

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74078; File No. SR-NASDAQ-2015-004)

January 16, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Membership Application

Pursuant to Section 19(b)(1) of the Securities Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 5, 2015, 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 NASDAQ. 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

NASDAQ proposes to amend Rule 1013 titled “New Member Application” to include an expedited application process for firms that are already approved members of NASDAQ OMX PHLX LLC (“PHLX”).

The text of the proposed rule change is available on the Exchange’s Website at <http://www.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. The text of these statements may be examined

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 purpose of the proposed rule change is to amend NASDAQ Rule 1013(a)(5), entitled Applicants That Are Members of an Association or Another Exchange, to permit an expedited review for new member applications seeking NASDAQ membership provided those applicants are approved members of PHLX.

Specifically, Exchange Rule 1013(a)(5)(C) currently permits the Exchange to accept applicants that gained membership at Financial Industry Regulatory Authority (“FINRA”) or NASDAQ OMX BX, Inc. (“BX”) when considering a NASDAQ new member application. Applicants who are approved members of FINRA or BX are eligible for an abbreviated waive-in application eliminating the submission and review of duplicative supplemental material that has already been submitted and reviewed in connection with a FINRA or BX new member application.

At this time, the Exchange proposes to extend the abbreviated application process already in place for approved FINRA and/or BX members to PHLX members. The Exchange notes that the PHLX qualifications are the same as those applicable to NASDAQ membership requirements. PHLX approved members seeking NASDAQ membership will be required to submit a fully executed Waive-In Membership Application and Membership Agreement but will not be required to submit any duplicative documentation that was previously provided as part of the PHLX application. These PHLX members would still be required to provide additional information if there has been a material change in status from its [sic] original application with

PHLX. Applicants will be required to attest that the information provided as part of previously conducted new membership review remains complete and accurate.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act³ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

Today, the NASDAQ Membership Department performs similar functions when reviewing new member applications for NASDAQ, BX and PHLX.⁵ The Membership Department reviews: applicant business plans, clearing arrangements, FOCUS reports, organizational charts, and written supervisory procedures for applicants desiring membership in any of the aforementioned markets. These membership requirements include, but are not limited to, review of registration as a Broker Dealer with the Commission, a net capital review, qualification of associated persons and examining written supervisory procedures. The same

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

⁵ Today, FINRA conducts the new member application reviews for NASDAQ and BX pursuant to a 17d-2 agreement and Regulatory Services Agreement. These application reviews are administered by FINRA and subject to NASDAQ's final review and decision.

material is considered for each new member review conducted by FINRA on behalf of NASDAQ.

NASDAQ believes that this proposed amendment is consistent with its current practices today when reviewing applications for members of BX and FINRA. NASDAQ proposes this rule change to harmonize its affiliated exchanges' rules to provide applicants similar application procedures on its markets. The PHLX new member review is consistent with the NASDAQ new member review. NASDAQ believes that applicants that are members of PHLX are eligible for the waive-in process when seeking membership on NASDAQ similar to BX and FINRA members.

NASDAQ believes that the proposed rule change would eliminate the duplicate review for prospective NASDAQ applicants that were approved for membership by PHLX. The waive-in process will promote efficiency with respect to the Exchange's membership review process and reduce the burden on applicants that have already been approved for membership on PHLX by reducing the duplicative information and documentation required to be provided to the Exchange. As a result, Exchange staff will be able to focus its regulatory efforts on reviewing any material changes or new information that may affect the applicant's eligibility for Exchange membership.

This proposed rule change does not affect the protection of investors as NASDAQ will maintain the vigorous membership review that is conducted today when reviewing PHLX members applications.

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

waive-in process for approved PHLX members will not impose any burden on competition, but rather it will remove unnecessary burdens that currently exist for PHLX member applicants seeking NASDAQ membership. The proposal will eliminate the redundant review process for PHLX members that currently does not exist for FINRA and BX members applying to become NASDAQ members.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.⁶ 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:

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2015-004 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.

All submissions should refer to File Number SR-NASDAQ-2015-004. 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 such 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-2015-004 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.⁷

Brent J. Fields
Secretary

⁷ 17 CFR 200.30-3(a)(12).