

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-88173; File No. SR-NASDAQ-2020-006)

February 11, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Remove Listing Rule and other Amendments

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 29, 2020, 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 amend The Nasdaq Options Market LLC (“NOM”) Rules at Options 1, Section 1 (Definitions), Options 2, Section 4 (Obligations of Market Makers), Section 5 (Market Maker Quotations), Options 3, Section 2 (Units of Trading and Meaning if Premium Quotes and Orders), Options 3, Section 3 (Minimum Increments), Options 3, Section 8 (Opening and Halt Cross), Options 3, Section 19 (Mass Cancellation of Trading Interest), Options 4, Section 5 (Series of Options Contracts Open for Trading), Options 4A, Section 2 (Definitions), Section 3 (Designation of a Broad-Based Index), Section 6 (Position Limits for Broad-Based Index Options), Section 11 (Trading Sessions), Section 12 (Terms of Index Options Contracts), Section 14 (Disclaimers), Options 5, Section 2 (Order Protection), Section 4 (Order Routing), Options 6C Exercises and Deliveries, and Options 7 (Pricing Schedule). The Exchange also

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

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

proposes to relocate current rule text to new Options 2, Section 6 entitled “Market Maker Orders” and reserve certain rules within the Rulebook. 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 amend NOM’s Rules at Options 1, Section 1 (Definitions), Options 2, Section 4 (Obligations of Market Makers), Section 5 (Market Maker Quotations), Options 3, Section 2 (Units of Trading and Meaning if Premium Quotes and Orders), Options 3, Section 3 (Minimum Increments), Options 3, Section 8 (Opening and Halt Cross), Options 3, Section 19 (Mass Cancellation of Trading Interest), Options 4, Section 5 (Series of Options Contracts Open for Trading), Options 4A, Section 2 (Definitions), Section 3 (Designation of a Broad-Based Index), Section 6 (Position Limits for Broad-Based Index Options), Section 11 (Trading Sessions), Section 12 (Terms of Index Options Contracts), Section 14 (Disclaimers), Options 5, Section 2 (Order Protection), Section 4 (Order Routing), Options 6C Exercises and Deliveries, and Options 7 (Pricing Schedule). The Exchange also proposes to relocate current

rule text to new Options 2, Section 6 entitled “Market Maker Orders” and reserve certain rules within the Rulebook. Each change is described below.

#### Rulebook Harmonization

The Exchange recently harmonized its Rulebook in connection with other Nasdaq affiliated markets. The Exchange proposes to reserve certain rules within the Nasdaq Rulebook to represent the presence of rules in similar locations in other Nasdaq affiliated Rulebooks (e.g. Nasdaq Phlx LLC).<sup>3</sup>

The Exchange proposes to reserve Sections 17-22 within General 2, Organization and Administration. The Exchange proposes to reserve Sections 11-14 within Options 2, Options Market Participants. The Exchange proposes to reserve Sections 17-21 within Options 4A, Options Index Rules. The Exchange proposes to reserve new section Options 4B. The Exchange proposes to reserve Sections 8-13 within Options 6, Options Trade Administration. The Exchange proposes to reserve Section 7 within Options 6C, which is currently titled “Exercises and Deliveries.” The Exchange proposes to retitle Options 6C as “Margins” to harmonize the title to the other Nasdaq affiliated markets. The Exchange proposes to reserve Section 24 within Options 9, Business Conduct.

#### Definitions

The Exchange proposes to add the definition of an “Away Best Bid or Offer” or “ABBO” within Options 1, Section 1(a)(1). This term is utilized throughout the Rulebook. Defining this term will bring greater transparency to the Rulebook. The Exchange proposes to renumber the remaining definitions and also update corresponding cross-references within Options 7, Section 1.

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<sup>3</sup> See SR-Phlx-2020-03 (not yet published).

The Exchange proposes to remove the definitions of “class of options” and “series of options” as they are duplicative of the definitions for “class” and “series.” The Exchange proposes to remove the terms “System Book Feed” and “System Securities” from the Options 1, Section 1. The term “System Book Feed” is not utilized in the Rulebook currently. The term “System Securities” is only utilized within the definition of the term “System” at current Options 1, Section 1(a)(60) and within Options 3, Section 8, Opening and Halt Cross.” The term is simply replaced by referring to option series. The Exchange believes that replacing the term with the term “option series” will make the Rulebook clear.

Finally, the Exchange is removing the phrase “, or the United States dollar” from the definition of “foreign currency” within current Options 1, Section 1(a)(20). This reference is not needed in this string cite because the United States dollar is a medium of exchange as noted in the introductory phrase to the string cite.

#### Relocation of Options 2 Rules

The Exchange proposes to relocate Options 2, Section 4(d) and Section 5(e) to Options 2, Section 6, which is currently reserved. Specifically, the Exchange proposes to relocate these sections into Options 6(a) and (b), respectively. Proposed Options 2, Section 6 would be titled “Market Maker Orders.” This relocation will harmonize the location of these rule to other Nasdaq affiliated markets.

#### Removal of Various Listings

##### *Mini Options*

The Exchange has not listed Mini Options in several years and is proposing to delete its listing rules and other ancillary trading rules related to the listing of Mini Options. The Exchange notes that it has no open interest in Mini Options.

Specifically, the Exchange proposes to amend Options 3, Section 2 (Units of Trading and Meaning of Premium Quotes and Orders), Options 3, Section 3 (Minimum Increments) and Options 4, Section 5 (Series of Options Contracts Open for Trading) at Supplementary Material .15) to remove references to the handling of Mini Options in the System. The Exchange also proposes to remove pricing for Mini Options within Options 7, Section 2 (Nasdaq Options Market—Fees and Rebates). The Exchange is also amending Supplementary Material .01 to Options 4A, Section 2.

In the event that the Exchange desires to list Mini Options in the future, it would file a rule change with the Commission to adopt rules to list Mini Options.

#### *U.S. Dollar-Settled Foreign Currency Options*

The Exchange has not listed U.S. Dollar-Settled Foreign Currency Options (“FCOs”) in several years and is proposing to delete its listing rules and other ancillary trading rules related to the listing of FCOs. The Exchange notes that it has no open interest in FCOs.

Specifically, the Exchange proposes to amend Supplementary Material .16 to Options 4, Section 5 (Series of Options Contracts Open for Trading) to remove references to the handling of FCOs in the System.

In the event that the Exchange desires to list FCOs in the future, it would file a rule change with the Commission to adopt rules to list FCOs.

#### *Mini-Nasdaq-100 Index*

The Exchange has not listed Mini-Nasdaq-100 Index options or “MNX” or “Mini-NDX” in several years and is proposing to delete its listing rules and other ancillary trading rules related to the listing of Mini-Nasdaq-100 Index options. The Exchange notes that it has no open interest in Mini-Nasdaq-100 Index options.

Specifically, the Exchange proposes to amend Supplementary Material .05 to Options 4, Section 5 (Series of Options Contracts Open for Trading) and Options 4A, Section 12 (Terms of Index Options Contracts) to remove references to the handling of Mini-Nasdaq-100 Index options in the System.

In the event that the Exchange desires to list Mini-Nasdaq-100 Index options in the future, it would file a rule change with the Commission to adopt rules to list Mini-Nasdaq-100 Index options.

*MSCI EM Index and MSCI EAFE Index*

The Exchange has not listed the MSCI EM Index or MSCI EAFE Index in several years and is proposing to delete its listing rules and other ancillary trading rules related to the listing of the MSCI EM Index and MSCI EAFE Index. The Exchange notes that it has no open interest in the MSCI EM Index and MSCI EAFE Index.

Specifically, the Exchange proposes to amend Supplementary Material .01 to Options 4A, Section 2 (Definitions), Section 3 (Designation of a Broad-Based Index), Section 6 (Position Limits for Broad-Based Index Options), Section 11(Trading Sessions) Section 12 (Terms of Index Options Contracts), Section 14 (Disclaimers) to remove references to the handling of the MSCI EM Index and MSCI EAFE Index in the System.

The Exchange proposes to add rule text within Options 4A, Section 12(a)(6) which indicates, “There are currently no P.M.-settled index options approved for trading on NOM.”

In the event that the Exchange desires to list the MSCI EM Index and/or MSCI EAFE Index in the future, it would file a rule change with the Commission to adopt rules to list the MSCI EM Index and/or MSCI EAFE Index.

### Minimum Increments

The Exchange proposes to amend Options 3, Section 3 to relocate Section 3(a)(3) into a new Supplementary Material .01 and title the section, “Penny Pilot Program.” The Exchange also proposes to amend a typographical error in Options 3, Section 3(a)(3) to replace “QQQQs” with “QQQs.” The other changes relate to the removal of Mini Options as explained herein.

### Mass Cancellation of Trading Interest

The Exchange proposes to amend the description of Options 3, Section 19 titled “Mass Cancellation of Trading Interest.” The proposed amended rule would state, “ An Options Participant may cancel any bids, offers, and orders in any series of options by requesting NOM Market Operations<sup>4</sup> staff to effect such cancellation as per the instructions of the Options Participant.” The Exchange is not amending the System with respect to this rule change. The proposed amended language merely makes clear that an Options Participant may contact NOM Market Operations and request the Exchange to cancel any bid, offer or order in any series of options. This is a voluntary service that is offered to market participants. The Exchange, would cancel such bid, offer or order pursuant to the Member’s instruction. This proposed new rule would conform to rules of other Nasdaq affiliated markets.<sup>5</sup>

### Order Routing

Phlx recently amended Options 5, Section 4.<sup>6</sup> The Exchange proposes to make similar amendments to the NOM Rule. The amendments clarify and correct the rule text to represent

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<sup>4</sup> The request to Market Operations is a manual request which is made telephonically.

<sup>5</sup> See Nasdaq Phlx LLC (“Phlx”), Nasdaq ISE, LLC (“ISE”), Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”) Options 3, Section 19.

<sup>6</sup> See Securities Exchange Act Release No. 87811 (December 20, 2019), 84 FR 72017 (December 30, 2019) (SR-Phlx-2019-56).

current System functionality. Currently, Options 5, Section 4(a)(iii)(A), relating to DNR Orders, states,

Any incoming order interacting with such a resting DNR Order will execute at the ABBO price, unless (1) the ABBO is improved to a price which crosses the DNR displayed price, in which case the incoming order will execute at the previous ABBO price; (2) the ABBO is improved to a price which locks the DNR's displayed price, in which case the incoming order will execute at the DNR's displayed price. Should the best away market move to an inferior price level, the DNR Order will automatically re-price from its one MPV inferior to the original away best bid/offer price to one MPV away from the new away best bid/offer price or its original limit price.

The Exchange proposes to make non-substantive amendments to this rule text within Options 5, Section 4(a)(iii)(A), relating to DNR Orders, to align the rule text with Phlx Rule 1093. The Exchange proposes to instead provide:

Any incoming order interacting with such a resting DNR Order will execute at the ABBO price, unless (1) the ABBO is improved to a price which crosses the DNR **Order's already** displayed price, in which case the incoming order will execute at the previous ABBO price **as the away market crossed a displayed price; or** (2) the ABBO is improved to a price which locks the DNR **Order's** displayed price, in which case the incoming order will execute at the DNR **Order's** displayed price. Should the best away market move to an inferior price level, the DNR Order will automatically re-price from its one MPV inferior to the original **ABBO and display** one MPV away from the new **ABBO** or its original limit price.

This proposed new text intends to make clear that if the Exchange's System is executing an incoming order against a resting DNR Order which is displayed, it would not consider an updated ABBO which crossed the displayed DNR Order. The System would not take into account the away market order or quote which crossed the DNR Order's displayed price. The Exchange is not trading-through an away market in this scenario, rather an away market is crossing NOM's displayed market and therefore that market has the obligation not to trade-through NOM's displayed price. A similar change is being made to the last sentence of Options 5, Section 4(a)(iii)(B)(4) for SEEK Orders and the last sentence Options 5, Section



4(a)(iii)(C)(4) for SRCH Orders. By way of example, consider the following sequence of events in the System,:

9:45:00:00:00 - MIAX Quote 0.95 x 1.20

9:45:00:00:10 – OPRA updates MIAX BBO 0.95 x 1.20

9:45:00:00:20 - NOM Local BBO Quote 1.00 x 1.15

9:45:00:00:30 - OPRA disseminates NOM BBO updates: 1.00 x 1.15

9:45:00:00:35: CBOE Quote 1.00 x 1.12

9:45:00:00:45 – OPRA disseminates CBOE BBO 1.00 x 1.12

9:45:00:00:50 - DNR Order: Buy 5 @ 1.15 (exposes @ ABBO of 1.12, displays 1 MPV from ABBO @ 1.11)

9:45:00:00:51 – OPRA disseminates NOM BBO updates: 1.11 x 1.15 (1.11 being the DNR Order displaying 1 MPV from ABBO)

9:45:00:00:60 - MIAX Quote updates to 1.00 x 1.10 (1.10 crosses the displayed DNR Order price, violating locked/crossed market rules; henceforth, we need not protect this price)

9:45:00:00:65 – OPRA disseminates MIAX BBO 1.00 x 1.10

9:45:00:00:75 - NOM Market Maker Order to Sell 5 @ 1.09

9:45:00:00:76 – Market Maker Order immediately executes against DNR Order 5 contracts @ 1.12 (1.12 being the ‘previous’ ABBO price disseminated by CBOE before the receipt of the DNR Order that was subsequently and illegally crossed by MIAX’s 2<sup>nd</sup> quote)

9:45:00:00:77 - OPRA disseminates NOM BBO updates: 1.10 x 1.15 (reverts back to BBO set by NOM Local Quote since the DNR Order has executed)

The remainder of the changes to Options 5, Section 4(a)(iii)(A) are non-substantive changes designed to bring clarity to the rule text. By way of example, the Exchange proposes to add the word “Order” after “DNR,” change the words “away best bid/offer price” to the acronym “ABBO” and add the words “display” and “already” to the rule text to make clear that the intent of the sentence.

The Exchange proposes to amend Options 5, Section 4(a)(iii)(B)(4) to amend the sentence which provides, “If there exists a locked ABBO when the SEEK Order is entered onto the Order Book, the SEEK Order will display at the locked ABBO price.” The Exchange is amending this sentence to provide, “If there exists a locked ABBO when the SEEK Order is entered onto the Order Book, the SEEK Order will be entered at the ABBO price and displayed one MPV inferior to the ABBO.” This is true of both SEEK and SRCH Orders. Where there exists a locked ABBO when the SEEK Order or SRCH Order is entered onto the Order Book, the SEEK Order or SRCH Order will be entered into the Order Book at the ABBO price and displayed one MPV inferior to the ABBO. The Exchange is proposing to add additional rule text to Options 5, Section 4(a)(iii)(B)(4). This amendment corrects the current rule text.

The Exchange also proposes to remove the sentence, “When checking the Order Book, the System will seek to execute at the price at which it would send the order to an away market.” The Exchange proposes to remove this sentence because the price at which the order would route is explained in greater detail within Options 5, Section 4(a)(iii)(B)(4). Also, this sentence is confusing because the price at which an order would execute is dependent on the scenario within which an order would route. Removing this sentence will remove any confusion related to the price at which the order would route. The Exchange also proposes to remove the same sentence concerning SRCH Orders within Options 5, Section 4(a)(iii)(C)(4).

#### Other Amendments

The Exchange proposes to correct the lettering within General 9, Section 1, General Standards. The Exchange proposes to correct a typographical error within Options 4A, Section 12. Specifically, the reference to Options 4, Section 6 should have referenced Options 4, Section 5 instead. The Exchange proposes to remove a reference to paragraph (c) within Options 5,

Section 2, as there is no paragraph (c) within the Rule. The Exchange also proposes to update rulebook citations within Options 7, Pricing Schedule to reflect the proposed changes to Options 1, Section 1 (Definitions).

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> 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.

### Rulebook Harmonization

The Exchange's proposal to reserve various sections of the Rules in order to harmonize its Rulebook with other Nasdaq affiliated markets is not a substantive amendment.

### Definitions

The Exchange's proposal to add the definition of an "Away Best Bid or Offer" or "ABBO" within Options 1, Section 1(a)(1) is consistent with the Act because these amendments will add transparency to the Rulebook. The Exchange's proposal to remove the terms "class of options," "series of options," "System Book Feed" and "System Securities" from the Options 1, Section 1 is also consistent with the Act. The term "System Book Feed" is not utilized in the Rulebook currently and therefore this term does not need to be defined. The term "System Securities" is only utilized within the definition of the term "System" at current Options 1, Section 1(a)(60) and within Options 3, Section 8, Opening and Halt Cross." Replacing the term

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

with the term “option series” will make the Rulebook clear.

#### Relocation of Options 2 Rules

The proposal to relocate Options 2, Section 4(d) and Section 5(e) to Section 6 into Options 6(a) and (b), respectively is consistent with the Act. This amendment is not substantive.

#### Removal of Various Listings

##### *Mini Options*

The Exchange’s proposal to removal references to the listing and handling of Mini Options is consistent with the Act because Mini Options have not been listed in several years. Also, the Exchange notes that it has no open interest in Mini Options. In the event that the Exchange desires to list Mini Options in the future, it would file a rule change with the Commission to adopt rules to list Mini Options.

##### *U.S. Dollar-Settled Foreign Currency Options*

The Exchange’s proposal to removal references to the listing and handling of FCOs is consistent with the Act because FCOs have not been listed in several years. Also, the Exchange notes that it has no open interest in FCOs. In the event that the Exchange desires to list FCOs in the future, it would file a rule change with the Commission to adopt rules to list FCOs.

##### *Mini-Nasdaq-100 Index*

The Exchange’s proposal to removal references to the listing and handling Mini-Nasdaq-100 Index options is consistent with the Act because Mini-Nasdaq-100 Index options have not been listed in several years. Also, the Exchange notes that it has no open interest in Mini-Nasdaq-100 Index options. In the event that the Exchange desires to list Mini-Nasdaq-100 Index options in the future, it would file a rule change with the Commission to adopt rules to list Mini-Nasdaq-100 Index options.

### *MSCI EM Index and MSCI EAFE Index*

The Exchange's proposal to removal references to the listing and handling of MSCI EM Index and MSCI EAFE Index options is consistent with the Act because MSCI EM Index and MSCI EAFE Index options have not been listed in several years. Also, the Exchange notes that it has no open interest in MSCI EM Index and MSCI EAFE Index options. In the event that the Exchange desires to list MSCI EM Index and MSCI EAFE Index options in the future, it would file a rule change with the Commission to adopt rules to list MSCI EM Index and MSCI EAFE Index options.

### Minimum Increments

The Exchange's proposal to relocate parts of Options 3, Section 3 into a new Supplementary Material .01 and add a title for the Penny Pilot Program is consistent with the Act. This amendment will bring greater transparency to the Exchange's Rules.

### Mass Cancellation of Trading Interest

The Exchange's proposal to amend the rule text of Mass Cancellation of Trading Interest rule within Options 3, Section 19 is consistent with the Act because the Exchange desires to conform the rule text to other Nasdaq affiliated markets.<sup>9</sup> Permitting Participants to contact Market Operations as a manual alternative to automated functionality, which similarly allows Participants to cancel interest, provides Participants experiencing their own system issues with a means to manage risk. Today, Participants are able to cancel interest, in an automated fashion through protocols<sup>10</sup> and the Kill Switch.<sup>11</sup> This is a voluntary services offered to all Participants.

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<sup>9</sup> See note 5 above.

<sup>10</sup> See Options 3 at Supplementary Material .03 to Section 7.

<sup>11</sup> See Options 3, Section 17.

This amended rule reflects the Exchange's current practice of allowing Participants to contact NOM Market Operations and request the Exchange to cancel any bid, offer or order in any series of options. The Exchange would continue to permit Participants to contact market operations and manually request cancellation of interest. The proposed amended language will make clear that an Options Participant may contact NOM Market Operations and request the Exchange to cancel any bid, offer or order in any series of options. The Exchange would continue to cancel such bid, offer or order pursuant to the Participant's instruction.

This service, which permits Participants to cancel interest, does not diminish a Market Maker's obligation with respect to providing two-sided quotations and this rule is not inconsistent with other firm quote obligations of the Market Maker. Upon the request of a Participant, NOM Market Operations will continue to manually input a mass cancellation message into the System consistent with the Participant's instruction to cancel trading interest. Once the mass cancellation message is entered into the System by NOM Market Operations, the message will be accepted by the System in the order of receipt in the queue such that the interest that was already accepted into the System will be processed prior to the mass cancellation message. In addition, mass cancellation messages entered into the System by NOM Market Operations are handled by the System through the same queuing mechanism that a quote or order message is handled by the System. The Exchange notes its processing of a mass cancellation message inputted by NOM Market Operations and handled by the System is consistent with firm quote and order handling rules.

#### Order Routing

The Exchange's proposal to amend the sentence within Options 5, Section 4(a)(iii)(A) related to DNR Orders is consistent with the Act. The Exchange proposes to amend this rule text

to clarify the current rule text. Specifically, the Exchange proposes to state, “Any incoming order interacting with such a resting DNR Order will execute at the ABBO price, unless (1) the ABBO is improved to a price which crosses the DNR Order’s already displayed price, in which case the incoming order will execute at the previous ABBO price as the away market crossed a displayed price; or (2) the ABBO is improved to a price which locks the DNR Order’s displayed price, in which case the incoming order will execute at the DNR Order’s displayed price.” The System would not take into account the away market order or quote which crossed the DNR’s displayed price. The Exchange is not trading-through an away market in this scenario, rather an away market is crossing NOM’s displayed market and therefore that market has the obligation not to trade-through NOMs displayed price. Similar amendments were made to Options 5, Section 4(a)(iii)(B)(4) and Section 4(a)(iii)(C)(4). The remainder of the changes to this paragraph are clarifying non-substantive amendments.

The Exchange’s proposal to remove the following sentence from Options 5, Section 4(a)(iii)(B)(4) and Section 4(a)(iii)(C)(4), “When checking the Order Book, the System will seek to execute at the price at which it would send the order to an away market,” is consistent with the Act because this sentence is vague. The price at which an order would execute is dependent on the scenario within which an order would route. Removing this sentence will remove any confusion related to the price at which the order would route. The proposed rule would also add additional detail about the scenarios under which an order would route away.

With respect to SEEK Orders within Options 5, Section 4(a)(iii)(B) as well as SRCH Orders within Options 5, Section 4(a)(iii)(C) the amendments are consistent with the Act as they protect investors and the general public by amending current incorrect rule text. If there exists a locked ABBO when the SEEK Order or SRCH Order is entered onto the Order Book, the SEEK

Order or SRCH Order will be entered at the ABBO price and displayed one MPV inferior to the ABBO. The amendments to Options 5, Section 4 represent current System functionality. This new rule text will provide Participants with clarity as to the manner in which the System handles locked market conditions during routing. The proposed rule text is similar to rule text within Phlx Rule 1093.

#### Other Amendments

The Exchange's proposal to correct certain typographical errors and update rulebook citations are not substantive.

#### 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 that is not necessary or appropriate in furtherance of the purposes of the Act.

#### Rulebook Harmonization

The Exchange's proposal to reserve various rules in connection with a larger Rulebook harmonization do not impose an undue burden on competition because these amendments are non-substantive.

#### Definitions

The Exchange's proposal to add the definition of an "Away Best Bid or Offer" or "ABBO" within Options 1, Section 1(a)(1) and remove the terms "class of options," "series of options," "System Book Feed" and "System Securities" from the Options 1, Section 1 do not impose an undue burden on competition because these amendments will add transparency to the Rulebook.

#### Relocation of Options 2 Rules

The proposal to relocate Options 2, Section 4(d) and Section 5(e) to Section 6, into Options 6(a) and (b) does not burden competition as this amendment is not substantive.



## Removal of Various Listings

### *Mini Options*

The Exchange's proposal to removal references to the listing and handling of Mini Options do not impose an undue burden on competition. Mini Options have not been listed in several years. Also, the Exchange notes that it has no open interest in Mini Options.

### *U.S. Dollar-Settled Foreign Currency Options*

The Exchange's proposal to remove references to the listing of U.S. Dollar-Settled Foreign Currency Options ("FCOs") does not impose an undue burden on competition. FCOs have not been listed in several years. The Exchange notes that it has no open interest in FCOs.

### *Mini-Nasdaq-100 Index*

The Exchange's proposal to removal references to the listing and handling of Mini-Nasdaq-100 Index options does not impose an undue burden on competition. Mini-Nasdaq-100 Index options have not been listed in several years. Also, the Exchange notes that it has no open interest in Mini-Nasdaq-100 Index options.

### *MSCI EM Index and MSCI EAFE Index*

The Exchange's proposal to removal references to the listing and handling of MSCI EM Index and the MSCI EAFE Index does not impose an undue burden on competition. Neither the MSCI EM Index nor the MSCI EAFE Index have been listed in several years. Also, the Exchange notes that it has no open interest in either the MSCI EM Index or the MSCI EAFE.

## Minimum Increments

The Exchange's proposal to relocate parts of Options 3, Section 3 into a new Supplementary Material .01 and add a title for the Penny Pilot Program do not impose an undue burden on competition as these amendments are non-substantive.

### Mass Cancellation of Trading Interest

The Exchange's proposal to amend the rule text of the Mass Cancellation of Trading Interest rule within Options 3, Section 19 does not impose an undue burden on competition because there is no corresponding change to the manner in which this service will be offered. It will continue to be offered to all Participants.

### Order Routing

The Exchange believes that adding greater detail to its rules concerning routing of orders does not impose an undue burden on competition, rather it provides greater transparency as to the potential outcomes when utilizing different routing strategies. Further, the Exchange notes that market participants may elect not to route their orders. The Exchange continues to offer various options to its market participants with respect to routing.

### Other Amendments

The Exchange proposes to correct typographical error and update rulebook citations do not impose an undue burden on competition as these amendments are non-substantive.

#### 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)(iii) of the Act<sup>12</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>13</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>14</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>15</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange believes that adoption the term “ABBO,” would add greater transparency to its rules, and that removing the rule text related to various options listing which are no longer listed on the Exchange will provide Participants with notice of the unavailability of these listing. The Exchange also states that its amendment to its routing rules protects investors and the general public by providing clarity concerning the current operation of its System. The Exchange believes that the amended rules will provide market participants with greater information for each potential order routing strategy and, in general, provide greater transparency. The Commission believes that waiving the 30-day operative delay is consistent

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>13</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> 17 CFR 240.19b-4(f)(6)(iii).

with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change operative upon filing.<sup>16</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. 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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2020-006 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-2020-006. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

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<sup>16</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-NASDAQ-2020-006 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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