

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-88587; File No. SR-NASDAQ-2020-015)

April 8, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 4759

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 April 3, 2020, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“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 Rule 4759 (Data Feeds Utilized) to include the Long-Term Stock Exchange, Inc. (“LTSE”) in the list of proprietary and network processor feeds that the Exchange utilizes for the handling, routing, and execution of orders as well as regulatory compliance processes related to those functions.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

On May 10, 2019, the Commission approved the Long-Term Stock Exchange, Inc. (“LTSE”) as a national securities exchange.³ In anticipation of the planned launch of LTSE,⁴ the Exchange proposes to amend and update Rule 4759, which lists the proprietary and network processor feeds that the Exchange utilizes for the handling, routing and execution of orders as well as regulatory compliance processes related to those functions. Specifically, the Exchange proposes to specify that LTSE will be an additional market center source for quotation data by including LTSE in its table in Rule 4759.⁵

³ See Securities Exchange Act Release No. 85828 (May 10, 2019), 84 FR 21841 (May 15, 2019) (File No. 10-234) (Order approving LTSE application for registration as a national securities exchange).

⁴ LTSE expects to launch on May 15, 2020. See LTSE Update on adjusted phase-in schedule published on March 18, 2020, available at: <https://longtermstockexchange.com/static/MA-2020-006-14f9b362b7bd1103c9545525d246e778.pdf>.

⁵ A similar proposed rule change has been proposed by one other exchange. See Securities Exchange Act Release No. 88313 (March 3, 2020), 85 FR 13684 (March 9, 2020) (SR-IEX-2020-03).

As proposed, the Exchange will use securities information processor (“SIP”) data, i.e., CQS SIP data, for securities reported under the Consolidated Quotation Services and Consolidated Quotation Plan and UQDF SIP data for securities reported under the Nasdaq Unlisted Trading Privileges Plan to obtain LTSE quotation information.⁶ While the Exchange currently utilizes proprietary market data as the primary source of quotation data for certain markets that provide a reliable direct feed,⁷ the Exchange will solely utilize the SIP data for LTSE because LTSE will only distribute market data using the SIPs.⁸ No secondary source for LTSE market data will be specified because LTSE has announced that it will not maintain a proprietary market data feed.⁹

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.

⁶ The LTSE’s Market Center Originator ID on the SIP will be “L”. See LTSE Updated FAQ for Exchange Operations published on February 28, 2020, available at: <https://longtermstockexchange.com/static/MA-2020-003-f00ac3fc666c5521974cd55976404019.pdf>.

⁷ The Exchange utilizes proprietary market data as the Primary Source of quotation data for the following markets: NYSE American, Nasdaq BX, CBOE EDGA, CBOE EDGX, NYSE, NYSE Arca, Nasdaq, Nasdaq PSX, CBOE BYX, and CBOE BZX.

⁸ See LTSE Updated FAQ for Exchange Operations published on February 28, 2020, available at: <https://longtermstockexchange.com/static/MA-2020-003-f00ac3fc666c5521974cd55976404019.pdf>.

⁹ See id.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

The Exchange believes that the proposed rule change removes impediments to and perfects the mechanism of a free and open market because adding LTSE to its list of market centers for which the exchange consumes quotation data will provide clarity to market participants. Additionally, it is necessary and consistent with the public interest and the protection of investors to add LTSE to the Exchange's table in Rule 4759 in order to provide transparency with respect to all the proprietary and network processor feeds from which the Exchange obtains market data. Further, the Exchange also believes that it is consistent with the Act to specify that the Exchange will consume quotation data for LTSE from the SIP feed, to enhance clarity to market participants.

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 proposed rule change is not designed to address any competitive issue; instead, its purpose is to enhance transparency with respect to the operation of the Exchange and its use of market data feeds.

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 Act¹² and Rule 19b-4(f)(6) thereunder.¹³

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 change 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-2020-015 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.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization 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.

All submissions should refer to File Number SR-NASDAQ-2020-015. 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 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-2020-015 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.¹⁴

J. Matthew DeLesDernier
Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).