

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-91744; File No. SR-NASDAQ-2021-025)

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Connectivity, Surveillance and Risk Management Services and Fees

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 April 20, 2021, 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 certain rules relating to connectivity, surveillance and risk management services fees. More specifically, the Exchange is proposing to amend Equity 7, Section 115 and adopt Equity 7, Sections 116-A and 149-A to incorporate these new products into the Exchange’s pricing schedule.

While these amendments are effective upon filing, the Exchange has designated Equity 7, Section 116-A to be operative no later than Q3 2021.<sup>3</sup>

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

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

<sup>3</sup> As discussed in more detail throughout the filing, WorkX and Real-Time Stats launched on April 12, 2021 and Post-Trade Risk Management will launch no later than Q3 2021. Nasdaq will publish an Equity Trade Alert at least 10 days prior to launching Post-Trade Risk Management.

The text of the proposed rule change is set forth below. Proposed new language is underlined; deleted text is in brackets.

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**Section 115. Ports and Services†**

The charges under this section are assessed by Nasdaq for connectivity to services and the following systems operated by Nasdaq or FINRA: the Nasdaq Market Center, FINRA Trade Reporting and Compliance Engine (TRACE), the FINRA/Nasdaq Trade Reporting Facility, FINRA's OTCBB Service, and the FINRA OTC Reporting Facility (ORF). The following fees are not applicable to The Nasdaq Options Market LLC. For related options fees for Ports and other Services refer to Options 7, Section 3 of the Options Rules.

**(a) – (d)** No change.

**(e)** Specialized Services Related to FINRA/Nasdaq Trade Reporting Facility

WebLink ACT or Nasdaq	\$525.00/month
Workstation Post Trade	<p>A subscription includes: the Trade Reporting File Upload service, which allows members to upload multiple trade reports in batches to ACT; and the ACT Reject Scan service, which provides a list of all of a member's rejected ACT trade entries and a copy of each rejected trade report form submitted to ACT.</p> <p>\$225 per month for the ACT Trade History service which provides searchable access to a member's trades that are older than six months dating back to 2009.</p>

ACT Workstation	<p>\$525/logon/month</p> <p>\$225 per month for the ACT Trade History service which provides searchable access to a member's trades that are older than six months dating back to 2009.</p>
<u>Nasdaq WorkX</u>	<p><u>\$525/logon/month</u></p> <p><u>\$225 per month for the ACT Trade History service which provides searchable access to a member's trades that are older than one year dating back five years. For customers using both Act Workstation and Nasdaq WorkX, fees for Nasdaq WorkX will be waived for the first month of service.</u></p>

(f) – (j) No change.

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

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**Section 116. Nasdaq Risk Management**

(a) Clearing brokers using the Nasdaq Risk Management Service will be assessed a charge of \$0.030 per side per trade monitored by Nasdaq Risk Management and a charge of \$17.25 per month per correspondent executing broker monitored by Nasdaq Risk Management, up to a maximum charge of \$7,500 per month per correspondent executing broker. Clearing brokers with less than 17,000 trades per month per correspondent executing broker and that fall below 50

total correspondents monitored during the month are assessed a monthly fee of \$500 per correspondent executing broker monitored in lieu of the \$0.030 per side per trade charge.

(b) – (c) No change.

**Section 116-A. Nasdaq Post-Trade Risk Management**

(a) Clearing brokers using the Nasdaq Post-Trade Risk Management Service will be assessed a charge of \$0.030 per side per trade monitored by Nasdaq Post-Trade Risk Management and a charge of \$17.25 per month per correspondent executing broker monitored by Nasdaq Post-Trade Risk Management, up to a maximum charge of \$7,500 per month per correspondent executing broker. Clearing brokers with less than 17,000 trades per month per correspondent executing broker and that fall below 50 total correspondents monitored during the month are assessed a monthly fee of \$500 per correspondent executing broker monitored in lieu of the \$0.030 per side per trade charge. For customers using both Nasdaq Risk Management and Nasdaq Post-Trade Risk Management, fees for Nasdaq Post-Trade Risk Management will be waived for the first month of service.

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**Section 149. Nasdaq InterACT**

Nasdaq InterACT is a surveillance tool that provides summaries of a subscribing member's trade activity for the FINRA/Nasdaq Trade Reporting Facility. Such summaries include the total number of trades that have been reported to the Facility, various statistics associated with those trades reported (including: declines, cancels, stepouts, as-ofs, etc), the total number of trades that must be reviewed for acceptance, and the total number of Regulation NMS trade throughs.

“FINRA/Nasdaq Trade Reporting Facility” shall mean the FINRA/Nasdaq TRF Carteret and the FINRA/Nasdaq TRF Chicago.

InterACT is available for a subscription fee of \$400 per month, per user, with a maximum fee of \$2,400 per month, per member firm.

**Section 149-A. Nasdaq Real-Time Stats**

Nasdaq Real-Time Stats is a surveillance tool that provides summaries of a subscribing member's trade activity for the FINRA/Nasdaq Trade Reporting Facility to support compliance with FINRA rules. Such summaries include the total number of trades that have been reported to the Facility, various statistics associated with those trades reported (including: declines, cancels, stepouts, as-ofs, etc), and the total number of trades that must be reviewed for acceptance. "FINRA/Nasdaq Trade Reporting Facility" shall mean the FINRA/Nasdaq TRF Carteret and the FINRA/Nasdaq TRF Chicago.

Real-Time Stats is available for a subscription fee of \$400 per month, per user, with a maximum fee of \$2,400 per month, per member firm. For customers using both Nasdaq InterACT and Nasdaq Real-Time Stats, fees for Nasdaq Real-Time Stats will be waived for the first month of service.

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(b) Not applicable.

(c) Not applicable.

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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

Nasdaq has re-platformed three of its products for trade reporting, surveillance and risk management services – (1) ACT Workstation (“Workstation”)<sup>4</sup>, (2) Nasdaq InterACT (“InterACT”)<sup>5</sup> and (3) Nasdaq Risk Management (“Risk Management”)<sup>6</sup>. These products will be renamed (1) Nasdaq WorkX<sup>TM</sup> (“WorkX”), (2) Nasdaq Real-Time Stats (“Real-Time Stats”) and (3) Nasdaq Post-Trade Risk Management (“Post-Trade Risk Management”), respectively.<sup>7</sup> The Exchange is proposing to amend Equity 7, Section 115 and adopt Equity 7, Sections 116-A and 149-A to incorporate these new products into the Exchange’s pricing schedule.

Similar to the Workstation, WorkX is a web-based application that will facilitate trade reporting and clearing functions for the FINRA/Nasdaq Trade Reporting Facility Carteret (the “FINRA/Nasdaq TRF Carteret”) and the FINRA/Nasdaq Trade Reporting Facility Chicago (the

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<sup>4</sup> Workstation is a web-based application that electronically facilitates trade reporting and clearing functions for trades reported to the FINRA/Nasdaq TRF. Workstation services include trade entry, trade scan, and uploads for bulk trade entry to support FINRA/Nasdaq TRF participant trade reporting in accordance with Financial Industry Regulatory Authority (“FINRA”) rules.

<sup>5</sup> InterACT is a real-time compliance tool that assists firms with regulatory supervision of trade activity reported to the FINRA/Nasdaq TRF. InterACT summarizes and consolidates data for over the counter trade reports to help customers comply with FINRA rules.

<sup>6</sup> Risk Management is a Workstation add-on service which allows correspondent clearing firms to manage credit risk exposure by offering real-time monitoring against limit settings and activity trade controls.

<sup>7</sup> As discussed below, once all current participants have migrated to the re-platformed products, the Exchange will submit a future filing to retire the services and remove Workstation, InterACT and Risk Management products from its fee schedule.

“FINRA/Nasdaq TRF Chicago”) (collectively, the “FINRA/Nasdaq TRF”). WorkX’s infrastructure is designed to be more user-friendly than the current Workstation. For example, WorkX trade scan provides holistic search capabilities for all trade input fields, across one date or date ranges for successful and rejected trades with up to 10,000 results generated in the front end and 50,000 exportable results. Currently, Workstation offers multiple scan types with limited search criteria and generates up to 2,000 results per scan. Additionally, WorkX revamps the user interface with a more modern design, upgraded data visualization and improved user experience. More specifically, WorkX improves trade entry by limiting manual customer entries, which eliminates data entry errors and replaces manual entries with automated processing. However, unlike Workstation, which currently provides searchable access to a member’s trades that are older than six months dating back to 2009, WorkX will provide query access to a member’s trades that are older than one year and dating back to no more than five years. The Exchange reduced the length of its historical data to improve WorkX system processing while maintaining compliance with record-keeping rules for accessible transaction data pursuant to the Act.<sup>8</sup> Other than reducing the length of historical data, the new platform will not have any significant effect on the user’s usage of WorkX relative to Workstation.

InterACT, a surveillance tool that provides summaries of a subscribing member’s trade activity for the FINRA/Nasdaq TRF, has been re-platformed and enhanced to become Nasdaq Real-Time Stats, which includes enriched data visualization and drill through capabilities to scan

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<sup>8</sup> See 17 CFR § 240.17a-1(b) (requiring every national securities exchange, national securities association, registered clearing agency and the Municipal Securities Rulemaking Board to keep and preserve at least one copy of all documents, including all correspondence, memoranda, papers, books, notices, accounts, and other such records as shall be made or received by it in the course of its business as such and in the conduct of its self-regulatory activity, for a period of not less than five years).

trade activity details. Similar to InterACT, which is an add-on service available on Workstation, Real-Time Stats is an add-on service that is available on WorkX. Currently, the InterACT add-on service is utilized by members who are responsible for the accuracy and timeliness of trade reporting and compliance with FINRA rules. Because Real-Time Stats is intended for FINRA trade reporting compliance, this enhanced surveillance tool does not include trade-through summary counts.<sup>9</sup> However, the Exchange will continue to provide trade-through summaries through its Nasdaq Regulation Reconnaissance Service (“Reg Recon”), which provides participating subscribers with real-time surveillance alerts and market data to assist with their Regulation National Market System (“NMS”) compliance.<sup>10</sup> Approximately 94% of firms with InterACT either also subscribe to Reg Recon or are not impacted by the elimination of trade-through summaries.

Additionally, Post-Trade Risk Management, an add-on service to Workstation [sic], will be used by clearing firms in a similar fashion as Risk Management – as an add-on service to WorkX to monitor and control correspondent trading access on the Nasdaq Exchange and the FINRA/Nasdaq TRF. The re-platformed product will not take away from user functionality and will improve the user’s experience by allowing the user to create more customizations to manage risk exposure.

The Exchange is proposing to amend Equity 7, Section 115 to add WorkX to the services related to the FINRA/Nasdaq TRF. Currently, the Exchange assesses a fee of \$525 per logon per month for the Workstation and \$225 per month for the ACT Trade History service, which

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<sup>9</sup> InterACT, unlike Real-Time Stats, currently provides Regulation NMS trade-through summaries.

<sup>10</sup> See Equity 7, Section 141 (providing for Nasdaq Regulation Reconnaissance Service and setting forth the subscription fee).



provides searchable access to a member's trades that are older than six months dating back to 2009. However, WorkX will provide query access to a member's trades older than one year and dating back to no more than five years. The Exchange reduced the length of the searchable historical data to improve WorkX system processing while maintaining compliance with record-keeping rules for accessible transaction data pursuant to the Act. Nasdaq is proposing the same pricing structure for WorkX as it currently has for Workstation.<sup>11</sup>

The Exchange is also proposing to adopt Equity 7, Sections 116-A and 149-A to incorporate Post-Trade Risk Management and Real-Time Stats, respectively, into the Exchange's pricing schedule. Clearing brokers using Post-Trade Risk Management will be assessed a charge of \$0.030 per side per trade that is monitored by Post-Trade Risk Management and a charge of \$17.25 per month per correspondent executing broker monitored by Post-Trade Risk Management, up to a maximum charge of \$7,500 per month per correspondent executing broker. Clearing brokers with less than 17,000 trades per month per correspondent executing broker and that fall below 50 total correspondents monitored during the month are assessed a monthly fee of \$500 per correspondent executing broker monitored in lieu of the \$0.030 per side per trade charge. These fees are the same as the fees currently assessed for Risk Management. Currently, InterACT is available for a subscription fee of \$400 per month, per user, with a maximum fee of \$2,400 per month, per member firm. Nasdaq Real-Time Stats, which will not include summaries of the total number of Regulation NMS trade-throughs, will be assessed the same fees as InterACT. Other than reducing the length of historical data, the new platform will not take away from user functionality.

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<sup>11</sup> Similar to the Workstation, WorkX customers will be subject to query charges pursuant to FINRA Rule 7620A (Other Fees (Not Applicable to Retail Participants)).

As Nasdaq rolls out these enhanced products,<sup>12</sup> users will have the option of using both the current products and the re-platformed products for the first month of accessing the re-platformed products. Fees for the re-platformed products will be waived for the first month of usage. After the first month of service on each of the re-platformed products, a member firm will be expected to fully migrate to the new product and will be charged for any fees incurred for using the new products thereafter. Firms will have at least one year before the existing products are retired. Once all current participants have migrated to the new products, the Exchange will submit a future filing to retire the services and remove the Workstation, InterACT and Risk Management products from its fee schedule.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>14</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The proposal is also 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. Additionally, the proposal is consistent with Section 11A of the Act relating to the establishment of the national market system for securities.

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<sup>12</sup> WorkX and Real-Time Stats launched on April 12, 2021 and Post-Trade Risk Management will launch no later than Q3 2021. Nasdaq will publish an Equity Trade Alert at least 10 days prior to launching Post-Trade Risk Management.

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(4) and (5).

In particular, the Exchange believes that the proposal to rename, enhance, and in some instances, alter the scope of the current products, through the new re-platformed products and charge fees to users of these new products is reasonable and not unfairly discriminatory because the fees will remain the same as the current Workstation, InterACT and Risk Management products as users migrate to using the re-platformed products. For the same reason, the Exchange believes that the proposed changes remove impediments to and perfect the mechanism of a free and open market and a national market system, constitute an equitable allocation of fees, and protect investors and the public interest because under each individually proposed rule, a member firm who would migrate to the new products will receive enhanced services that will improve the user's experience using the products, but will be charged the same fee amount as the firm currently pays for the respective current products. Although the Exchange has changed the time period for query access to members' trades through WorkX and has removed summaries for the total number of Regulation NMS trade-throughs on Real-Time Stats, the Exchange believes that the proposed changes are both equitably allocated, reasonable and protects investors and the public interest because WorkX provides the enhanced functionalities to FINRA/Nasdaq TRF Participants for trade reporting while maintaining compliance with record-keeping rules for accessible transaction data pursuant to the Act<sup>15</sup>, and the change to Real-Time Stats does not take away from the user's ability to monitor and maintain compliance with FINRA rules. Moreover, these changes are balanced by the enhancements that users will receive from the re-platformed WorkX and Real-Time Stats products.

The Exchange believes that the proposal is not unfairly discriminatory. All member firms will be notified about the product availability, have access to the re-platformed products

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<sup>15</sup> See 17 CFR § 240.17a-1(b).

and will be required to fully migrate once the Exchange discontinues the current products. If a firm is not satisfied with product differences, the firm will have at least a year before the existing product is retired to find an alternate service offered by a third party or allow time for Nasdaq to enhance the product. Moreover, the fees for the re-platformed products will apply to all member firms in the same manner as the current products.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intramarket Competition

The Exchange does not believe that its proposals will place any category of Exchange participant at a competitive disadvantage. To the contrary, the proposed changes will provide opportunities for members to receive enhanced features of their current Workstation, InterACT and Risk Management products. Moreover, these enhanced products, which are available to any participant, will provide a more user-friendly and efficient product experience for the same fees as the current products. Although Real-Time Stats does not provide the total number of Regulation NMS trade-throughs, this will not place any category of Exchange participants at a competitive disadvantage because historically, participants have utilized this surveillance tool to maintain compliance with FINRA trading rules. Real-Time Stats offers an enhancement of the FINRA surveillance tool. Moreover, participants who want to surveil for SEC rules may obtain the Reg Recon surveillance tool, which includes summaries of the total number of Regulation NMS trade-throughs. Additionally, the Exchange is reducing the length of its historical data to improve WorkX system processing while maintaining compliance with record-keeping rules

pursuant to the Act.<sup>16</sup> Although WorkX does not [sic] provide query access to a member's trades older than one year and dating back to no more than five years, this change will not take away from user functionality.

#### Intermarket Competition

The Exchange believes that its proposed modifications to its fee schedule will not impose any burden on competition because the launch of the Exchange's enhanced connectivity, surveillance and risk management services are reflective of the need for the Exchange to ensure that it provides the best products and the benefit member firms receive from these enhancements. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing providers of third-party services if they deem the re-platformed products and services to be insufficient, or products available by other vendors to be more favorable. The proposed fees for the re-platformed products are reflective of this competition. As discussed above, the Exchange has proposed the fees to be the same as the current products.

#### 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

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<sup>16</sup> See supra n. 8.

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and Rule 19b-4(f)(6) thereunder.<sup>18</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 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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2021-025 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.

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 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-2021-025. 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-2021-025 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>19</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).