BRETT M. KITT
SENIOR ASSOCIATE GENERAL COUNSEL
805 KING FARM BLVD
ROCKVILLE, MD 20850
P:
E:

July 1, 2019

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

      Re: Amendment No. 1 (SR-NASDAQ-2019-048)

Dear Ms. Countryman:

      The Nasdaq Stock Market LLC filed the above-referenced filing on July 1, 2019.

                    Sincerely,

                    Brett M. Kitt
                    Senior Associate General Counsel

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 38	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2019 - * 048
		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

Section 806(e)(1) * ☐	Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ▣	Exhibit 3 Sent As Paper Document ▣

Description

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

A proposal to amend Rule 4702 to establish the Midpoint Extended Life Order + Continuous Book as a new Order Type

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   07/01/2019

By   Edward S. Knight

Global Chief Legal and Policy Officer

(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.

Digitally Sign and Lock Form

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

[Add] [Remove] [View]

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.

Exhibit 1 - Notice of Proposed Rule Change *

[Add] [Remove] [View]

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)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

[Add] [Remove] [View]

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)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

[Add] [Remove] [View]

Exhibit Sent As Paper Document
☐

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.

Exhibit 3 - Form, Report, or Questionnaire

[Add] [Remove] [View]

Exhibit Sent As Paper Document
☐

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.

Exhibit 4 - Marked Copies

[Add] [Remove] [View]

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.

Exhibit 5 - Proposed Rule Text

[Add] [Remove] [View]

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.

Partial Amendment

[Add] [Remove] [View]

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.

1.   Text of the Proposed Rule Change

        (a)   On June 11, 2019, the Nasdaq Stock Market LLC ("Nasdaq" or

"Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act")[1] and Rule 19b-4 thereunder,[2] filed with the Securities and Exchange Commission

("SEC" or "Commission") proposed rule change SR-NASDAQ-2019-048 (the "Original

Proposal") to amend Rule 4702 to establish the "Midpoint Extended Life Order +

Continuous Book" as a new Order Type. The Exchange is filing this proposal

("Amendment No. 1") to amend the Original Proposal. Amendment No. 1 supersedes the

Original Proposal in its entirety and also describes changes from the Original Proposal.

        With this Amendment No. 1, the Exchange is including Exhibit 4, which reflects

the changes to the text of the proposed rule change as set forth in the Original Proposal,

and Exhibit 5, which reflects all proposed changes to the Exchange's current rule text.

        (b)   Not applicable.

        (c)   Not applicable.

2.   Procedures of the Self-Regulatory Organization

        The proposed rule change was approved by the Board of Directors of the

Exchange on January 30, 2019. No other action is necessary for the filing of the rule

change.

        Questions and comments on the proposed rule change may be directed to:

<div style="text-align:center">

Brett M. Kitt
Senior Associate General Counsel
Nasdaq, Inc.
██████████

</div>

---

[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

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

a.   Purpose

The Exchange proposes to: (1) amend Rule 4702(b) to establish the "Midpoint Extended Life Order + Continuous Book" or "M-ELO+CB" as a new Order Type on the Exchange; and (2) amend Rule 4703(n) to permit midpoint orders on the Continuous Book to execute against M-ELO+CBs when the Midpoint Trade Now Attribute is enabled on such midpoint orders.

Midpoint Extended Life Orders with Continuous Book

On March 7, 2018, the Commission issued an order approving the Exchange's proposal to adopt the Midpoint Extended Life Order or "M-ELO" as a new Order Type.[3] A M-ELO is a non-displayed order that is available to all members but interacts only with other M-ELOs. It is priced at the midpoint between the National Best Bid and Offer ("NBBO") and it does not become eligible for execution until it completes a one-half second holding period (the "Holding Period").[4] Once the Holding Period elapses, a M-ELO becomes eligible for execution against other M-ELOs on a time-priority basis.[5] Since its implementation the Midpoint Extended Life Order Type has achieved its design expectations. Approximately 12 million shares transact as Midpoint Extended Life

---

[3]   See Securities Exchange Act Release No. 34-82825 (Mar. 7, 2018), 83 FR 10937 (Mar. 13, 2018).

[4]   If a member modifies a M-ELO during the Holding Period, other than to decrease the size of the order or to modify the marking of a sell order as long, short, or short exempt, then such modification will cause the Holding Period to reset.

[5]   If a member modifies a M-ELO after the Holding Period elapses, other than to decrease the size of the order or to modify the marking of a sell order as long, short, or short exempt, then such modification will trigger a new Holding Period for the order.

Orders a day, interacting only with other Midpoint Extended Life Orders thus avoiding interaction with Intermarket Sweep Orders, IOC Orders and other aggressively priced Order Types.

M-ELO+CB is a variation on the M-ELO concept. That is, a M-ELO+CB is an Order Type that has all of the characteristics and attributes of a regular M-ELO, except that, in addition to executing against other M-ELO+CBs and M-ELOs, it also may access additional sources of "M-ELO-like" liquidity on the Exchange's Continuous Book.[6]

Specifically, if a member enters a M-ELO+CB, then the M-ELO+CB will be subject to the same one-half second Holding Period as a regular M-ELO. Upon expiration of the Holding Period, the M-ELO+CB will become available for execution, at the midpoint of the NBBO, against M-ELOs and other M-ELO+CBs. Additionally, it will become eligible to execute, again at the midpoint of the NBBO, against Non-Displayed Orders with Midpoint Pegging and Midpoint Peg Post-Only Orders (collectively, "Midpoint Orders") if: (1) the Midpoint Orders have the Midpoint Trade Now Attribute enabled (as discussed below); (2) the Midpoint Order has rested on the Exchange's Continuous Book for at least one-half second; (3) no other order is resting on the Continuous Book that has a more aggressive price than the current midpoint of the NBBO; and (4) the resting Midpoint Order fulfills any minimum quantity restriction that exists for the M-ELO+CB. The execution priority for the above orders will be ranked

---

[6]   As a caveat to the above, the Exchange notes that while M-ELOs may be entered using the QIX order entry protocol, QIX will not be available to enter M-ELO+CBs. As a practical matter, the Exchange believes that this difference between M-ELOs and M-ELO+CBs is immaterial given that no participant has actually utilized QIX to enter M-ELOs since the Exchange established the Order Type in 2017.

based on the time at which such orders become eligible to execute against each other, meaning the time at which they exit their respective one-half second Holding Periods or resting periods, as applicable, and satisfy their other conditions for marketability.

In all respects other than described above, a M-ELO+CB will be identical to an ordinary M-ELO. That is, a M-ELO+CB may be assigned a limit price, in which case it would be: (1) eligible for execution in time priority after satisfying the Holding Period if upon acceptance of the order by the system, the midpoint price is within the limit set by the participant; or (2) held until the midpoint falls within the limit set by the participant, at which time the Holding Period would commence and thereafter the system would make the order eligible for execution in time priority.

Also like an ordinary M-ELO, if a M-ELO+CB is modified by a member (other than to decrease the size of the order or to modify the marking of a sell order as long, short, or short exempt) during the Holding Period, the system would restart the Holding Period. Movements in the NBBO while a MELO+CB is in the Holding Period would not reset the Holding Period, even if, as a result of the NBBO move, the MELO+CB's limit price is less aggressive than the NBBO midpoint. Also, if a MELO+CB has met the Holding Period, but the NBBO midpoint is no longer within its limit, it would nonetheless be ranked in time priority among other M-ELOs and M-ELO+CBs if the NBBO later moves such that the midpoint is within the order's limit price (i.e., no new Holding Period).

MELO+CB Orders may be entered via any of the Exchange's order entry protocols (other than QIX)[7] and the type of communications protocol used would not

---

[7]   See n.6, supra.

affect how the system handles M-ELO+CBs. If there is no NBB or NBO, the Exchange

would accept M-ELO+CBs but would not allow M-ELO+CB executions until there is an

NBBO. M-ELO+CBs would be eligible to execute if the NBBO is locked. If the NBBO

is crossed, M-ELO+CBs would be held by the system until such time that the NBBO is

no longer crossed, at which time they would be eligible to trade. M-ELO+CBs may be

cancelled at any time, including during the Holding Period.

M-ELO+CBs would be active only during Market Hours. M-ELO+CBs entered

during Pre-Market Hours would be held by the system in time priority until Market

Hours. M-ELO+CBs entered during Post-Market Hours would not be accepted by the

system, and M-ELO+CBs remaining unexecuted after 4:00 p.m. ET would be cancelled

by the system. M-ELO+CB Orders would not be eligible for the Exchange's Opening,

Halt, and Closing Crosses.

M-ELO+CBs must be entered with a size of at least one round lot, and any shares

of a M-ELO+CB remaining after an execution that are less than one round lot would be

cancelled.[8] M-ELO+CBs may have a minimum quantity order attribute. M-ELO+CBs

may not be designated with a time-in-force of immediate or cancel and are ineligible for

routing. They also may not have the discretion, reserve size, attribution, intermarket

sweep order, display, trade now, or midpoint trade now order attributes.

M-ELO+CB executions would be reported to Securities Information Processors

and provided in the Exchange's proprietary data feed without any new or special

indication. The Exchange would, however, include in its existing volume reports delayed

---

[8]   The Exchange notes that it recently filed a proposal to allow for odd-lot sized
        orders to be eligible for M-ELOs. See SR-NASDAQ-2019-044 (May 20, 2019).
        If and when the SEC approves this filing, the Exchange intends for it to also apply
        to M-ELO+CBs.

weekly aggregated statistics, as well as delayed monthly aggregated block-sized trading statistics, for M-ELO+CB executions. Specifically, the Exchange would add to the existing reports it publishes on *Nasdaqtrader.com* weekly aggregated statistics showing the number of shares and transactions of M-ELO+CBs executed on the Exchange by security. This information would be published with a two-week delay for NMS stocks in Tier 1 of the LULD Plan, and a four-week delay for all other NMS stocks. The Exchange also would add to the existing reports it publishes on *Nasdaqtrader.com* monthly aggregated block-sized trading statistics of total shares and total transactions of M-ELO+CBs executed on the Exchange. This information would be published no earlier than one month following the end of the month for which trading was aggregated. Under the proposal, a transaction would be considered "block-sized" if it meets any of the following criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000 or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to $199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value.

As part of the surveillance the Exchange currently performs, M-ELO+CBs would be subject to real-time surveillance to determine if they are being abused by market participants. In addition, as is the case for ordinary M-ELOs, the Exchange will monitor the use of M-ELO+CBs with the intent to apply additional measures, as necessary, to ensure their usage is appropriately tied to the intent of the Order Type. This monitoring may include metrics tied to participant behavior, such as the percentage of M-ELO+CBs that are cancelled prior to the completion of the Holding Period, the average duration of M-ELO+CBs, and the percentage of M-ELO+CBs where the NBBO midpoint is within the limit price when received. The Exchange is committed to determining whether there

is opportunity or prevalence of behavior that is inconsistent with normal risk management

behavior. Manipulative abuse is subject to potential disciplinary action under the

Exchange's Rules, and other behavior that is not necessarily manipulative but nonetheless

frustrates the purposes of the M-ELO+CB Order Type may be subject to penalties or

other participant requirements to discourage such behavior, should it occur.[9]

Amending the Midpoint Trade Now Attribute to Enable Execution Against M-ELO+CB

To facilitate the establishment of the M-ELO+CB Order Type, the Exchange

concurrently proposes to amend the Midpoint Trade Now Attribute, at Rule 4703(n), such

that if a participant opts to enable Midpoint Trade Now on a Midpoint Order, then in

addition to the normal functionality that the Attribute provides,[10] the Attribute would also

permit the Midpoint Order to execute against a M-ELO+CB (provided that the Midpoint

Order meets the eligibility requirements for doing so). In other words, a Midpoint Order

with the Midpoint Trade Now Attribute enabled would become eligible to execute against

a marketable M-ELO+CB only if it does not first execute against another order on the

Continuous Book within one-half second of its entry. Executions with M-ELO+CB

orders will be trade reported like any other time they execute.

---

[9]   Punitive fees or other participant requirements tied to M-ELO+CB usage would
        be implemented by rule filing under Section 19(b) of the Act, 15 U.S.C. 78s(b),
        should the Exchange determine that they are necessary to maintain a fair and
        orderly market.

[10]   The Midpoint Trade Now Order Attribute presently allows a resting Order that
        becomes locked at its non-displayed price by an incoming Midpoint Peg Post-
        Only Order to automatically execute against crossing or locking interest,
        including potentially against the Midpoint Peg Post-Only Order that locked the
        resting Order, as a liquidity taker. See Rule 4703(n); Securities Exchange Act
        Release No. 84621 (Nov. 19, 2018), 83 FR 60514 (Nov. 26, 2018) (SR-
        NASDAQ-2018-090).

Example of Use of M-ELO+CB

The following example demonstrates how the M-ELO+CB will operate in practice. Assume for purposes of this example that the NBBO remains constant at $84.00 x $86.00, such that the midpoint is $85.00. At 10:05:27:00 am, Participant A enters a Midpoint Order on the Continuous Book with the Midpoint Trade Now Attribute enabled. The Midpoint Order is to sell 1,000 shares with a limit price of $85.00. The Midpoint Order posts to the Continuous Order Book at $85.00. At 10:05:37:00 am, Participant B enters a M-ELO+CB to buy 1,000 shares at $85.00. After the Holding Period expires, the M-ELO+CB posts to the M-ELO Order Book at $85.00. No other M-ELOs or M-ELO+CBs are available to execute against the M-ELO+CB at the time it becomes marketable. Because the Midpoint Order with Midpoint Trade Now has rested on the Continuous Order Book for more than one-half second, it becomes eligible to match against the M-ELO+CB, which continues to rest on the M-ELO Book. Because no other orders are resting on the Continuous Book with a price more aggressive than the NBBO Midpoint, the M-ELO+CB will execute in full against the Midpoint Order at $85.00.

Implementation

The Exchange plans to implement M-ELO+CB within thirty days after Commission approval of the proposal. The Exchange will make the M-ELO+CB available to all members and to all securities upon implementation. The Exchange will announce the implementation date by Equity Trader Alert.[11]

---

[11]   The Exchange plans to propose a fee structure for the M-ELO+CB in a subsequent Commission rule filing.

b.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the

Act,[12] in general, and furthers the objectives of Section 6(b)(5) of the Act,[13] in particular,

in that it 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 reasons why the M-ELO+CB Order Type is consistent with the Act are

generally the same as those that the Commission identified in its order approving the M-

ELO Order Type.[14] The Exchange does not believe that the design of the M-ELO+CB

presents concerns that are unique or materially different from those that the M-ELO

presents.

For example, just as the Commission determined that the M-ELO "could create

additional and more efficient trading opportunities on the Exchange for investors with

longer investment time horizons, including institutional investors, and provide these

investors with an ability to limit their information leakage and the market impact that

could result from their orders,"[15] so too will the M-ELO+CB do so. By proposing to add

M-ELO+CB as a new Order Type, the Exchange intends to enhance the utility of the M-

ELO concept to investors by providing them with opportunities to execute M-ELOs

where they cannot do so now. Indeed, a M-ELO+CB will have all of the characteristics

and offer all of the benefits of an ordinary M-ELO, except that it will also afford M-ELO

---

[12]   15 U.S.C. 78f(b).

[13]   15 U.S.C. 78f(b)(5).

[14]   See Securities Exchange Act Release No. 34-82825, supra, 83 FR at 10938-41.

[15]   See id. at 10938-39.

investors the ability to accomplish their investment strategies by sourcing liquidity from

the Nasdaq Continuous Book, where approximately 55 million shares trade at Midpoint a

day.

The proposal would remain consistent with the underlying purpose of a M-ELO,

which is to "provide additional execution opportunities on the Exchange for market

participants that may not be as sensitive to very short-term changes in the NBBO and are

willing to wait a prescribed period of time following their order submission to receive a

potential execution against other market participants that have similarly elected to forgo

an immediate execution."[16] By allowing M-ELO+CBs to access liquidity in the

Continuous Book, the Exchange would not dilute the purpose of the M-ELO because the

Exchange would only permit the M-ELO+CB to access liquidity on the Continuous Book

that resembles M-ELOs – including because eligible orders must have rested on the Book

for at least one-half second and because they must be non-displayed orders and execute at

the midpoint of the NBBO. In addition, the option to access qualified midpoint liquidity

on the continuous book is purely voluntary.

The proposal would also benefit those participants with Midpoint Orders resting

on the Exchange's Continuous Book, insofar as the proposal would provide additional

opportunities for such Midpoint Orders to execute against M-ELO+CBs if the Midpoint

Order user voluntarily chooses to enable the Midpoint Trade Now Attribute.

Like the M-ELO, the M-ELO+CB will not discriminate unfairly against other

market participants because it will be available for voluntary use by all Exchange

members. Moreover, the proposal is not unfairly discriminatory against participants that

---

[16]   See id. at 10940.

enter Midpoint Orders that have not rested for at least one-half second because

imposition of this resting condition is necessary to ensure that M-ELO+CBs fulfill their

purpose without the transitory risk of a change to the NBBO that may have the effect of

an adverse execution. And again, participants will have a choice as to whether they wish

to enable the Midpoint Trade Now Attribute so that their Midpoint Orders can interact

with M-ELO+CBs,

Like all M-ELOs and all other orders entered into Nasdaq, the Exchange will

conduct real-time surveillance to monitor the use of M-ELO+CBs to ensure that such

usage is appropriately tied to the intent of the Order Type. Also like the M-ELO,

transactions in M-ELO+CB will be reported to the Securities Information Processor and

will be provided in Nasdaq's proprietary data feed in the same manner as all other

transactions occurring on Nasdaq are done currently, namely, without any new or special

indication that it is a M-ELO+CB execution. The Exchange believes that doing so is

important to ensuring that investors are protected from any market impact that may occur

if M-ELO or M-ELO+CB executions were reported with a special indication.

The Exchange does not believe that the proposed M-ELO+CB will negatively

affect the quality of the market. To the contrary, the Exchange believes that the addition

of M-ELO+CB will draw new market participants to the Exchange's transparent and

well-regulated market, including participants that were previously not utilizing M-ELO

orders. Moreover, like the M-ELO, the M-ELO+CB will allow longer term investors an

opportunity to find like-minded counterparties at the midpoint on Nasdaq.   It will also

allow participants with Midpoint Orders the option to enable the Midpoint Trade Now

Attribute so that their Orders can interact with M-ELO+CBs, and if so, to execute in

circumstances where they would not otherwise. Thus, the proposal would enhance

liquidity opportunities of midpoint executions on the Exchange.

4.   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.

        The Exchange believes that the introduction of the M-ELO+CB will only boost

the utility of the M-ELO among market participants who want the benefits of M-ELO but

require additional trading flexibility. Accordingly, the Exchange expects that its proposal

will draw new market participants to Nasdaq and increase the extent to which existing

participants utilize the M-ELO concept. To the extent the proposed change is successful

in attracting additional market participants, Nasdaq believes that the proposed change

will promote competition among trading venues by making Nasdaq a more attractive

trading venue for long-term investors and therefore capital formation.

        Additionally, adoption of M-ELO+CB will not burden any market participants.

Just as with an ordinary M-ELOs, the M-ELO+CB will be available to all Nasdaq

members and it will be available on an optional basis. Thus, any member that seeks to

avail itself of the benefits of a M-ELO+CB can choose accordingly. Although the

proposal provides potential benefits for investors that select the M-ELO+CB order type,

the Exchange believes that all market participants will benefit to the extent that this

proposal contributes to a healthy and attractive market that is attentive to the needs of all

types of investors.

        The proposal also will not adversely impact market participants that choose not to

use this M-ELO+CB because no changes need to be made to participants' systems to

account for it. As discussed above, M-ELO+CB executions will be reported the same as other executions, without any new or special indicator.

Similarly, the proposal will benefit members that enter Midpoint Orders on the Continuous Book by providing them with flexibility to have their orders execute in situations where they would not do so now. Again, however, this flexibility will be optional. Any member that wants its Midpoint Orders to interact with M-ELO+CBs can choose to enable the Midpoint Trade Now Attribute accordingly.

In any event, the Exchange notes that it operates in a highly competitive market in which market participants can readily choose between competing venues if they deem participation in Nasdaq's market is no longer desirable. In such an environment, the Exchange must carefully consider the impact that any change it proposes may have on its participants, understanding that it will likely lose participants to the extent a change is viewed as unfavorable by them. Because competitors are free to modify the incentives and structure of their markets, the Exchange believes that the degree to which modifying the market structure of an individual market may impose any burden on competition is limited. Last, to the extent the proposed change is successful in attracting additional market participants, Nasdaq also believes that the proposed change will promote competition among trading venues by making Nasdaq a more attractive trading venue for long-term investors and therefore capital formation.

5.   <u>Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others</u>

No written comments were either solicited or received.

6.   Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period for
Commission action.

7.   Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated
Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8.   Proposed Rule Change Based on Rules of Another Self-Regulatory Organization
or of the Commission

Not applicable.

9.   Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10.   Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and
Settlement Supervision Act

Not applicable.

11.   Exhibits

1.   Notice of Proposed Rule Change for publication in the Federal Register.

4.   Amended text of the proposed rule change.

5.   Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No.   ; File No. SR-NASDAQ-2019-048)

July __, 2019

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of
Proposed Rule Change to Amend Rule 4702 to Establish the "Midpoint Extended Life
Order + Continuous Book" as a New Order Type

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 1, 2019, 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 Substance of the
        Proposed Rule Change

On June 11, 2019, Nasdaq filed with the Commission proposed rule change SR-

NASDAQ-2019-048 (the "Original Proposal") to amend Rule 4702 to establish the

"Midpoint Extended Life Order + Continuous Book" as a new Order Type. The

Exchange is filing this proposal ("Amendment No. 1") to amend the Original Proposal.

Amendment No. 1 supersedes the Original Proposal in its entirety and also describes

changes from the Original Proposal.

---

[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

With this Amendment No. 1, the Exchange is including Exhibit 4, which reflects

the changes to the text of the proposed rule change as set forth in the Original Proposal,

and Exhibit 5, which reflects all proposed changes to the Exchange's current rule text.

The text of the proposed rule change is available on the Exchange's Website at

http://nasdaq.cchwallstreet.com, at the principal office of the Exchange, 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 Exchange proposes to: (1) amend Rule 4702(b) to establish the "Midpoint

Extended Life Order + Continuous Book" or "M-ELO+CB" as a new Order Type on the

Exchange; and (2) amend Rule 4703(n) to permit midpoint orders on the Continuous

Book to execute against M-ELO+CBs when the Midpoint Trade Now Attribute is

enabled on such midpoint orders.

Midpoint Extended Life Orders with Continuous Book

On March 7, 2018, the Commission issued an order approving the Exchange's

proposal to adopt the Midpoint Extended Life Order or "M-ELO" as a new Order Type.[3]

A M-ELO is a non-displayed order that is available to all members but interacts only with

other M-ELOs. It is priced at the midpoint between the National Best Bid and Offer

("NBBO") and it does not become eligible for execution until it completes a one-half

second holding period (the "Holding Period").[4] Once the Holding Period elapses, a M-

ELO becomes eligible for execution against other M-ELOs on a time-priority basis.[5]

Since its implementation the Midpoint Extended Life Order Type has achieved its design

expectations. Approximately 12 million shares transact as Midpoint Extended Life

Orders a day, interacting only with other Midpoint Extended Life Orders thus avoiding

interaction with Intermarket Sweep Orders, IOC Orders and other aggressively priced

Order Types.

M-ELO+CB is a variation on the M-ELO concept. That is, a M-ELO+CB is an

Order Type that has all of the characteristics and attributes of a regular M-ELO, except

that, in addition to executing against other M-ELO+CBs and M-ELOs, it also may

---

[3]   See Securities Exchange Act Release No. 34-82825 (Mar. 7, 2018), 83 FR 10937
        (Mar. 13, 2018).

[4]   If a member modifies a M-ELO during the Holding Period, other than to decrease
        the size of the order or to modify the marking of a sell order as long, short, or
        short exempt, then such modification will cause the Holding Period to reset.

[5]   If a member modifies a M-ELO after the Holding Period elapses, other than to
        decrease the size of the order or to modify the marking of a sell order as long,
        short, or short exempt, then such modification will trigger a new Holding Period
        for the order.

access additional sources of "M-ELO-like" liquidity on the Exchange's Continuous

Book.[6]

Specifically, if a member enters a M-ELO+CB, then the M-ELO+CB will be

subject to the same one-half second Holding Period as a regular M-ELO. Upon

expiration of the Holding Period, the M-ELO+CB will become available for execution, at

the midpoint of the NBBO, against M-ELOs and other M-ELO+CBs. Additionally, it

will become eligible to execute, again at the midpoint of the NBBO, against Non-

Displayed Orders with Midpoint Pegging and Midpoint Peg Post-Only Orders

(collectively, "Midpoint Orders") if: (1) the Midpoint Orders have the Midpoint Trade

Now Attribute enabled (as discussed below); (2) the Midpoint Order has rested on the

Exchange's Continuous Book for at least one-half second; (3) no other order is resting on

the Continuous Book that has a more aggressive price than the current midpoint of the

NBBO; and (4) the resting Midpoint Order fulfills any minimum quantity restriction that

exists for the M-ELO+CB. The execution priority for the above orders will be ranked

based on the time at which such orders become eligible to execute against each other,

meaning the time at which they exit their respective one-half second Holding Periods or

resting periods, as applicable, and satisfy their other conditions for marketability.

In all respects other than described above, a M-ELO+CB will be identical to an

ordinary M-ELO. That is, a M-ELO+CB may be assigned a limit price, in which case it

would be: (1) eligible for execution in time priority after satisfying the Holding Period if

---

[6]   As a caveat to the above, the Exchange notes that while M-ELOs may be entered
        using the QIX order entry protocol, QIX will not be available to enter M-
        ELO+CBs. As a practical matter, the Exchange believes that this difference
        between M-ELOs and M-ELO+CBs is immaterial given that no participant has
        actually utilized QIX to enter M-ELOs since the Exchange established the Order
        Type in 2017.

upon acceptance of the order by the system, the midpoint price is within the limit set by the participant; or (2) held until the midpoint falls within the limit set by the participant, at which time the Holding Period would commence and thereafter the system would make the order eligible for execution in time priority.

Also like an ordinary M-ELO, if a M-ELO+CB is modified by a member (other than to decrease the size of the order or to modify the marking of a sell order as long, short, or short exempt) during the Holding Period, the system would restart the Holding Period. Movements in the NBBO while a MELO+CB is in the Holding Period would not reset the Holding Period, even if, as a result of the NBBO move, the MELO+CB's limit price is less aggressive than the NBBO midpoint. Also, if a MELO+CB has met the Holding Period, but the NBBO midpoint is no longer within its limit, it would nonetheless be ranked in time priority among other M-ELOs and M-ELO+CBs if the NBBO later moves such that the midpoint is within the order's limit price (i.e., no new Holding Period).

MELO+CB Orders may be entered via any of the Exchange's order entry protocols (other than QIX)[7] and the type of communications protocol used would not affect how the system handles M-ELO+CBs. If there is no NBB or NBO, the Exchange would accept M-ELO+CBs but would not allow M-ELO+CB executions until there is an NBBO. M-ELO+CBs would be eligible to execute if the NBBO is locked. If the NBBO is crossed, M-ELO+CBs would be held by the system until such time that the NBBO is no longer crossed, at which time they would be eligible to trade. M-ELO+CBs may be cancelled at any time, including during the Holding Period.

---

[7]   See n.6, supra.

M-ELO+CBs would be active only during Market Hours. M-ELO+CBs entered during Pre-Market Hours would be held by the system in time priority until Market Hours. M-ELO+CBs entered during Post-Market Hours would not be accepted by the system, and M-ELO+CBs remaining unexecuted after 4:00 p.m. ET would be cancelled by the system. M-ELO+CB Orders would not be eligible for the Exchange's Opening, Halt, and Closing Crosses.

M-ELO+CBs must be entered with a size of at least one round lot, and any shares of a M-ELO+CB remaining after an execution that are less than one round lot would be cancelled.[8] M-ELO+CBs may have a minimum quantity order attribute. M-ELO+CBs may not be designated with a time-in-force of immediate or cancel and are ineligible for routing. They also may not have the discretion, reserve size, attribution, intermarket sweep order, display, trade now, or midpoint trade now order attributes.

M-ELO+CB executions would be reported to Securities Information Processors and provided in the Exchange's proprietary data feed without any new or special indication. The Exchange would, however, include in its existing volume reports delayed weekly aggregated statistics, as well as delayed monthly aggregated block-sized trading statistics, for M-ELO+CB executions. Specifically, the Exchange would add to the existing reports it publishes on *Nasdaqtrader.com* weekly aggregated statistics showing the number of shares and transactions of M-ELO+CBs executed on the Exchange by security. This information would be published with a two-week delay for NMS stocks in Tier 1 of the LULD Plan, and a four-week delay for all other NMS stocks. The Exchange

---

8   The Exchange notes that it recently filed a proposal to allow for odd-lot sized orders to be eligible for M-ELOs. See SR-NASDAQ-2019-044 (May 20, 2019). If and when the SEC approves this filing, the Exchange intends for it to also apply to M-ELO+CBs.

also would add to the existing reports it publishes on *Nasdaqtrader.com* monthly

aggregated block-sized trading statistics of total shares and total transactions of M-

ELO+CBs executed on the Exchange. This information would be published no earlier

than one month following the end of the month for which trading was aggregated. Under

the proposal, a transaction would be considered "block-sized" if it meets any of the

following criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000

or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to

$199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value.

As part of the surveillance the Exchange currently performs, M-ELO+CBs would

be subject to real-time surveillance to determine if they are being abused by market

participants. In addition, as is the case for ordinary M-ELOs, the Exchange will monitor

the use of M-ELO+CBs with the intent to apply additional measures, as necessary, to

ensure their usage is appropriately tied to the intent of the Order Type. This monitoring

may include metrics tied to participant behavior, such as the percentage of M-ELO+CBs

that are cancelled prior to the completion of the Holding Period, the average duration of

M-ELO+CBs, and the percentage of M-ELO+CBs where the NBBO midpoint is within

the limit price when received. The Exchange is committed to determining whether there

is opportunity or prevalence of behavior that is inconsistent with normal risk management

behavior. Manipulative abuse is subject to potential disciplinary action under the

Exchange's Rules, and other behavior that is not necessarily manipulative but nonetheless

frustrates the purposes of the M-ELO+CB Order Type may be subject to penalties or

other participant requirements to discourage such behavior, should it occur.[9]

Amending the Midpoint Trade Now Attribute to Enable Execution Against M-ELO+CB

To facilitate the establishment of the M-ELO+CB Order Type, the Exchange

concurrently proposes to amend the Midpoint Trade Now Attribute, at Rule 4703(n), such

that if a participant opts to enable Midpoint Trade Now on a Midpoint Order, then in

addition to the normal functionality that the Attribute provides,[10] the Attribute would also

permit the Midpoint Order to execute against a M-ELO+CB (provided that the Midpoint

Order meets the eligibility requirements for doing so).   In other words, a Midpoint Order

with the Midpoint Trade Now Attribute enabled would become eligible to execute against

a marketable M-ELO+CB only if it does not first execute against another order on the

Continuous Book within one-half second of its entry. Executions with M-ELO+CB

orders will be trade reported like any other time they execute.

Example of Use of M-ELO+CB

The following example demonstrates how the M-ELO+CB will operate in

practice. Assume for purposes of this example that the NBBO remains constant at $84.00

x $86.00, such that the midpoint is $85.00. At 10:05:27:00 am, Participant A enters a

---

[9]   Punitive fees or other participant requirements tied to M-ELO+CB usage would
        be implemented by rule filing under Section 19(b) of the Act, 15 U.S.C. 78s(b),
        should the Exchange determine that they are necessary to maintain a fair and
        orderly market.

[10]   The Midpoint Trade Now Order Attribute presently allows a resting Order that
        becomes locked at its non-displayed price by an incoming Midpoint Peg Post-
        Only Order to automatically execute against crossing or locking interest,
        including potentially against the Midpoint Peg Post-Only Order that locked the
        resting Order, as a liquidity taker. See Rule 4703(n); Securities Exchange Act
        Release No. 84621 (Nov. 19, 2018), 83 FR 60514 (Nov. 26, 2018) (SR-
        NASDAQ-2018-090).

Midpoint Order on the Continuous Book with the Midpoint Trade Now Attribute

enabled. The Midpoint Order is to sell 1,000 shares with a limit price of $85.00. The

Midpoint Order posts to the Continuous Order Book at $85.00. At 10:05:37:00 am,

Participant B enters a M-ELO+CB to buy 1,000 shares at $85.00. After the Holding

Period expires, the M-ELO+CB posts to the M-ELO Order Book at $85.00. No other M-

ELOs or M-ELO+CBs are available to execute against the M-ELO+CB at the time it

becomes marketable. Because the Midpoint Order with Midpoint Trade Now has rested

on the Continuous Order Book for more than one-half second, it becomes eligible to

match against the M-ELO+CB, which continues to rest on the M-ELO Book. Because no

other orders are resting on the Continuous Book with a price more aggressive than the

NBBO Midpoint, the M-ELO+CB will execute in full against the Midpoint Order at

$85.00.

Implementation

The Exchange plans to implement M-ELO+CB within thirty days after

Commission approval of the proposal. The Exchange will make the M-ELO+CB

available to all members and to all securities upon implementation. The Exchange will

announce the implementation date by Equity Trader Alert.[11]

>   2.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the

Act,[12] in general, and furthers the objectives of Section 6(b)(5) of the Act,[13] in particular,

---

[11]   The Exchange plans to propose a fee structure for the M-ELO+CB in a
        subsequent Commission rule filing.

[12]   15 U.S.C. 78f(b).

[13]   15 U.S.C. 78f(b)(5).

in that it 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 reasons why the M-ELO+CB Order Type is consistent with the Act are

generally the same as those that the Commission identified in its order approving the M-

ELO Order Type.[14] The Exchange does not believe that the design of the M-ELO+CB

presents concerns that are unique or materially different from those that the M-ELO

presents.

For example, just as the Commission determined that the M-ELO "could create

additional and more efficient trading opportunities on the Exchange for investors with

longer investment time horizons, including institutional investors, and provide these

investors with an ability to limit their information leakage and the market impact that

could result from their orders,"[15] so too will the M-ELO+CB do so. By proposing to add

M-ELO+CB as a new Order Type, the Exchange intends to enhance the utility of the M-

ELO concept to investors by providing them with opportunities to execute M-ELOs

where they cannot do so now. Indeed, a M-ELO+CB will have all of the characteristics

and offer all of the benefits of an ordinary M-ELO, except that it will also afford M-ELO

investors the ability to accomplish their investment strategies by sourcing liquidity from

the Nasdaq Continuous Book, where approximately 55 million shares trade at Midpoint a

day.

The proposal would remain consistent with the underlying purpose of a M-ELO,

which is to "provide additional execution opportunities on the Exchange for market

---

[14]   See Securities Exchange Act Release No. 34-82825, supra, 83 FR at 10938-41.

[15]   See id. at 10938-39.

participants that may not be as sensitive to very short-term changes in the NBBO and are

willing to wait a prescribed period of time following their order submission to receive a

potential execution against other market participants that have similarly elected to forgo

an immediate execution."[16] By allowing M-ELO+CBs to access liquidity in the

Continuous Book, the Exchange would not dilute the purpose of the M-ELO because the

Exchange would only permit the M-ELO+CB to access liquidity on the Continuous Book

that resembles M-ELOs – including because eligible orders must have rested on the Book

for at least one-half second and because they must be non-displayed orders and execute at

the midpoint of the NBBO. In addition, the option to access qualified midpoint liquidity

on the continuous book is purely voluntary.

The proposal would also benefit those participants with Midpoint Orders resting

on the Exchange's Continuous Book, insofar as the proposal would provide additional

opportunities for such Midpoint Orders to execute against M-ELO+CBs if the Midpoint

Order user voluntarily chooses to enable the Midpoint Trade Now Attribute.

Like the M-ELO, the M-ELO+CB will not discriminate unfairly against other

market participants because it will be available for voluntary use by all Exchange

members. Moreover, the proposal is not unfairly discriminatory against participants that

enter Midpoint Orders that have not rested for at least one-half second because

imposition of this resting condition is necessary to ensure that M-ELO+CBs fulfill their

purpose without the transitory risk of a change to the NBBO that may have the effect of

an adverse execution. And again, participants will have a choice as to whether they wish

---

[16]   See id. at 10940.

to enable the Midpoint Trade Now Attribute so that their Midpoint Orders can interact with M-ELO+CBs,

Like all M-ELOs and all other orders entered into Nasdaq, the Exchange will conduct real-time surveillance to monitor the use of M-ELO+CBs to ensure that such usage is appropriately tied to the intent of the Order Type. Also like the M-ELO, transactions in M-ELO+CB will be reported to the Securities Information Processor and will be provided in Nasdaq's proprietary data feed in the same manner as all other transactions occurring on Nasdaq are done currently, namely, without any new or special indication that it is a M-ELO+CB execution. The Exchange believes that doing so is important to ensuring that investors are protected from any market impact that may occur if M-ELO or M-ELO+CB executions were reported with a special indication.

The Exchange does not believe that the proposed M-ELO+CB will negatively affect the quality of the market. To the contrary, the Exchange believes that the addition of M-ELO+CB will draw new market participants to the Exchange's transparent and well-regulated market, including participants that were previously not utilizing M-ELO orders. Moreover, like the M-ELO, the M-ELO+CB will allow longer term investors an opportunity to find like-minded counterparties at the midpoint on Nasdaq. It will also allow participants with Midpoint Orders the option to enable the Midpoint Trade Now Attribute so that their Orders can interact with M-ELO+CBs, and if so, to execute in circumstances where they would not otherwise. Thus, the proposal would enhance liquidity opportunities of midpoint executions on the Exchange.

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.

The Exchange believes that the introduction of the M-ELO+CB will only boost the utility of the M-ELO among market participants who want the benefits of M-ELO but require additional trading flexibility. Accordingly, the Exchange expects that its proposal will draw new market participants to Nasdaq and increase the extent to which existing participants utilize the M-ELO concept. To the extent the proposed change is successful in attracting additional market participants, Nasdaq believes that the proposed change will promote competition among trading venues by making Nasdaq a more attractive trading venue for long-term investors and therefore capital formation.

Additionally, adoption of M-ELO+CB will not burden any market participants. Just as with an ordinary M-ELOs, the M-ELO+CB will be available to all Nasdaq members and it will be available on an optional basis. Thus, any member that seeks to avail itself of the benefits of a M-ELO+CB can choose accordingly. Although the proposal provides potential benefits for investors that select the M-ELO+CB order type, the Exchange believes that all market participants will benefit to the extent that this proposal contributes to a healthy and attractive market that is attentive to the needs of all types of investors.

The proposal also will not adversely impact market participants that choose not to use this M-ELO+CB because no changes need to be made to participants' systems to account for it. As discussed above, M-ELO+CB executions will be reported the same as other executions, without any new or special indicator.

Similarly, the proposal will benefit members that enter Midpoint Orders on the

Continuous Book by providing them with flexibility to have their orders execute in

situations where they would not do so now. Again, however, this flexibility will be

optional. Any member that wants its Midpoint Orders to interact with M-ELO+CBs can

choose to enable the Midpoint Trade Now Attribute accordingly.

In any event, the Exchange notes that it operates in a highly competitive market in

which market participants can readily choose between competing venues if they deem

participation in Nasdaq's market is no longer desirable. In such an environment, the

Exchange must carefully consider the impact that any change it proposes may have on its

participants, understanding that it will likely lose participants to the extent a change is

viewed as unfavorable by them. Because competitors are free to modify the incentives

and structure of their markets, the Exchange believes that the degree to which modifying

the market structure of an individual market may impose any burden on competition is

limited. Last, to the extent the proposed change is successful in attracting additional

market participants, Nasdaq also believes that the proposed change will promote

competition among trading venues by making Nasdaq a more attractive trading venue for

long-term investors and therefore capital formation.

> 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

Within 45 days of the date of publication of this notice in the Federal Register or

within such longer period (i) as the Commission may designate up to 90 days of such date

if it finds such longer period to be appropriate and publishes its reasons for so finding or

(ii) as to which the Exchange consents, the Commission shall: (a) by order approve or

disapprove such proposed rule change, or (b) institute proceedings to determine whether

the proposed rule change should be 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

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-

  NASDAQ-2019-048 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-2019-048. 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 Web site

(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 the 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-2019-048 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.[17]

> Eduardo A. Aleman
> Assistant Secretary

---

[17]   17 CFR 200.30-3(a)(12).

EXHIBIT 4

Deleted text is [bracketed]. New text is <u>underlined</u>.

The Nasdaq Stock Market Rules
Equity Rules

* * * * *

4702. Order Types

(a) No change.

(b) Except where stated otherwise, the following Order Types are available to all
Participants:

(1) – (14) No change

(15) A "Midpoint Extended Life Order Plus Continuous Book" or "M-ELO+CB" is an
Order Type that has all of the characteristics and attributes of a Midpoint Extended Life
Order, as set forth above in subparagraph (14), except as follows:

- A M-ELO+CB that satisfies the Holding Period shall be eligible to execute (at the
  midpoint of the NBBO) against other eligible M-ELO+CBs, eligible Midpoint
  Extended Life Orders, and as described below, Non-Displayed Orders with
  Midpoint Pegging and Midpoint Peg Post-Only Orders (collectively, "Midpoint
  Orders") resting on the Exchange's Continuous Book. A M-ELO+CB shall be
  eligible to execute against a Midpoint Order if: (i) the Midpoint Order has the
  Midpoint Trade Now Attribute enabled; (ii) no other order is resting on the
  Continuous Book that has a more aggressive price than the current midpoint of
  the NBBO; (iii) the Midpoint Order has rested on the Exchange's Continuous
  Book for a minimum of one half-second after entry; and (iv) the Midpoint Order
  satisfies any minimum quantity requirement of the M-ELO+CB. A buy (sell) M-
  ELO+CB will be ranked in time order at the midpoint among other <u>buy (sell)</u> M-
  ELO+CBs, <u>buy (sell)</u> Midpoint Extended Life Orders, and buy (sell) Midpoint
  Orders, as of the time when such Orders become eligible to execute.

- <u>QIX is not available for the entry of a M-ELO+CB.</u>

* * * * *

4703. Order Attributes
As described in Rule 4702, the following Order Attributes may be assigned to those
Order Types for which they are available.

(a) – (m) No change.

(n) Midpoint Trade Now. Midpoint Trade Now is an Order Attribute that allows: (i) a resting Order that becomes locked at its non-displayed price by an incoming Midpoint Peg Post-Only Order to execute against a locking or crossing Order(s) as a liquidity taker; and (ii) a Non-Displayed Order with Midpoint Pegging or a Midpoint Peg Post-Only Order to execute against a M-ELO+CB as a liquidity taker, subject to the eligibility requirements set forth below. Any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority.

> • The Midpoint Trade Now Order Attribute may be enabled on a port-level basis for all Order Types that support it, and for the Non-Displayed Order Type, also on an order-by-order basis.

> • A resting Order that is entered with the Midpoint Trade Now Order Attribute will execute against locking interest automatically.

> • If there is a resting Order on the Nasdaq Book without the Midpoint Trade Now Attribute that is locked at its non-displayed price by a Midpoint Peg Post-Only Order, new incoming Orders (with or without the Midpoint Trade Now Attribute, as applicable) will be able to execute against the Midpoint Peg Post-Only Order at the locking price. The resting Order will remain on the Nasdaq Book and will retain its priority relative to other resting orders on the same side of the market after the subsequent Order has executed against the Midpoint Peg Post-Only Order.

> • When a participant enables the Midpoint Trade Now Attribute for a Non-Displayed Order with Midpoint Pegging or a Midpoint Peg Post-Only Order (collectively, "Midpoint Orders"), then the Midpoint Order will also be eligible to execute against a M-ELO+CB after the Midpoint Order rests on the Continuous Book for a minimum of one-half second after entry and provided that the Midpoint Order satisfies any minimum quantity requirement of the M-ELO+CB.

* * * * *

EXHIBIT 5

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

The Nasdaq Stock Market Rules
Equity Rules

* * * * *

4702. Order Types

(a) No change.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) – (13) No change

(14) (A) A "Midpoint Extended Life Order" is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until a minimum period of one half of a second ("Holding Period") has passed after acceptance of the Order by the System. Eligible Midpoint Extended Life Orders may only execute against other eligible Midpoint Extended Life Orders and M-ELO+CB Orders. Buy (sell) Midpoint Extended Life Orders will be ranked in time order at the midpoint among other Buy (Sell) Midpoint Extended Life Orders and buy (sell) M-ELO+CB Orders. A Midpoint Extended Life Order may be cancelled at any time. If a Midpoint Extended Life Order is modified by a member (other than to decrease the size of the Order or to modify the marking of a sell Order as long, short, or short exempt) during the Holding Period, the System will restart the Holding Period. If a Midpoint Extended Life Order is modified by a member (other than to decrease the size of the Order or to modify the marking of a sell Order as long, short, or short exempt) after it is eligible to execute, the Order will have to satisfy a new Holding Period to become eligible to execute.

If a limit price is assigned to a Midpoint Extended Life Order, the Order will be: (1) eligible for execution in time priority if upon acceptance of the Order by the System, the midpoint price is within the limit set by the participant; or (2) held until the midpoint falls within the limit set by the participant at which time the Holding Period will commence and thereafter the System will make the Order eligible for execution in time priority. For example, if the Best Bid was $11 and the Best Offer was $11.06, the price of the Midpoint Extended Life Order would be $11.03. If a participant enters a Midpoint Extended Life Order to buy with a limit of $11.02, the Holding Period would not begin until the midpoint price reached $11.02. If a Midpoint Extended Life Order has met the Holding Period requirement but the midpoint is no longer within its limit, it will nonetheless be ranked in time priority among other Midpoint Extended Life Orders if the NBBO later moves such that it is within the Order's limit price. Midpoint Extended Life Orders will not execute if there is a resting non-displayed Order priced more aggressively than the midpoint between the NBBO, and will be held for execution until the resting

non-displayed Order is no longer on the Nasdaq Book or the midpoint of the NBBO matches the price of the resting non-displayed Order.

Midpoint Extended Life Orders in existence at the time a halt is initiated will be ineligible to execute and held by the System until trading has resumed and the NBBO has been received by Nasdaq.

Nasdaq will publish on Nasdaqtrader.com weekly aggregated number of shares and transactions of Midpoint Extended Life Orders executed on Nasdaq by security. The weekly aggregated data would be published with a delay of two weeks for NMS stocks in Tier 1 of the NMS Plan to Address Extraordinary Market Volatility, and four weeks for all other NMS stocks. Nasdaq will also publish on Nasdaqtrader.com monthly aggregated block-sized trading statistics of total shares and total transactions of Midpoint Extended Life Orders executed on Nasdaq. A transaction would be considered "block-sized" if it meets any of the following categories of criteria: (1) 10,000 or more shares; (2) $200,000 or more in value; (3) 10,000 or more shares and $200,000 or more in value; (4) 2,000 to 9,999 shares; (5) $100,000 to $199,999 in value; or (6) 2,000 to 9,999 shares and $100,000 to $199,999 in value. For each of these categories, Nasdaq will publish monthly transaction count and share executed volume information. The data will be published no earlier than one month following the end of the month for which trading was aggregated.

(B) The following Order Attributes may be assigned to a Midpoint Extended Life Order:

- Minimum Quantity.

- Size. A Midpoint Extended Life Order must be entered with a size of at least one round lot. Any shares of a Midpoint Extended Life Order remaining after an execution that are less than a round lot will be cancelled by the System.

- A Time-in-Force other than IOC; provided that regardless of the Time-in-Force entered, a Midpoint Extended Life Order may not be active outside of Market Hours. A Midpoint Extended Life Order entered during Pre-Market Hours will be held by the System in time priority until Market Hours. Midpoint Extended Life Orders entered during Post-Market Hours will not be accepted by the System. A Midpoint Extended Life Order remaining unexecuted after 4:00 p.m. ET will be cancelled by the System.

- Non-Display. All Midpoint Extended Life Orders are Non-Displayed.

(15) A "Midpoint Extended Life Order Plus Continuous Book" or "M-ELO+CB" is an Order Type that has all of the characteristics and attributes of a Midpoint Extended Life Order, as set forth above in subparagraph (14), except as follows:

- A M-ELO+CB that satisfies the Holding Period shall be eligible to execute (at the midpoint of the NBBO) against other eligible M-ELO+CBs, eligible Midpoint Extended Life Orders, and as described below, Non-Displayed Orders with

Midpoint Pegging and Midpoint Peg Post-Only Orders (collectively, "Midpoint Orders") resting on the Exchange's Continuous Book. A M-ELO+CB shall be eligible to execute against a Midpoint Order if: (i) the Midpoint Order has the Midpoint Trade Now Attribute enabled; (ii) no other order is resting on the Continuous Book that has a more aggressive price than the current midpoint of the NBBO; (iii) the Midpoint Order has rested on the Exchange's Continuous Book for a minimum of one half-second after entry; and (iv) the Midpoint Order satisfies any minimum quantity requirement of the M-ELO+CB. A buy (sell) M-ELO+CB will be ranked in time order at the midpoint among other buy (sell) M-ELO+CBs, buy (sell) Midpoint Extended Life Orders, and buy (sell) Midpoint Orders, as of the time when such Orders become eligible to execute.

- QIX is not available for the entry of a M-ELO+CB.

* * * * *

4703. Order Attributes
As described in Rule 4702, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) – (m) No change.

(n) Midpoint Trade Now. Midpoint Trade Now is an Order Attribute that allows: (i) a resting Order that becomes locked at its non-displayed price by an incoming Midpoint Peg Post-Only Order to execute against a locking or crossing Order(s) as a liquidity taker; and (ii) a Non-Displayed Order with Midpoint Pegging or a Midpoint Peg Post-Only Order to execute against a M-ELO+CB as a liquidity taker, subject to the eligibility requirements set forth below. Any remaining shares of the resting Order will remain posted on the Nasdaq Book with the same priority.

• The Midpoint Trade Now Order Attribute may be enabled on a port-level basis for all Order Types that support it, and for the Non-Displayed Order Type, also on an order-by-order basis.

• A resting Order that is entered with the Midpoint Trade Now Order Attribute will execute against locking interest automatically.

• If there is a resting Order on the Nasdaq Book without the Midpoint Trade Now Attribute that is locked at its non-displayed price by a Midpoint Peg Post-Only Order, new incoming Orders (with or without the Midpoint Trade Now Attribute, as applicable) will be able to execute against the Midpoint Peg Post-Only Order at the locking price. The resting Order will remain on the Nasdaq Book and will retain its priority relative to other resting orders on the same side of the market after the subsequent Order has executed against the Midpoint Peg Post-Only Order.

• When a participant enables the Midpoint Trade Now Attribute for a Non-Displayed Order with Midpoint Pegging or a Midpoint Peg Post-Only Order (collectively, "Midpoint Orders"), then the Midpoint Order will also be eligible to execute against a M-ELO+CB after the Midpoint Order rests on the Continuous Book for a minimum of one-half second after entry and provided that the Midpoint Order satisfies any minimum quantity requirement of the M-ELO+CB.

* * * * *