

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-90772; File No. SR-NASDAQ-2020-088)

December 22, 2020

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Withdraw the Exchange's QView Product from Sale

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 December 14, 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 withdraw the Exchange's QView product from sale.

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 withdraw QView from sale due to low customer demand.

QView

QView is a web-based user interface that displays execution and open order information in a user-friendly format.³ It is a type of dashboard that displays information regarding the number of executions and their dollar value, executions by symbol, total volume, whether an order has been added or removed, whether the order is for a buy or a sell, whether an order is open, and information related to routing strategies. Information can be tracked in real-time and through historical order and execution summaries, and is available on a daily or a monthly basis.

As a dashboard, QView presents information in a convenient and easy-to-read format, and provides analytic tools to help the user understand that information. It is not, however, the only source for the underlying data, which is provided by TradeInfo.⁴ TradeInfo is also a web-based tool, and presents the member with detailed data on the status of orders, executions, cancels and breaks, generates reports for download, and allows the member to cancel or correct

³ See Securities Exchange Act Release No. 65851 (November 30, 2011), 76 FR 75924 (December 5, 2011) (SR-Nasdaq-2011-157) (introducing the QView product); see also Securities Exchange Act Release No. 66636 (March 21, 2012), 77 FR 18280 (March 27, 2012) (SR-NASDAQ-2012-035) (introducing QView fees). For additional technical details on QView as well as screen shots, see QView Order and Execution Management & Latency Optics, available at <http://www.nasdaqtrader.com/Trader.aspx?id=QView>.

⁴ See Equity 7, Section 115(f).

open orders. QView and TradeInfo are designed to work together. QView provides summary information, and TradeInfo provides the underlying data that supports that summary information. TradeInfo is complementary as part of the Nasdaq workstation, or may be purchased separately for a fee of \$95 per user per month.

QView is offered with the Latency Optics add-on service, which compares three types of latency to Nasdaq averages: (i) the roundtrip time between order entry and receipt of acknowledgement; (ii) roundtrip time between order entry and the time that the order appears on the TotalView ITCH multicast feed; and (iii) the roundtrip time between the entry of an order cancellation request and the time that the message in reply is received by the client device.⁵ Data is displayed graphically and in table format, and may be segregated by MPID or ports.

Proposed Withdrawal

Nasdaq proposes to withdraw QView because of low customer demand. QView was introduced in December 2011,⁶ and, owing to the age of the product, the seventeen servers required to support QView will reach the end of their useful life at the end of this year. In light of low customer demand—only 10 firms currently purchase QView, of which only two purchase the Latency Optics add-on service, and further sales do not appear to be forthcoming⁷—the additional investment required to replace these servers is not economically viable.

⁵ The user of TradeInfo will be able to calculate these latencies for itself, as the underlying transaction information is timestamped.

⁶ See Securities Exchange Act Release No. 65851 (November 30, 2011), 76 FR 75924 (December 5, 2011) (SR-Nasdaq-2011-157) (introducing the QView product); see also Securities Exchange Act Release No. 66636 (March 21, 2012), 77 FR 18280 (March 27, 2012) (SR-NASDAQ-2012-035) (introducing QView fees); Securities Exchange Act Release No. 68617 (January 10, 2013), 78 FR 3480 (January 16, 2013) (SR-Nasdaq-2013-005) (introducing the Latency Optics add-on).

⁷ Staff Guidance on SRO Filings Related to Fees states that the Purpose section should include “the projected number of purchasers (including members, as well as non-members) of any new or modified product or service and the expected number of

Nasdaq does not expect the withdrawal of QView to significantly impact any of its current customers. As noted, QView (including Latency Optics) is a dashboard that summarizes information in a convenient, user-friendly format, but the underlying data supporting the QView display will remain available on TradeInfo. Nasdaq has discussed its proposed withdrawal with each of the 10 current purchasers, and none indicated that it was essential for their business. Indeed, all 10 purchasers indicated that their actual usage was low, and did not expect to continue using the product. Nasdaq publicly announced its intent to withdraw QView as of December 31, 2020, in a Data News publication issued on October 14, 2020,⁸ and received no feedback concerning additional demand for the product. There will be no interruption in the ability of current customers to see the status of orders, executions, cancels and breaks, generate reports for download, or cancel or correct open orders, as all of the data presented in QView will remain available through TradeInfo. The “dashboard” functions of QView that provide a user-friendly interface and summary statistics can be replaced by the member with any number of similar, commercially available dashboards or other products that summarize data.

QView was designed to provide summary statistics on trade executions to broker-dealers in a convenient, user-friendly format. All of the data needed to generate that summary

purchasers likely to be subject to a new fee or pricing tier, including members and non-members. . . .” See Division of Trading and Markets, U.S. Securities and Exchange Commission, “Staff Guidance on SRO Filings Related to Fees” (May 21, 2019) (“Staff Guidance”), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees>. It also states that “[w]hen a Fee Filing changes an existing fee, the purpose section also should compare the projected number of purchasers likely to be subject to the proposed fee following the proposed fee change and the expected cost of the proposed fee for different types of firms. . . .” As indicated, there are 10 firms that currently purchase QView, of which two firms purchase the Latency Optics add-on service, and no new firms are projected to purchase this product, even if it were not withdrawn.

⁸ See Nasdaq Data News No. 2020-9 (October 14, 2020), available at <https://www.nasdaqtrader.com/TraderNews.aspx?id=dn2020-9>.

information, including the Latency Optics add-on service,⁹ will remain available to Nasdaq customers via TradeInfo, which allows users to generate reports and download the data using Microsoft Excel. Once the user has the data on Excel, the user would be able to use commercially available programs or proprietary software to generate the charts, graphs and summary statistics previously generated by QView. All of the 10 current QView customers already have access to TradeInfo.¹⁰

Withdrawal of QView will not have a different impact on different types of market participants.¹¹ All of the basic data needed for current customers to replicate the product and manage trading activity and monitor latency is available through TradeInfo and Trading Insights. Current customers were unconcerned with withdrawal, and indicated that they did not intend to

⁹ See supra note 5.

¹⁰ One of the two current purchasers of the Latency Optics add-on service indicated that it intends to obtain similar information through Trading Insights. Nasdaq Trading Insights is an optional market data service that employs advanced analytics and machine learning to analyze order activity. It is comprised of three active market data components: (a) Missed Opportunity--Liquidity; (b) Missed Opportunity--Latency; and (c) Peer Benchmarking. The Missed Opportunity--Liquidity component identifies when an order from a market participant could have been increased in size, resulting in the execution of additional shares. This component is designed to provide information to a market participant interested in gaining insight into hidden pockets of liquidity. The Missed Opportunity--Latency component identifies the amount of time by which an otherwise marketable order missed execution. This component is designed to provide information to market participants interested in optimizing their models and trading patterns. The Peer Benchmarking component ranks the quality of a market participant's trading performance against its peers, allowing market participants to view their relative trading performance by port, with each port ranked independently by each metric against the ports of peer firms trading on the Exchange. See Equity 7, Section 146; Securities Exchange Act Release No. 80856 (June 5, 2017), 82 FR 26820 (June 9, 2017) (SR-NASDAQ-2017-051). Trading Insights can be used by the customer to place the latency information that it calculates using TradeInfo in context by comparing its performance against others.

¹¹ Staff Guidance also states that the Purpose section should identify “how the fee may apply differently (*e.g.*, additional cost vs. additional discount) to different *types* of market participants (*e.g.*, market makers, institutional brokers, retail brokers, vendors, etc.) and different *sizes* of market participants (*e.g.*, large, medium or small entity. . . .”

continue using the product. Broker-dealers that do not currently purchase QView will not be affected by its absence. No other market participants will be affected, as the product was designed exclusively for broker-dealers that manage order flow.

Thus, Nasdaq proposes to withdraw QView based on lack of demand, and does not expect the withdrawal to negatively impact current customers, based on their feedback.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ 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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

QView was designed to facilitate the work of broker-dealers executing orders on the Exchange, and its usefulness depended on its effectiveness in helping the broker-dealer manage order flow. Nasdaq proposes to withdraw QView because low customer demand has rendered the product no longer economically viable. Withdrawing a product that has been determined to not be economically viable in a competitive marketplace promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

The Proposal is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Broker-dealers that currently utilize the product did not express concern that

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

the withdrawal will negatively impact their business, and did not expect to continue using the product. These customers will still have access to the underlying information, and will remain able to summarize that information through their own dashboards or other similar products. Broker-dealers that do not currently utilize the product will not be affected. The Proposal therefore does not permit unfair discrimination.

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.

Intermarket Competition

The withdrawal of QView will have no impact on intermarket competition (the competition among SROs). Indeed, the Proposal may generate competitive responses from other exchanges by, for example, introducing their own versions of QView, although, as is evident from Nasdaq's experience, this type of product does not appear to be subject to high customer demand.

Intramarket Competition

The Proposal will not cause any unnecessary or inappropriate burden on intramarket competition (competition among exchange customers). As explained in our discussion of unfair discrimination above, broker-dealers that currently utilize the product did not indicate that they would be adversely impacted in any way. Such broker-dealers would still have access to the underlying information, and would remain able to summarize that information through their own dashboards or other similar products. Broker-dealers that do not currently utilize the product would not be affected in any way. The Proposal therefore will not cause any unnecessary or inappropriate burden on intramarket competition.

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 Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵

A proposed rule change filed under Rule 19b-4(f)(6)¹⁶ normally does not become operative for 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. According to the Exchange, current QView customers and other market participants have already been notified of the end-of-year withdrawal; each customer that currently purchases QView has been individually notified, and other market participants have been notified through a Nasdaq Data News item published on October 14, 2020. Because QView and Latency Optics are both charged as monthly fees, waiver of the operative delay

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 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.

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

would allow the Exchange to withdraw these products at the end of the calendar month on December 31, 2020, which would provide for a more orderly withdrawal for both the Exchange and current customers. For these reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposal operative upon filing.¹⁸

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-2020-088 on the subject line.

¹⁸ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2020-088. 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-2020-088 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.¹⁹

Eduardo A. Aleman
Deputy Secretary

¹⁹ 17 CFR 200.30-3(a)(12).