SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80045; File No. SR-NASDAQ-2017-013)

February 15, 2017

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and
Immediate Effectiveness of Proposed Rule Change to Extend the Implementation Date of its
Functionality Relating to Post-Only Orders and Orders with Midpoint Pegging, and its Trade-
Now Functionality

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 February 3, 2017, 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 and II below, which Items have

been prepared by the Exchange. The Commission is publishing this notice to solicit comments

on the proposed rule change from interested persons.

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

The Exchange proposes to extend the implementation date of its functionality relating to

Post-Only Orders and Orders with Midpoint Pegging, and its Trade-Now functionality.

There is no rule text for this proposed rule change.

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.

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

[2]   17 CFR 240.19b-4.

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

1.   Purpose

Nasdaq is filing this proposal to extend the implementation date of its functionality relating to Post-Only Orders and Orders with Midpoint Pegging, and its Trade-Now functionality. The functionality relating to Post-Only Orders and Orders with Midpoint Pegging was approved by the SEC on November 10, 2016,[3] and the Trade-Now functionality was submitted on an immediately effective basis on November 8, 2016.[4]

Under the new Post-Only functionality, the behavior of Post-Only orders would be altered when the adjusted price of such orders lock or cross a non-displayed price on the Exchange's Book. Specifically, if the adjusted price of the Post-Only Order would lock or cross a non-displayed price on the Exchange's Book, the Post-Only order would be posted in the same manner as a Price to Comply Order. However, the Post-Only Order would execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share.[5]

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[3]   See Securities Exchange Act Release No. 79290 (November 10, 2016), 81 FR 81184 (November 17, 2016) (SR-NASDAQ-2016-111) ("Post-Only Approval Order").

[4]   See Securities Exchange Act Release No. 79282 (November 10, 2016), 81 FR 81219 (November 17, 2016) (SR-NASDAQ-2016-156).

[5]   See Post-Only Approval Order, supra note 3.

Additionally, if the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a Non-Displayed Order on the Exchange's Book, the Post-Only Order would be posted, ranked, and displayed at its limit price. The Post-Only Order would execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds $0.01 per share.[6]

Nasdaq also proposed to change its Midpoint Peg Post-Only Order, so that, if the NBBO is crossed, any existing Midpoint Peg Post-Only Order would be cancelled and any new Midpoint Peg Post-Only Order would be rejected. Similarly, if the Inside Bid and Inside Offer are crossed, any existing Order with Midpoint Pegging would be rejected and any new Order with Midpoint Pegging would be cancelled.[7]

Under Nasdaq's Trade-Now functionality, participants could enter an instruction to have a locked resting buy (sell) order execute against the locking sell (buy) order. Nasdaq proposed to offer the functionality on its OUCH, RASH, FLITE and FIX protocols. Depending on the protocol used by the participant to access the Nasdaq system, the participant could either specify that the order execute against locking interest automatically, or the participant would be required to send a Trade Now instruction to the Exchange once the order has become locked. Nasdaq proposed to offer the Trade Now instruction for all orders that may be sent to the continuous

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[6]   Id.

[7]   Id.

Nasdaq book, and did not offer the instruction for orders that do not execute on the continuous book.[8]

Nasdaq initially proposed to implement the new Post-Only, Midpoint Pegging and Trade-Now functionality on November 21, 2016.[9] However, following testing, Nasdaq has decided to delay the implementation of these new functionalities to provide additional time for systems testing. The new functionality shall be implemented no later than March 31, 2017. Nasdaq will announce the new implementation date by an Equity Trader Alert, which shall be issued prior to the implementation date.

2.   Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Section 6(b)(5) of the Act,[11] 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 purpose of this proposal is to inform the SEC and market participants of the new implementation date for the Post-Only, Midpoint Pegging, and Trade Now functionalities. The functionalities themselves were previously proposed in rule filings that were submitted to the SEC, and this proposal does not change the substance of those

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[8]   See Securities Exchange Act Release No. 79282 (November 10, 2016), 81 FR 81219 (November 17, 2016) (SR-NASDAQ-2016-156).

[9]   See Equity Trader Alert #2016-291.

[10]   15 U.S.C. 78f(b).

[11]   15 U.S.C. 78f(b)(5).

functionalities.[12] Nasdaq is delaying the implementation date of these functionalities to provide

for further systems testing prior to implementing these functionalities.

> 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. As noted

above, the purpose of this proposal is to extend the implementation date for Post-Only, Midpoint

Pegging and Trade-Now functionalities so that Nasdaq may perform additional systems testing

prior to implementing these functionalities.

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

No written comments were either solicited or received.

III.   Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the

protection of investors or the public interest; (ii) impose any significant burden on competition;

and (iii) become operative for 30 days from the date on which it was filed, or such shorter time

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the

Act[13] and Rule 19b-4(f)(6) thereunder.[14]

At any time within 60 days of the filing of the proposed rule change, the Commission

summarily may temporarily suspend such rule change if it appears to the Commission that such

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[12]   Nasdaq notes that the Trade-Now functionality was submitted to the SEC as an
immediately effective filing, while the Post-Only and Midpoint Pegging functionalities
were the subject of an SEC approval order. See supra notes 3 and 4.

[13]   15 U.S.C. 78s(b)(3)(A).

[14]   17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided
the Commission with written notice of its intent to file the proposed rule change, along
with a brief description and the text of the proposed rule change, at least five business
days prior to the date of filing of the proposed rule change, or such shorter time as
designated by the Commission.

action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV.   Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2017-013 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2017-013. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

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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-2017-013 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.[15]

     Eduardo A. Aleman
     Assistant Secretary

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[15] 17 CFR 200.30-3(a)(12).