates**

Totalview Data Feed to signal both the commencement and the end of the ~~Bond Halthalt or suspension~~.

(B) Upon commencement of a ~~Bond Halthalt or suspension~~, existing orders that are pending in the Nasdaq Bond Exchange shall be cancelled and new orders entered into the Nasdaq Bond Exchange during a bond ~~Bond Halthalt or suspension~~ will not be accepted.

(C) The Nasdaq Bond Exchange will begin accepting new orders and will resume trading upon the conclusion of a ~~Bond Halthalt or suspension~~.

...

4. In Rule 5810(c)(1), the Exchange amends its proposal to add a bullet stating that non-convertible corporate bonds listed on Nasdaq are subject to immediate suspension and delisting when the issuer of the bonds fails to meet its obligations “on the securities.” The proposed amendment clarifies the bullet by replacing the word “securities” with the word “non-convertible bonds.” This proposed amendment eliminates potential confusion as to whether the Exchange meant the word “securities” to mean something other than “non-convertible bonds.”

5800. Failure to Meet Listing Standards

...

(c) Types of Deficiencies and Notifications

...

(1) Deficiencies that Immediately Result in a Staff Delisting

Determination

Staff's notice will inform the Company that its securities are immediately subject to suspension and delisting when:

- a Company fails to timely solicit proxies;
- an Equity Investment Tracking Stock fails to comply with the additional continued listing requirements in Rule 5222(c) or a Staff Delisting Determination has been issued with respect to the security such Equity Investment Tracking Stock tracks;
- the common stock of the REIT in a Paired Share Unit listed under Rule 5226 becomes separately tradable from the common stock of the Parent; [or]
- An issuer of non-convertible bonds listed on Nasdaq fails to meet its obligations on the ~~securities~~non-convertible bonds, as set forth in Rule 5702(b)(2); or

...

5. The Exchange proposes to clarify its proposal to add to Rule 11890(a)(2)(B) a provision which states that an Exchange official will generally issue, within 30 minutes of receipt of a complaint, a determination as to whether a non-convertible bond trade was clearly erroneous, and that an official will issue such a determination in all cases no later than the commencement of the Bond Trading Session on the following trading day. The amendment proposes to add the word “no” immediately before “later” in the provision to avoid any suggestion that a determination could be made “later” than the commencement of the next day’s Bond Trading Session.

11890. Clearly Erroneous Transactions

...

(a) Authority to Review Transactions Pursuant to Complaint of Market Participant

...

(2) Requests and Timing of Review.

...

(B) Once a party has applied to Nasdaq for review and the transaction has been determined to be eligible for review, the transaction shall be reviewed and a determination rendered, unless (i) both parties (or the party in the case of a cross order entered into one of Nasdaq's crossing networks) to the transaction agree to withdraw the application for review prior to the time a decision is rendered by the Nasdaq official, or (ii) the complainant withdraws its application for review prior to the notification of counterparties. In the event that the Nasdaq official determines that the transaction in dispute is clearly erroneous, the official shall declare the transaction null and void. A determination shall be made generally within 30 minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours (9:30:00 to 4:00:00) or, for the Nasdaq Bond Exchange, **no** later than the start of the Bond Trading Session (8:30:00 to 4:00:00), on the following trading day. The parties shall be promptly notified of the determination.

Amendments to the Form 19b-4 and Exhibit 1

Amendment No. 1 makes the following changes to Form 19b-4 and to Exhibit 1.

In the below, deleted text is [bracketed]. New text is underlined.

1. On page 14 of the Form 19b-4, and on page 50 of Exhibit 1, in the paragraph immediately below the heading “Order Types,” replace the word “price” with “prices” in the following sentence, to mirror the amendment proposed above to the definition of a “Nasdaq Bond Exchange Fill-or-Kill All-Or-None Order”:

Users will also be able to enter a Nasdaq Bond Exchange Fill-or-Kill All-Or-None Order ("Nasdaq Bond Exchange FOK-AON Order"), which is an order that is to be executed immediately in its entirety against one or more contra parties at the best prices available, or if it is not executed immediately in its entirety, it is cancelled.

2. On page 21 of the Form 19b-4, and on page 56 of Exhibit 1, in the second paragraph below the heading “Halting and Suspending Bond Trading on the Exchange,” make the following changes to mirror the amendments to proposed Rule 4000B(i)(2) described above:

Pursuant to proposed Rule 4000B(i)(2), when bond trading is halted or suspended under any of the circumstance described above, a halt or suspension message at the beginning and end of the halt or suspension will be disseminated via the Nasdaq Corporates Totalview Data Feed to all Nasdaq Bond Market Users that subscribe to it.⁴⁰ This trading halt will be referred to as a "Bond Halt." Upon commencement of a [B]bond [H]halt or suspension, all pending orders in the Nasdaq Bond Exchange

will be cancelled.⁴¹ The Nasdaq Bond Exchange will resume accepting orders and trading once the Exchange declares an end to a [B]bond [H]halt or suspension.⁴²

3. On page 26 of the Form 19b-4, and on page 62 of Exhibit 1, delete the last sentence of the paragraph immediately below the heading “Listing Rules,” which begins as follows: “The Exchange believes that its proposal to list non-convertible bonds will improve the quality” The sentence to be deleted reads as follows:

[This proposal, in connection with Nasdaq’s proposal to trade such bonds, would also increase the amount of bond-specific information that would disclosed by issuers in fulfillment of the requirements of Section 12 of the Act.]

In the sentence that immediately precedes the deleted sentence, which begins “Through this requirement, ...,” the term “Bond Halt” should be amended as follows to reflect the fact that it will no longer be a defined term: “[B]bond [H]halt.” Finally, the sentence that immediately follows the deleted sentence, which begins “Nasdaq also believes that ...,” should be indented to signal the start of a new paragraph.

4. On page 30 of the Form 19b-4, and on page 65 of Exhibit 1, delete the last sentence of the paragraph that begins as follows: “Nasdaq also notes that the proposed \$5,000 initial listing fee” The sentence to be deleted reads as follows:

[Moreover, the Exchange expects to list large issuances of non-convertible bonds, in which cases the annual fees for such bonds will be comparable

to, if not lower than, the annual fees that Nasdaq charges for convertible bonds.]

5. Also on page 30 of the Form 19b-4, and on page 65 of Exhibit 1, delete the following paragraph, with its accompanying footnotes, and then renumber the subsequent footnotes accordingly:

[These proposed listing fees for non-convertible bonds are lower than Nasdaq's initial and annual fees for equity securities, which range from \$50,000 - \$75,000 for initial listing of equity securities, and from \$32,000 - \$45,000 for annual listing of equity securities.⁶² Nasdaq competes for the listing of securities, including bonds, with NYSE and NYSE American, and the differential between its proposed listing fees for non-convertible bonds and its current listing fees for equity securities is similar to the differential for listing debt and equity securities on NYSE American.⁶³]

⁶² See Rule 5920(a)-(c).]

⁶³ See, e.g. NYSE American Listed Company Guide Sections 140 and 141 (NYSE American charges an initial listing fee for common stock that ranges from \$50,000 - \$75,000 and an annual fee of between \$40,000 and \$50,000).]

The proposed rule change, as amended, remains consistent with the Securities Exchange Act of 1934, and specifically with Section 6(b)(5), (6), and (7),³ for the reasons

³ 15 U.S.C. 78f(b)(4),(5), and (7).

outlined in the original proposal. Amendment No. 1 clarifies the definition of a “Nasdaq Bond Exchange Fill-or-Kill All-Or-None Order” to more accurately describe that order type. It also removes unintended ambiguity in several provisions, including the definition of a “Bond Trading Session,” the circumstances under which non-convertible bonds listed on the Exchange will be subject to immediate suspension and delisting, and the timing of Exchange clearly erroneous determinations. Finally, Amendment No. 1 clarifies that the same procedures that apply to bond halts also apply to bond suspensions, and it clarifies that messages regarding bond halts and suspensions will be disseminated to subscribers of the Nasdaq Corporates Totalview Data Feed.

These clarifications do not change Nasdaq’s analysis for why the proposed rule change will not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, and why the proposed rule change 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. Amendment No. 1 does not make any changes that are unique or novel. For the same reasons, the Exchange respectfully requests that the Commission finds good cause to accelerate effectiveness of this Amendment No. 1 pursuant to Section 19(b)(2) of the Act.

EXHIBIT 5

Deleted text is [bracketed]. New text is underlined.

The Nasdaq Stock Market Rules

* * * * *

Marketplace Rules (4000-7000)

* * * * *

4000B. Trading of Non-Convertible Bonds Listed on Nasdaq

(a) Unless otherwise specified, all orders in non-convertible bonds shall be received, processed, executed and reported by means of the Exchange's electronic system designated for such purpose. The Exchange system designated for this purpose shall be the "Nasdaq Bond Exchange."

(b) Applicability and Definitions.

(1) Applicability. The provisions in this Rule shall apply to (i) all transactions effected through the Nasdaq Bond Exchange; (ii) all bids and offers made through the Nasdaq Bond Exchange; (iii) the handling of orders and the conduct of accounts and other matters relating to bidding, offering and trading through the Nasdaq Bond Exchange; and (iv) any security that is traded on the Nasdaq Bond Exchange, which security, for purposes of this rule, shall be referred to as a "non-convertible bond."

(2) Definitions. As used in this rule and other rules in their application to the Nasdaq Bond Exchange, the following terms shall have the meanings specified below:

(A) The "Nasdaq Bond Exchange" shall refer to the Exchange's electronic system for receiving, processing, executing and reporting bids, offers and executions in non-convertible bonds.

(B) The Nasdaq Bond Exchange Order Types. The following types of orders may be entered on the Nasdaq Bond Exchange.

(i) A "Nasdaq Bond Exchange Good for Day Limit Order" is an order to buy or sell a stated quantity of units of non-convertible bonds at a specified price or at a better price which, if not executed or cancelled, will expire at the end of the Bond Trading Session on the day on which it was entered.

(ii) A "Nasdaq Bond Exchange Fill-or-Kill All-Or-None Order" (the "Nasdaq Bond Exchange FOK-AON Order") is a Nasdaq Bond Exchange market order that is to be executed immediately in its entirety against one or more contra

parties at the best prices available, or if it is not executed immediately in its entirety, it is cancelled.

(C) "Clearly Erroneous Execution" refers to an execution involving an obvious error in any term of an order participating in such execution, such as price, unit of trading, or identification of the non-convertible bond.

(D) "User" means any Member of Nasdaq that has elected to receive access to the Nasdaq Bond Exchange.

(E) "Bond Trading Session" is the time during which non-convertible bonds will be available for trading on the Nasdaq Bond Exchange each day the Exchange is open for business.

(c) The minimum unit of trading in the Nasdaq Bond Exchange is one non-convertible bond unless the issuer otherwise specifies a larger minimum unit of trading in the indenture agreement.

(d) The Nasdaq Bond Exchange will accept bids and offers in non-convertible bonds priced to three decimal places.

(e) Securities to be Traded.

Only such non-convertible bonds as the Exchange may specify shall be traded on the Nasdaq Bond Exchange. Any security traded on the Nasdaq Bond Exchange must be listed on Nasdaq.

(f) Trading Session.

The Nasdaq Bond Exchange holds one Bond Trading Session, which commences at 8:30 a.m. E.T. and concludes at 4:00 p.m. E.T. Orders submitted outside of the Bond Trading Session will not be accepted.

(g) Display and Execution of Orders in Bond Trading Session.

(1) Buy and sell orders in the Nasdaq Bond Exchange shall be displayed, matched and executed in the Bond Trading Session in the following sequence:

(A) According to price, with the highest bid price and the lowest offer price receiving highest priority.

(B) Within each price, according to the time of the order entry in the Nasdaq Bond Exchange.

(C) Exception: Anti-Internalization - Users may direct that orders entered into the Nasdaq Bond Exchange not execute against orders entered under the same MPID.

In addition, Users using the FIX order entry protocol may assign to orders entered through a specific order entry port a unique group identification modifier that will prevent orders with such modifier from executing against each other. In such a case, a User may elect from the following options: (i) regardless of the size of the interacting orders, cancelling the oldest order in full; or (ii) regardless of the size of the interacting orders, cancelling the most recent order in full. The foregoing options may be applied to all orders entered under the same MPID, or, in the case of Users using the FIX order entry protocol, may be applied to all orders entered through a specific order entry port.

(2) The terms of an order entered into the Nasdaq Bond Exchange may not be modified after entry. An order may be cancelled at any time provided the order has not been executed.

(3) Users shall be promptly notified of their orders' executions.

(h) Clearly Erroneous Executions. All matters related to clearly erroneous transactions executed on the Nasdaq Bond Exchange shall be initiated and adjudicated pursuant to Rule 11890.

(i) Halting or Suspending Trading on the Nasdaq Bond Exchange

(1) The Exchange may halt or suspend trading in non-convertible bonds listed on the Nasdaq Bond Exchange when:

(A) In the exercise of its regulatory function, the Exchange determines such action is necessary and appropriate to maintain a fair and orderly market, protect investors, or otherwise is in the public interest due to extraordinary circumstances or unusual market conditions; or

(B) A class of equity issued by the same issuer as the non-convertible bond has been halted or suspended by, or de-listed from, the Exchange or by or from its primary listing exchange (NYSE or NYSE American), or

(C) News reports have a material impact on the non-convertible bond, its issuer, or related stock of the issuer, or

(D) If the non-convertible bond is to be called for redemption or will mature or become subject to retirement, and thereafter will be subject to de-listing, then the Exchange shall cease trading the non-convertible bond, effective not less than 10 days before the date when such de-listing becomes effective, pursuant to a de-listing application that the Exchange submits to the Commission on Form 25 and consistent with Rule 12d2-2 and the Act.

(2) Procedures for Bond Halts and Suspensions.

(A) In the event of a trading halt or suspension on the Nasdaq Bond Exchange, a halt or suspension message shall be disseminated by the Exchange to subscribers to the Nasdaq Corporates Totalview Data Feed to signal both the commencement and the end of the halt or suspension.

(B) Upon commencement of a bond halt or suspension, existing orders that are pending in the Nasdaq Bond Exchange shall be cancelled and new orders entered into the Nasdaq Bond Exchange during a bond halt or suspension will not be accepted.

(C) The Nasdaq Bond Exchange will begin accepting new orders and will resume trading upon the conclusion of a bond halt or suspension.

(j) Reports and Recordkeeping.

(1) The Nasdaq Bond Exchange Trading Reports and Records. Users of the Nasdaq Bond Exchange must comply with all relevant rules of the Exchange and the Securities and Exchange Commission in relation to reports and records of transactions on the Nasdaq Bond Exchange including, but not limited to, Rules 17a-3 and 17a-4 under the Securities Exchange Act of 1934.

* * * * *

5005. Definitions

(a) The following is a list of definitions used throughout the Nasdaq Listing Rules. This section also lists various terms together with references to other rules where they are specifically defined. Unless otherwise specified by the Rules, these terms shall have the meanings set forth below. Defined terms are capitalized throughout the Listing Rules.

(1) – (40) No Change.

(41) “Substitution Listing Event” means: a reverse stock split, re-incorporation or a change in the Company's place of organization, the formation of a holding company that replaces a listed Company, reclassification or exchange of a Company's listed shares for another security, the listing of a new class of securities in substitution for a previously-listed class of securities, a business combination described in IM-5101-2, a change in the obligor of a listed debt security, or any technical change whereby the Shareholders of the original Company receive a share-for-share interest in the new Company without any change in their equity position or rights. A Substitution Listing Event also includes the replacement of, or any significant modification to, the index, portfolio or Reference Asset underlying a security listed under the Rule 5700 Series (including, but not limited to, a significant modification to the index methodology, a change in the index provider, or a change in control of the index provider).

(42) No change.

* * * * *

5250. Obligations for Companies Listed on The Nasdaq Stock Market

(a) – (d) No change.

(e) Nasdaq Notification Requirements

Various corporate events resulting in material changes will trigger the requirement for Companies to submit certain forms and applicable fees to Nasdaq as specified below.

All applicable forms can be found
at http://www.nasdaq.com/about/listing_information.stm#forms.

(1) – (2) No change.

(3) Record Keeping Change

(A) The Company shall file on a form designated by Nasdaq notification of any change to its name, the par value or title of its security, its symbol, or a similar change, no later than 10 days after the change. The Company shall also pay the appropriate Record-Keeping Fee as referenced in the Rule 5900 Series.

(B) The Company shall also notify Nasdaq promptly in writing, absent any fees, of any change in the general character or nature of its business and any change in the address of its principal executive offices.

(C) The Company shall provide at least ten (10) calendar days advance notice to Nasdaq of certain corporate actions relating to non-convertible bonds listed on the Nasdaq Bond Exchange, including redemptions (full or partial calls), tender offers, changes in par value, and changes in identifier (e.g., CUSIP number or symbol), by filing the appropriate form as designated by Nasdaq.

(4) – (6) No change.

(f) No change.

IM-5250-1. No change.

IM-5250-2. No change.

* * * * *

5515. Initial Listing Requirements for Rights, Warrants, and Convertible Debt

The following requirements apply to a Company listing convertible debt, rights or warrants on The Nasdaq Capital Market.

(a) No change.

(b) For initial listing, a convertible debt security must meet the requirements in (1) through (3), and one of the conditions in (4) must be satisfied:

(1) - (4) No change.

(A) the issuer of the debt must have an equity security that is listed on Nasdaq, [the American Stock Exchange]NYSE American or the New York Stock Exchange;

(B) an issuer whose equity security is listed on Nasdaq, [the American Stock Exchange]NYSE American or the New York Stock Exchange, directly or indirectly owns a majority interest in, or is under common control with, the issuer of the debt security, or has guaranteed the debt security;

(C) - (D) No change.

(c) No change.

* * * * *

5702. Debt Securities (Other than Convertible Debt)

(a) For initial listing of a non-convertible bond, the following conditions must be satisfied:

(1) the principal amount outstanding or market value must be at least \$5 million; and

(2) the issuer of the non-convertible bond must have one class of equity security that is listed on Nasdaq, NYSE American or the New York Stock Exchange ("NYSE").

The Exchange anticipates that it will not be ready, prior to the Second Quarter of 2019, to list the non-convertible bonds of issuers whose equity securities are listed on NYSE American or NYSE. The Exchange will post a notification via a Trader Alert at least seven days prior to accepting applications from issuers to list such non-convertible bonds.

(b) A non-convertible bond must meet the following requirements for continued listing:

(1) the market value or principal amount of non-convertible bonds outstanding is at least \$400,000; and

(2) the issuer must be able to meet its obligations on the listed non-convertible bonds.

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5800. Failure to Meet Listing Standards

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5810. Notification of Deficiency by the Listing Qualifications Department

When the Listing Qualifications Department determines that a Company does not meet a listing standard set forth in the Rule 5000 Series, it will immediately notify the Company of the deficiency. As explained in more detail below, deficiency notifications are of four types:

(1) – (4) No change.

(a) – (b) No change.

IM-5810-1. Disclosure of Written Notice of Staff Determination

No change.

(c) Types of Deficiencies and Notifications

The type of deficiency at issue determines whether the Company will be immediately suspended and delisted, or whether it may submit a compliance plan for review or is entitled to an automatic cure or compliance period before a Staff Delisting Determination is issued. In the case of a deficiency not specified below, Staff will issue the Company a Staff Delisting Determination or a Public Reprimand Letter.

(1) Deficiencies that Immediately Result in a Staff Delisting Determination

Staff's notice will inform the Company that its securities are immediately subject to suspension and delisting when:

- a Company fails to timely solicit proxies;
- an Equity Investment Tracking Stock fails to comply with the additional continued listing requirements in Rule 5222(c) or a Staff Delisting Determination has been issued with respect to the security such Equity Investment Tracking Stock tracks;
- the common stock of the REIT in a Paired Share Unit listed under Rule 5226 becomes separately tradable from the common stock of the Parent; [or]
- An issuer of non-convertible bonds listed on Nasdaq fails to meet its obligations on the non-convertible bonds, as set forth in Rule 5702(b)(2); or
- Staff has determined, under its discretionary authority in the Rule 5100 Series, that the Company's continued listing raises a public interest concern.

(2) Deficiencies for which a Company may Submit a Plan of Compliance for Staff Review

No change.

(3) Deficiencies for which the Rules Provide a Specified Cure or Compliance Period

With respect to deficiencies related to the standards listed in (A) - ([E]F) below, Staff's notification will inform the Company of the applicable cure or compliance period provided by these Rules and discussed below. If the Company does not regain compliance within the specified cure or compliance period, the Listing Qualifications Department will immediately issue a Staff Delisting Determination letter.

(A) Bid Price

A failure to meet the continued listing requirement for minimum bid price shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved during any compliance period by meeting the applicable standard for a minimum of 10 consecutive business days during the applicable compliance period, unless Staff exercises its discretion to extend this 10 day period as discussed in Rule 5810(c)(3)([F]G).

(i) – (ii) No change.

(B) No change.**(C) Market Value of Listed Securities**

A failure to meet the continued listing requirements for Market Value of Listed Securities shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard for a minimum of 10 consecutive business days during the 180 day compliance period, unless Staff exercises its discretion to extend this 10 day period as discussed in Rule 5810(c)(3)([F]G).

(D) Market Value of Publicly Held Shares

A failure to meet the continued listing requirement for Market Value of Publicly Held Shares shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved by meeting the applicable standard for a minimum of 10 consecutive business days during the 180 day compliance period, unless Staff exercises its discretion to extend this 10 day period as discussed in Rule 5810(c)(3)([F]G).

(E) No change.

(F) Market Value/Principal Amount Outstanding of Non-Convertible Bonds

A failure to meet the continued listing requirement for non-convertible bonds, as set forth in Rule 5702(b)(1) (requiring non-convertible bonds to have at least \$400,000 in market value or principal amount outstanding) shall be determined to exist only if the deficiency continues for a period of 30 consecutive business days. Upon such failure, the Company shall be notified promptly and shall have a period of 180 calendar days from such notification to achieve compliance. Compliance can be achieved during this 180 calendar day compliance period by meeting the applicable standard for a minimum of 10 consecutive business days during the applicable compliance period, unless Staff exercises its discretion to extend this 10 day period as discussed in Rule 5810(c)(3)(G).

(F)G) Staff Discretion Relating to the Price-based Requirements

If a Company fails to meet the Market Value of Listed Securities, Market Value of Publicly Held Shares, [or]Bid Price, or Market Value/Principal Amount Outstanding requirements, each of which is related to the Company's security price and collectively called the "Price-based Requirements," compliance is generally achieved by meeting the requirement for a minimum of ten consecutive business days. However, Staff may, in its discretion, require a Company to satisfy the applicable Price-based Requirement for a period in excess of ten consecutive business days, but generally no more than 20 consecutive business days, before determining that the Company has demonstrated an ability to maintain long-term compliance. In determining whether to require a Company to meet the applicable Price-based-requirement beyond ten business days, Staff may consider all relevant facts and circumstances, including without limitation:

- (i) the margin of compliance (the amount by which a Company exceeds the applicable Price-based Requirement);
- (ii) the trading volume (a lack of trading volume may indicate a lack of bona fide market interest in the security at the posted bid price);
- (iii) the Market Maker montage (the number of Market Makers quoting at or above \$1.00 or the minimum price necessary to satisfy another Price-based Requirement; and the size of their quotes); and
- (iv) the trend of the [stock]security price (is it up or down).

(4) Public Reprimand Letter

No change.

(d) Additional Deficiencies

No change.

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5920. The Nasdaq Capital Market**(a) Entry Fee**

(1) No change.

(2) A Company that submits an application to list any class of convertible debentures on the Nasdaq Capital Market[,] shall pay to Nasdaq a non-refundable application fee of \$5,000 and [a]n entry fee of \$1,000 or \$50 per million dollars face amount of convertible debentures outstanding, whichever is higher.

(3) – (11) No change.

(b) – (e) No change.

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5935. Non-Convertible Bonds**(a) Application Fee**

A Company that submits an application to list a class of non-convertible bonds pursuant to Rule 5702 shall pay to Nasdaq a non-refundable application fee of \$5,000, except that the application fee shall be waived if, in connection with the application, the Company will be switching the listing market for its non-convertible bonds from the New York Stock Exchange or NYSE American to Nasdaq.

(b) Annual Fee

The issuer of each class of non-convertible bonds listed pursuant to Rule 5702 shall pay to Nasdaq an annual fee of \$5,000, except that a Company that switches its listing market for its non-convertible bonds from the New York Stock Exchange or NYSE American to Nasdaq shall not be liable for an annual fee until January 1 of the calendar year following the effective date of the non-convertible bonds listing on Nasdaq.

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7015. Ports and other Services [†]

The charges under this rule are assessed by Nasdaq for connectivity to services and the following systems operated by Nasdaq or FINRA: the Nasdaq Market Center, FINRA Trade Reporting and Compliance Engine (TRACE), the FINRA/Nasdaq Trade Reporting Facility, FINRA's OTCBB Service, and the FINRA OTC Reporting Facility (ORF). The following fees are not applicable to The Nasdaq Options Market LLC. For related options fees for Ports and other Services refer to Chapter XV, Section 3 of the Options Rules.

(a) No change.

(b) Financial Information Exchange (FIX)

Ports	Price
FIX Trading Port (FIX, FIX Lite (FLITE), BRUT FIX, and SUMO FIX)	\$575/port/month

FIX Trading Port for Nasdaq Bond Exchange No charge

FIX Port for Services Other than Trading (FINRA/Nasdaq Trade Reporting Facilities Carteret and Chicago, ORF, and TRACE)	\$500/port/month*
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Disaster recovery port

(1) FIX Trading Port	\$25/port/month
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(2) FIX Port for Services Other than Trading	No charge
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<u>(3) FIX Trading Port (Nasdaq Bond Exchange)</u>	<u>No charge</u>
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(c) – (j) No change.

[†]Fees are assessed in full month increments under this section, and thus are not prorated.

*This fee that is otherwise applicable to the FINRA/Nasdaq Trade Reporting Facility Chicago shall be waived until November 1, 2018.

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7050. [Reserved]The Nasdaq Corporates Totalview Data Feed

(a) The Nasdaq Corporates Totalview Data Feed is a proprietary data feed containing real-time best bid and offer information as well as last sale information, including sale price and trade size, for trades of non-convertible bonds listed on Nasdaq that are executed in the Nasdaq Bond Exchange. The data feed will be available free of charge.

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11890. Clearly Erroneous Transactions

The provisions of paragraphs (a)(2)(C), (c)(1), (b)(i), and (b)(ii) of this Rule, as amended on September 10, 2010, and the provisions of paragraphs (g) through (i), shall be in effect during a pilot period to coincide with the pilot period for the Limit Up-Limit Down Plan, including any extensions to the pilot period for the Plan. If the Plan is not either extended or approved as permanent, the prior versions of paragraphs (a)(2)(C), (c)(1), and (b) shall be in effect, and the provisions of paragraphs (g) through (i) shall be null and void.

(a) Authority to Review Transactions Pursuant to Complaint of Market Participant**(1) Definition.**

For purposes of this rule, the terms of a transaction executed on Nasdaq are "clearly erroneous" when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. A transaction made in clearly erroneous error and cancelled by both parties or determined by Nasdaq to be clearly erroneous will be removed from the consolidated tape. Executions as a result of a Halt Auction under Rule 4120(c)(10) are not eligible for a request for review as clearly erroneous under this Rule.

(2) Requests and Timing of Review.

A member that receives an execution on an order that was submitted erroneously to Nasdaq for its own or customer account may request that Nasdaq review the transaction under this rule. An official of Nasdaq shall review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such requests for review shall be made in writing via electronic complaint or other means specified from time to time by Nasdaq as announced in a Notice to Members or Head Trader Alert. A request for review shall include information concerning the time of the transaction(s), security symbol(s), number of shares or other unit of trading, price(s), side (bought or sold), and factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request that satisfies the [Numerical G]guidelines set forth in paragraph (a)(2)(C) the counterparty to the trade shall be notified by Nasdaq as soon as practicable, but generally within 30 minutes. A Nasdaq official may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction shall provide, within 30 minutes of the request, any supporting written information. Either party to the disputed trade may request the supporting written information provided by the other party on the matter.

(A) Filing Time Periods

No change.

(B) Once a party has applied to Nasdaq for review and the transaction has been determined to be eligible for review, the transaction shall be reviewed and a determination rendered, unless (i) both parties (or the party in the case of a cross order entered into one of Nasdaq's crossing networks) to the transaction agree to withdraw the application for review prior to the time a decision is rendered by the Nasdaq official, or (ii) the complainant withdraws its application for review prior to the notification of counterparties. In the event that the Nasdaq official determines that the transaction in dispute is clearly erroneous, the official shall declare the transaction null and void. A determination shall be made generally within 30 minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours (9:30:00 to 4:00:00) or, for the

Nasdaq Bond Exchange, no later than the start of the Bond Trading Session (8:30:00 to 4:00:00), on the following trading day. The parties shall be promptly notified of the determination.

(C) Determinations of a clearly erroneous execution will be made as follows:

(1) - (3) No change.

(4) Erroneous Trades on the Nasdaq Bond Exchange. In lieu of paragraphs (C)(1)-(C)(3) above, when determining whether a trade in non-convertible bonds listed on the Nasdaq Bond Exchange is clearly erroneous, a Nasdaq official may consider any and all relevant factors of an execution on a case by case basis including, but not limited to, the following: (i) execution price; (ii) volume and volatility of a non-convertible bond; (iii) news released for the issuer or the non-convertible bond and/or the related equity security; (iv) trading halts; (v) corporate actions; (vi) general market conditions; (vii) the rating of the non-convertible bond; (viii) interest and/or coupon rate; (ix) maturity date; (x) yield curves; (xi) prior print, if available within a reasonable time frame; (xii) executions inconsistent with the trading pattern of a non-convertible bond; (xiii) current day's trading high/low; (xiv) recent day's and week's trading high/low; (xv) executions outside the 52 week high/low; (xvi) effect of a single large order creating several prints at various prices; and (xvii) quotes and executions of other market centers.

(b) Procedures for Reviewing Transactions on Nasdaq's Own Motion

(i) *System Disruption or Malfunctions.* In the event of any disruption or a malfunction in the operation of any electronic communications and trading facilities of Nasdaq in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, the President of Nasdaq or any designated officer or senior level employee ("Senior Official") of Nasdaq, on his or her own motion, may review such transactions and declare such transactions arising out of the operation of such facilities during such period null and void. In such events, the Senior Official will rely on the provisions of paragraph (a)(2)(C)(1)-([3]4) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Senior Official pursuant to this paragraph (i) shall be taken within thirty (30) minutes of detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Senior Official must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. Each Member involved in the transaction shall be notified as soon as practicable by Nasdaq, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (c)(1) below.

(ii) *Senior Official Acting on Own Motion.* A Senior Official, acting on his or her own motion, may review potentially erroneous executions and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the Senior Official will rely on the provisions of paragraph (a)(2)(C)(1)-([3]4) of this Rule. Absent extraordinary circumstances, any such action of the Senior Official shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Senior Official must be taken by no later than the start of Regular Trading Hours on the trading day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction shall be notified as soon as practicable by Nasdaq, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (c)(1) below.

(c) Review by the Nasdaq Review Council

(1) A member or person associated with any such member may appeal a determination made under paragraph (a) to the Nasdaq Review Council. A member or person associated with a member may appeal a determination made under paragraph (b) to the Nasdaq Review Council unless the Senior Official making the determination also determines that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made by Nasdaq in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable. An appeal must be made in writing, and must be received by Nasdaq within thirty (30) minutes after the person making the appeal is given the notification of the determination being appealed. Once a written appeal has been received, the counterparty to the trade that is the subject of the appeal will be notified of the appeal and both parties shall be able to submit any additional supporting written information up until the time the appeal is considered by the Nasdaq Review Council. Either party to a disputed trade may request the written information provided by the other party during the appeal process. An appeal to the Nasdaq Review Council shall not operate as a stay of the determination being appealed, and the scope of the appeal shall be limited to trades to which the person making the appeal is a party.

Once a party has appealed a determination to the Nasdaq Review Council, the determination shall be reviewed and a decision rendered, unless (i) both parties to the transaction agree to withdraw the appeal prior to the time a decision is rendered by the Nasdaq Review Council, or (ii) the party filing the appeal withdraws its appeal prior to the notification of counterparties. The Nasdaq Review Council panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 ET and the close of trading in the Late Trading Session or the Bond Trading Session, as applicable, a decision will be rendered as soon as practicable, but in no case later than the

trading day following the date of the execution under review. Upon consideration of the record, and after such hearings as it may in its discretion order, the Nasdaq Review Council, pursuant to the standards set forth in this rule, shall affirm, modify, reverse, or remand the determination.

(2) – (3) No change.

(d) – (h) No change.

(i) Trading Halts. In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause, an Officer of the Exchange or senior level employee designee, acting on his or her own motion, shall nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an Officer of the Exchange or senior level employee designee shall nullify transactions that occur before the official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of the Regular Market Session (or the Bond Trading Session, as applicable) on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each Member involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (c) above.

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