

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-104563; File No. SR-NASDAQ-2025-109]**

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of  
Proposed Rule Change to Extend the Exchange’s U.S. Equities Trading Hours to 23 Hours  
a Day, Five Days a Week**

January 8, 2026.

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 December 29, 2025, 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 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 Exchange’s Rulebook to provide for the Exchange to trade equity securities and exchange traded products 23 hours per day, five days per week.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings>, and at the principal office of the Exchange.

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

<sup>2</sup> 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

The purpose of the proposed rule change is to amend the Exchange’s Rulebook to provide for the Exchange to trade equity securities and exchange traded products (“ETPs”) on a 23 hours per day, five days per week basis (“23/5”).

**Background and Overview**

The history of the U.S. equities markets is one marked by successive waves of change and technological innovation. Among other things, these changes and innovations included the automation of trading and the introductions of decimalization, algorithmic trading, and colocation. When these innovations arose, they spurred equity market structure to evolve to accommodate them. The latest change to impact the markets is rising investor interest in trading U.S. equities during overnight hours, especially among investors located outside of the United States.<sup>3</sup> To align Nasdaq with emerging investor interest in trading outside of traditional U.S.

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<sup>3</sup> Certain alternative trading systems (“ATS”), such as Blue Ocean, already trade securities on an overnight basis. Meanwhile, the Commission has approved several new and existing exchanges to securities on an extended overnight basis, but none has begun to do so. See Securities Exchange Act Release No. 34-102400 (Feb. 11, 2025); 90 FR 9794 (Feb. 18, 2025) (order approving NYSE Arca Inc. proposal to lengthen its trading session to 22 hours per day, 5 days per week) (“NYSE Arca Approval Order”); Securities Exchange Act. Release No. 89-235 (Nov. 27, 2024); 89 FR 97092 (order approving application

market hours, Nasdaq now proposes to extend its hours for trading equity securities and ETPs on the Exchange from 16 hours per day, 5 days per week, to 23 hours per day, 5 days per week.

Nasdaq has designed its proposal for 23/5 trading carefully. We have solicited and we continue to solicit feedback from those who stand to be impacted most by the proposal, including Nasdaq's listed companies and market participants. Nasdaq is also an active participant in ongoing industry discussions about how to address, in a coordinated manner, market protections, halts, and corporate actions. We expect to supplement and refine this proposal as we receive feedback and work through technical and policy issues.

By way of background, Nasdaq presently trades securities in three daily sessions during each weekday from Monday through Friday. First, Nasdaq operates a Pre-Market Hours session from 4:00AM to 9:30AM ET.<sup>4</sup> Second, commencing at 9:30AM with the execution of the Nasdaq Opening Cross, Nasdaq conducts its Regular Market Hours trading session until 4:00PM.<sup>5</sup> Third, commencing at 4:00PM with the execution of the Nasdaq Closing Cross, Nasdaq conducts a Post-Market Hours<sup>6</sup> trading session until 8:00 PM.<sup>7</sup> During weekdays,

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of 24X National Exchange, LLC for registration as a national securities exchange and to trade 23 hours per day, 5 days per week) ("24X Approval Order").

<sup>4</sup> See Rule Equity 1, Section 1(a)(9) (defining the term "Pre-Market Hours" as "the period of time beginning at 4:00 a.m. ET and ending immediately prior to the commencement of Market Hours."). As discussed below, the Exchange is proposing non-substantive changes to this rule.

<sup>5</sup> See Rule Equity 1, Section 1(a)(9) (defining the term "Market Hours" as the period of time beginning at 9:30 a.m. ET and ending at 4:00 p.m. ET or such earlier time as may be designated by Nasdaq on a day when Nasdaq closes early). As discussed below, the Exchange proposes to rename this session "Regular Market Hours" and make other non-substantive conforming changes to this rule.

<sup>6</sup> See Rule Equity 1, Section 1(a)(9) (defining the term "Post-Market Hours" as the period of time beginning immediately after the end of Market Hours and ending at 8:00 p.m. ET). As discussed below, the Exchange is proposing non-substantive changes to this rule.

<sup>7</sup> The Exchange uses different terms to describe each of its trading sessions. For example, to refer to its pre-market hours session, the Exchange uses varying terms, such as "Pre-Market," "Early Market Hours," or "Early Market." And to refer to its post-market hours session, the Exchange uses varying terms, such as "Post-Market," "Extended Hours," and "Extended Market Hours." As part of this filing, the Exchange proposes to harmonize disparate and inconsistent references to these concepts to avoid confusion. Throughout the Rulebook, as amended, the Exchange proposes to define the terms "Pre-Market Hours" and "Post-Market Hours" exclusively to refer to those specific trading periods. In addition, the Exchange

between the hours of 8:00 PM-4:00 AM ET, the Exchange is closed to trading as it is during all weekend hours.

During its current Pre-Market and Post-Market trading sessions, Nasdaq offers more limited trading functionality than it does during the Regular Market Hours trading session and trading during that period is subject to less stringent regulation. For example, outside of “regular trading hours,”<sup>8</sup> most aspects of the SEC’s Regulation National Market System (“Reg. NMS”)<sup>9</sup> do not apply, including the prohibition against trade-throughs.<sup>10</sup> Meanwhile, the Exchange does not offer certain order types during these trading sessions, such as pegged orders. Moreover, during extended hours trading sessions, liquidity tends to be lower than it is during regular trading hours. Stock prices, which are not linked to an NBBO during extended hours trading, may differ from market to market, and spreads may be wider. Additionally, stocks often experience more volatile trading activity during these sessions. Accordingly, to the extent that markets like Nasdaq allow trading to occur in extended hours trading sessions, FINRA requires brokers that participate in these sessions to affirmatively disclose to investors that extended hours trading carries greater risks than trading during regular market hours.<sup>11</sup>

Although trading volume in extended hours trading tends to be considerably lower than it is during regular market hours, Nasdaq has observed a growing interest in trading during overnight hours, particular among investors located in Asia and other foreign jurisdictions where

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proposes to define the term “Extended Hours” to refer more generally to trading that occurs outside of Regular Market Hours. See proposed Rule 1, Equity 1, Sections 1(a)(20)-(21) and (23) (defining the terms “Pre-Market Hours,” Post-Market Hours, “ and “Extended Hours,” respectively).

<sup>8</sup> See 17 CFR 242.600(b)(88) (defining the term “regular trading hours” to mean 9:30AM-4PM Eastern Time).

<sup>9</sup> 17 CFR 242.600-614.

<sup>10</sup> See 17 CFR 242.600(b)(105) (defining a trade-through, for purposes of Rule 611 of Reg. NMS, as the purchase or sale of an NMS stock “during regular trading hours”).

<sup>11</sup> See FINRA Rule 2265 (Extended Hours Trading Risk Disclosure).

business hours do not coincide, fully or otherwise, with U.S. regular market hours. For these investors, extended market hours trading sessions often provide some real-time access to Nasdaq during their business hours, but for many, Nasdaq is closed during hours when they are most apt to trade. Increasingly, these investors are turning to ATSS that offer overnight trading, such as Blue Ocean, Bruce, Interactive Brokers, and OTC Moon. They are also increasingly utilizing trading platforms that provide access to markets for digital assets, including cryptocurrencies, tokenized assets, and tokenized securities, on a 24/7 basis. Nasdaq submits its proposal to extend its trading hours to compete for order flow from these investors, as well as to position itself favorably in the future to participate in markets that trade digital assets.

### **Overview of Nasdaq's Proposal for 23/5 Trading**

Going forward, Nasdaq proposes to conduct trading 23 hours per day, 5 days per week. It proposes doing so in two trading sessions rather than three. First, it will conduct a “Day” trading session, which will be the same and comprise its existing Pre-Market Hours, Regular Market Hours, and Post-Market Hours trading sessions.<sup>12</sup> The Day Session will commence at 4:00 AM ET and end at 8:00 PM ET, and it will continue to feature both the Nasdaq Opening Cross and the Nasdaq Closing Cross. Second, Nasdaq will conduct a “Night” trading session, which will commence at 9:00PM ET and end at 4:00AM ET the next calendar day.<sup>13</sup> As we explain below,

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<sup>12</sup> See Rule Equity 1, Section 1(a)(9).

<sup>13</sup> See proposed Rule Equity 1, Section 1(a)(19) (defining the term “Night Session” as “the time between 9:00 p.m. on one calendar day through 4:00 a.m. the next calendar day Sunday through Thursday provided that each such next calendar day is a Business Day.”). To enhance clarity and consistent with approved rules of other national securities exchanges, and specifically 24X and NYSE Arca, the Exchange proposes to define the term “Business Day” to mean any Sunday from 9 PM ET through Monday, and any Tuesday, Wednesday, Thursday or Friday other than any of the following U.S. holidays if they are celebrated on a Monday, Tuesday, Wednesday, Thursday or Friday: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day Eastern Time, or such other U.S. holiday(s) as published by the Exchange from time to time). See proposed Rule Equity 1, Section 1(a)(17).

between 8:00 PM and 9:00 PM ET on each weekday, the Exchange will pause trading on its market to conduct maintenance, testing, and to process those corporate actions, such as mergers, stock splits, and dividends, that will become effective the following trading day. The pause will also allow for market participants to process and clear trades before proceeding to a new trading day. Nasdaq proposes to keep its markets closed during all weekend hours, except that the trading week will commence with a Night Session on Sunday nights at 9:00 PM ET.<sup>14</sup> The trading week will end at the conclusion of the Day session on Friday.<sup>15</sup>

On a holiday or another day when the Exchange is closed for business, the closure will be effective as of 8:00 PM ET on the calendar day prior to the closure date, and the market will reopen at 9:00 PM ET on the closure date, unless the closure date is a Friday, in which case the market will reopen on Sunday evening at 9:00 PM ET.<sup>16</sup> On a day when Nasdaq closes the market early, it will resume trading at 9:00 PM ET on the same calendar day, unless again, the early closure date is a Friday, in which case the Exchange will resume trading on Sunday evening at 9:00 PM ET.<sup>17</sup>

Consistent with the approved rules of other national securities exchanges that are similarly proposing to extend their trading hours overnight,<sup>18</sup> Nasdaq proposes to launch the

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<sup>14</sup> See proposed Rule Equity 1, Section 1(a)(19) (defining the term “Night Session”).

<sup>15</sup> See proposed Rule Equity 1, Section 1(a)(18). The Exchange proposes a non-substantive change to define the term “Day Session” in proposed Rule 1 Equity 1, Section 1(a)(18) as follows: “[t]he term “Day Session” means the time between 4:00 a.m. Eastern Time and 8:00 p.m. Eastern Time on Business Days, during which period the Pre-Market Hours, Regular Market Hours and Post-Market Hours are in operation.” The Exchange believes this non-substantive change is designed to facilitate application of the rules by combining references to the three current trading sessions into one broader day trading session for referencing purposes only thereby simplifying the conceptualization and application of the proposed rules. See *id.*

<sup>16</sup> See proposed Rule Equity 1, Section 1(a)(19).

<sup>17</sup> See proposed Rule Equity 1, Section 1(a)(19).

<sup>18</sup> See 24X Approval Order, *supra* note **Error! Bookmark not defined.**, 89 FR at 97105-07 (approving application of 24X to trade overnight provided that it may not begin doing so until the Equity Data Plans have announced their preparedness to collect, consolidate, process, and disseminate quotation and

operation of its 23/5 market upon the availability of the Securities Information Processor (“SIP”) to operate during the Night session.<sup>19</sup>

To facilitate this proposal to extend Nasdaq’s trading hours, Nasdaq proposes to amend numerous rules in its Rulebook. Rather than catalogue all such proposed changes, the majority of which are non-substantive changes to reflect revised trading times, we focus below on describing only those changes that will have a material impact on the operation of the Nasdaq Stock Market.

Before we describe what Nasdaq proposes to change, we first want to make clear what will remain the same. The following aspects of Nasdaq’s trading system and procedures will not change when trading equities and ETPs on a 23/5 basis:

- Listing rules
- Membership rules
- Rules of conduct
- Market Maker obligations
- Ranking, display, priority and decrementation rules

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transaction information during the overnight hours; the SEC would nullify approval of 24X rules governing overnight trading if such readiness does not occur within 18 months of the issuance of the approval order); NYSE Arca Approval Order, supra note **Error! Bookmark not defined.** See also 24X Rule 1.5(c); NYSE Arca Rule 7.34-E.

<sup>19</sup> See proposed Rule Equity 1, Section 1(19) (defining the term “Night Session” and further providing that (1) the Exchange shall not commence operation of the Night Session unless the Equity Data Plans (1) have established a mechanism to collect, consolidate, process and disseminate quotation and transaction information at all times during the Night Session that is equivalent to the mechanism established for Exchange trading hours during Regular Market Hours, and (2) have provided the Exchange with notification that they are prepared to collect, consolidate, process and disseminate quotation and transaction information to accommodate the Night Session; (2) that prior to commencing operation during the Night Session, the Exchange will file a proposed rule change pursuant to Section 19(b) of the Exchange Act and the rules thereunder to amend its rules confirming that the Exchange is able to comply with its obligations under the Exchange Act and the rules thereunder during the Night Session and that such Equity Data Plans are prepared to collect, consolidate, process and disseminate quotation and transaction information at all times during the Night Session (“Night Session Proposed Rule Change”); and (3) that if the Night Session Proposed Rule Change is not filed within 18 months of the SEC’s approval of this proposed rule change, the Exchange will promptly file a proposed rule change to remove the rules that apply to the Night Session). See id.

- Disciplinary rules and enforcement
- Opening and Closing Crosses
- Clearly Erroneous protections

### **The “Day” Trading Session**

The new Day trading session will combine and incorporate, without substantive changes, all elements of what are now the Pre-Market Hours,<sup>20</sup> Regular Market Hours,<sup>21</sup> and Post-Market Hours<sup>22</sup> trading sessions. Going forward, the Rules will delineate these sessions as distinct sub-parts of the Day Session.<sup>23</sup> During the Day Session, all existing requirements, procedures, behaviors and processes, including those governing the Opening and Closing Crosses, halts, routing, order types, attributes, times-in-force, order entry protocols, connectivity, market data, etc., all will persist in their current form, with only minor conforming changes (described below). For example, Order Type availability and behavior in the Pre-Market Hours of 4:00-9:30 AM ET will remain the same going forward as it is now.<sup>24</sup> As another example, limits on Order Type availability in Post-Market trading will continue to apply.<sup>25</sup>

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<sup>20</sup> See Rule Equity 1, Section 1(a)(9) (defining the terms “Market Hours,” “Pre-Market Hours,” and “Post-Market Hours”). To effect this change, the Exchange proposes a non-substantive term to define the term “Pre-Market Hours” as that subset of the Day Session comprising the trading session that begins at 4:00 a.m. and continues until 9:30 a.m. on Business Days. See proposed Rule Equity 1, Section 1(a)(20).

<sup>21</sup> See Rule Equity 1, Section 1(a)(9). To effect this change, the Exchange proposes a non-substantive term to define the term “Regular Market Hours” as that subset of the Day Session comprising the trading session that begins at 9:30 a.m. and continues until 4:00 p.m. or 4:15 p.m. on Business Days. See proposed Rule Equity 1, Section 1(a)(22).

<sup>22</sup> See Rule Equity 1, Section 1(a)(9). To effect this change, the Exchange proposes a non-substantive term to define the term “Post-Market Hours” as that subset of the Day Session comprising the trading session that begins at 4:00 p.m. or 4:15 p.m. and that continues until 8:00 p.m. on Business Days. See proposed Rule Equity 1, Section 1(a)(21).

<sup>23</sup> See proposed Rule Equity 1, Sections 1(a)(18), and (20)-(21).

<sup>24</sup> See proposed Rule 4702.

<sup>25</sup> See proposed Rule 4702. Consistent with the behavior of such order during extended hours, the Exchange proposes to amend Rule 4702(b)(3)(A), that during the Night Session, as is the case during Pre- and Post-Market Hours, a Non-Displayed Order will be posted at its entered limit price without adjustment. See proposed Rule 4702(b)(3)(A). The Exchange further proposes to amend Rule 4702(b)(4) to provide that,



## The “Night” Trading Session

By contrast to the Day trading session, the proposed Night trading session will be an entirely new trading session that will cover a period of the night in the Eastern Time Zone in the United States in which trading on the Exchange does not now occur.<sup>26</sup> In many ways, the Night session will be like the existing Post-Market Hours and Pre-Market Hours trading sessions in that it will feature limited functionality to reflect the inapplicability of Reg. NMS and reduced trading activity. The Night Session will also feature a limited number of Order Types and Attributes.

Specifically, the following Order Types will not be available during the Night Session : Supplemental<sup>27</sup>; Market Maker Peg<sup>28</sup>; Market On Open (“MOO”)<sup>29</sup>; Limit on Open (“LOO”)<sup>30</sup>;

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during the Night Session, as is the case today with respect to the Pre- and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Regular Market Hours with respect to locking or crossing Orders on the Nasdaq Book, but will not be cancelled or have its price adjusted with respect to locking or crossing the quotations of other market centers. See proposed Rule 4702(b)(4). The Exchange believes this proposed change is appropriate because the Night Session is effectively an extension of the Exchange’s current extended hours, and this proposed change conforms the behavior of this order during the current extended hours through the hours of operation of the Night Session, as proposed.

<sup>26</sup> See proposed Rule 1 Equity, Section 1(a)(19).

<sup>27</sup> A “Supplemental Order” is an Order Type with a Non-Display Order Attribute that is held on the Nasdaq Book in order to provide liquidity at the NBBO through a special execution process described in Rule 4757(a)(1)(D). A Supplemental Order may be entered at any time during Pre-Market Hours, or Regular Market Hours, but is available for potential execution only during Market Hours. Any Supplemental Orders still on the Nasdaq Book at the conclusion of Market Hours will be cancelled. See Rule 4702(b)(6).

<sup>28</sup> A “Market Maker Peg Order” is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Rule Equity 2, Section 5(a)(2). The Exchange is proposing to provide Market Maker Peg Orders are not available during the Night Session, and, further, that Market Maker Peg Orders designated for the Night Session will be cancelled. See proposed Rule 4702(b)(7)(A).

<sup>29</sup> A “Market On Open Order” or “MOO Order” is an Order Type entered without a price that may be executed only during the Nasdaq Opening Cross. Subject to the qualifications provided in Rule 4702(b)(8), MOO Orders may be entered between 4 a.m. ET and immediately prior to 9:28 a.m. ET. An MOO Order will execute only at the price determined by the Nasdaq Opening Cross. See Rule 4702(b)(8).

<sup>30</sup> A “Limit On Open Order” or “LOO Order” is an Order Type entered with a price that may be executed only in the Nasdaq Opening Cross, and only if the price determined by the Nasdaq Opening Cross is equal to or better than the price at which the LOO Order was entered. Subject to the qualifications provided in Rule 4702(b)(9), LOO Orders may be entered between 4 a.m. ET and immediately prior to 9:28 a.m. See Rule 4702(b)(9).

Opening Imbalance Only (“OIO Order”)<sup>31</sup>; Market on Close (“MOC Order”)<sup>32</sup>; Limit on Close (“LOC Order”)<sup>33</sup>; Imbalance-Only (“IO Order”).<sup>34</sup> Company Direct Listing<sup>35</sup>; Extended Trading Close<sup>36</sup>; Midpoint Peg Post-Only<sup>37</sup>; Midpoint Extended Life Order (“M-ELO”)<sup>38</sup>; and Midpoint Extended Life Order Plus Continuous Book (“M-ELO+CB Order”).<sup>39</sup>

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<sup>31</sup> An “Opening Imbalance Only Order” or “OIO Order” is an Order Type entered with a price that may be executed only in the Nasdaq Opening Cross and only against MOO Orders, LOO Orders, or Early Market Hours Orders (as defined in Rule 4752). OIO Orders may be entered between 4:00 a.m. ET until the time of execution of the Nasdaq Opening Cross, but may not be cancelled or modified at or after 9:25 a.m. ET. See Rule 4702(b)(10)(A).

<sup>32</sup> A “Market On Close Order” or “MOC Order” is an Order Type entered without a price that may be executed only during the Nasdaq Closing Cross. Subject to the qualifications provided in Rule 4702(b)(11)), MOC Orders may be entered between 4 a.m. ET and immediately prior to 3:55 p.m. See Rule 4702(b)(11).

<sup>33</sup> A “Limit On Close Order” or “LOC Order” is an Order Type entered with a price that may be executed only in the Nasdaq Closing Cross and only if the price determined by the Nasdaq Closing Cross is equal to or better than the price at which the LOC Order was entered, subject to qualifications set out in Rule 4702(b)(12). Subject to qualifications set out in the Rule, LOC Orders may be entered, cancelled, and/or modified between 4 a.m. ET and immediately prior to 3:50 p.m. ET. . See Rule 4702(b)(12).

<sup>34</sup> An “Imbalance Only Order” or “IO Order” is an Order entered with a price that may be executed only in the Nasdaq Closing Cross and only against MOC Orders or LOC Orders. IO Orders may be entered between 4:00 a.m. ET until the time of execution of the Nasdaq Closing Cross. See Rule 4702(b)(13).

<sup>35</sup> A “Company Direct Listing Order” or “CDL Order” is a “market order” entered without a price that may be executed only in the Nasdaq Halt Cross for a Direct Listing with a Capital Raise (as defined in Listing Rule IM-5315-2). See Rule 4702(b)(16). The Exchange proposes to amend Rule 4702(b)(16)(A) to provide that CDL Orders are not eligible to participate in the Night Session, and, further, that CDL Orders designated for the Night Session will be rejected. See proposed Rule 4702(b)(16)(A).

<sup>36</sup> An “Extended Trading Close” or “ETC” Order is an Order Type applicable to Nasdaq-listed securities that may be executed only during the Extended Trading Close and only at the Nasdaq Official Closing Price, as determined by the Nasdaq Closing Cross. See Rule 4702(b)(17). The Exchange proposes to amend Rule 4702(b)(17) to provide that ETC Orders are not eligible to participate in the Night Session, and that ETC Orders designated for the Night Session will be rejected. See proposed Rule 4702(b)(17)(A).

<sup>37</sup> A “Midpoint Peg Post-Only Order” (“MPPO”) is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will execute upon entry only in circumstances where economically beneficial to the party entering the Order. The Midpoint Peg Post-Only Order is available during Market Hours only. See Rule 4702(b)(5).

<sup>38</sup> A “Midpoint Extended Life Order” is an Order Type with a Non-Display Order Attribute that is priced at the midpoint between the NBBO and that will not be eligible to execute until a minimum time period has passed after acceptance of the order by the System. Eligible Midpoint Extended Life Orders may only execute against other eligible Midpoint Extended Life Orders and M-ELO+CB Orders. See Rule 4702(b)(14). The Exchange proposes to amend subparagraph (A) of Rule 4702(b)(14) to provide that Midpoint Extended Life Orders are not eligible to participate in the Night Session, and that Midpoint Extended Life Orders designated for the Night Session will be rejected. See proposed Rule 4702(b)(14)(A).

<sup>39</sup> A “Midpoint Extended Life Order Plus Continuous Book” or “M-ELO+CB” is an Order Type that has all of the characteristics and attributes of a Midpoint Extended Life Order, except that a M-ELO+CB that satisfies a specified holding period is eligible to execute (at the midpoint of the NBBO) against other

As proposed, orders for the Night Session may be entered into the System (or previously entered orders cancelled or modified) from 9:00 PM ET until 4:00 AM ET in accordance with the hours of operation for the Night Session.<sup>40</sup>

Similarly, the following Order Attributes will not be available during the Night Session: Primary Pegging<sup>41</sup>; Market Pegging<sup>42</sup>; Midpoint Pegging<sup>43</sup>; and Discretion (Pegging)<sup>44</sup>. With

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eligible M-ELO+CBs, eligible Midpoint Extended Life Orders, and as described in the rule, Non-Displayed Orders with Midpoint Pegging resting on the Exchange's Continuous Book. See Rule 4702(b)(15). The Exchange proposes to amend subparagraph (A) of Rule 4702(b)(15) to provide that M-ELO+CB orders are not eligible to participate in the Night Session, and that M-ELO+CB orders designated for the Night Session will be rejected. See proposed Rule 4702(b)(15)(A).

<sup>40</sup> To effect this change, the Exchange proposes to provide in Rule 4756(a)(3) that orders for the Night Session may be entered into the System (or previously entered Orders cancelled or modified) from 9 p.m. until 4:00 a.m. ET in accordance with the hours of operation for the Night Session. See proposed Rule 4756(b). The Exchange further proposes to provide in Rule 4120(a)(10)(C) that the Exchange will begin accepting orders for the Night Session at 9:00 PM ET in accordance with Rule 4756 and will trade thereafter through the Night Session. Similarly, and with respect to entry of quotes by Nasdaq Market Makers, the Exchange proposes to provide that during the Night Session, Nasdaq Market Makers and Nasdaq ECNs can enter quotes into the System from 9:00 PM ET to 4:00 AM ET. See proposed Rules 4756(a)(10)(C), 4756(b).

<sup>41</sup> See Rule 4703(d). Pegging is an Order Attribute that allows an Order to have its price automatically set with reference to the National Best Bid and Offer; provided, however, that if Nasdaq is the sole market center at the Best Bid or Best Offer (as applicable), then the price of any Displayed Order with Primary Pegging will be set with reference to the highest bid or lowest offer disseminated by a market center other than Nasdaq. Pegging is available only during Market Hours. Nasdaq offers three varieties of Pegging: Primary Pegging, Market Pegging, and Midpoint Pegging. Primary Pegging means Pegging with reference to the Inside Quotation on the same side of the market. See id.

<sup>42</sup> Market Pegging means Pegging with reference to the Inside Quotation on the opposite side of the market. Pegging is available only during Market Hours. See Rule 4703(d).

<sup>43</sup> See Rule 4703(d). Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer. Pegging is available only during Market Hours. See id.

<sup>44</sup> Discretion is an Order Attribute under which an Order has a non-displayed discretionary price range within which the entering Participant is willing to trade; such an Order may be referred to as a "Discretionary Order." The Discretion Order Attribute may be combined with the Pegging Order Attribute, in which case either the price of the Order or the discretionary price range or both may be pegged in the ways described in Rule 4702(d) with respect to the Pegging Order Attribute. As discussed above, however, and consistent with its proposal with respect to the Pegging order attribute during the Night Session, the Exchange proposes to provide that during the Night Session, the Discretion attribute may not be combined with the Pegging Order attribute. See proposed Rule 4703(g) (providing that the Discretion order attribute is available during the Night Session, provided however, that during the Night Session, the Discretion order attribute may not be combined with the Pegging Order attribute, and further, that orders designated for the Night Session that combine the Discretion attribute with a Pegging attribute will be rejected).

respect to Time-in-Force<sup>45</sup> order attributes, orders entered during the Night Session that are designated to deactivate after 4:00 AM ET will deactivate at the conclusion of the Night Session at 4:00 AM ET.<sup>46</sup>

However, the Night session will differ from Post-Market Hours and Pre-Market Hours trading in several respects. Below is a summary of the key functionality of the Night session as it will be available at its launch date. Note that the Exchange plans to introduce additional functionality to the Night Session in the future, some of which is also described below.

- Connectivity: The Exchange will require market participants to use ports specifically designated for use during the Night session.<sup>47</sup> Market participants that have already purchased ports from the Exchange may continue using them to trade during the Day Session, but if participants wish to trade during the Night session, then they will need to use a separate Night Session port to do so.<sup>48</sup> The Exchange proposes this requirement to use Night session ports because the Exchange will run a distinct

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<sup>45</sup> The “Time-in-Force” assigned to an Order means the period of time that the Nasdaq Market Center will hold the Order for potential execution. Participants specify an Order’s Time-in-Force by designating a time at which the Order will become active and a time at which the Order will cease to be active. See Rule 4702.

<sup>46</sup> To effect this change, the Exchange proposes to provide in Rule 4703(a) that available times for deactivating orders include a specified time identified by the Participant; provided, however, that an Order Specifying an expire time after 4:00 AM ET will expire at the conclusion of the Night Session at 4:00 AM ET. See proposed Rule 4703(a). The Exchange further proposes to provide that an order that is designated to deactivate at 8:00 p.m. may be referred to as having a Time in Force of “System Hours Day” or “SDAY”; provided, however, that an Order designated for participation in the Night Session having a Time in Force of “System Hours Day” or “SDAY” will deactivate at 4:00 AM ET. See proposed Rule 4703(a)(2). The Exchange believes these proposed changes would enhance transparency with respect to the operation of the Exchange rules consistent with the protection of investors and the public interest because the Exchange is proposing to cancel all orders outstanding in the system at the conclusion of the Night Session, and, therefore, orders with a time in force extending beyond the hours of operation for the Night Session would be cancelled.

<sup>47</sup> See proposed Rule 4702(a) (providing that, to trade in the Night Session, market participants will be required to use ports specifically designated for use during the Night Session, and that ports used for the Day Session will not connect market participants to trading systems for the Night Session). The Exchange further proposes to provide that the following protocols will be available during the Night Session: OUCH 5, Core FIX, and FIX. See proposed Rule 4702(a).

<sup>48</sup> See id.

instance of its Trading System during the Night session, and ports used for Day session will only be capable of connecting to the instance of the Trading System used to operate the Day session. Day ports will be operational from 4:00AM ET through 8:00 PM ET, and Night ports will be operational from 9:00 PM ET through the following day at 4:00 AM ET.<sup>49</sup>

- Times-in-Force: As noted above, the Exchange will employ the Time-in-Force Order Attribute during the Night session as it does now during the Day session, with two changes designed to reflect the Exchange’s proposed hours of operations. First, the Exchange proposes to (1) amend Rule Equity 1, Section 1(a)(9) to update the definition of the term “System Hours”—which is currently defined as the hours of 4:00 AM ET through 8:00 PM ET— to reflect the Exchange’s proposed hours of operation,<sup>50</sup> and (2) amend Rule 4703(a) to provide that when an Order may be deactivated at the end of “System Hours,” the term “System Hours” refers to the period from 9:00 PM ET to the following calendar day at 8:00 PM ET, in accordance with the definition of “System Hours” in Rule Equity 1, Section 1(a)(9).<sup>51</sup>

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<sup>49</sup> To effect this change, the Exchange proposes to provide that Night Session ports will be operational from 9:00 p.m. ET through the following day at 4:00 a.m. ET in accordance with the definition of Night Session and that Day ports will be operational from 4:00 a.m.ET through 8:00 p.m. ET on Business Days. See proposed Rule 4702(a).

<sup>50</sup> See proposed Rule 1, Equity 1, Section 1(a)(9). As proposed, the term “System Hours” would mean the 23-hour time period beginning at 9:00 p.m. ET on one calendar day and ending at 8:00 p.m. ET (or such earlier time as may be designated by Nasdaq on a day when Nasdaq closes early) on the next calendar day for the period from Sunday at 9:00 p.m. ET through Friday at 8:00 p.m. ET in accordance with definitions of Day Session (including the Pre-Market Hours, Regular Market Hours, Post-Market Hours) and Night Session. The Exchange further proposes to modify Equity 1, Section 1(a)(9) to delete the definitions of “Market Hours,” “Pre-Market Hours” and “Post-Market Hours,” as the Exchange is proposing to define each such term separately elsewhere in Rule Equity 1, Section 1.

<sup>51</sup> See proposed Rule 4703(a). As proposed, the Exchange would provide that the available times for deactivating an order include, among others, at the end of System Hours, in accordance with the definition of “System Hours” in Rule Equity 1, Section 1(a)(9). See proposed Rule 4703(a).

- Trading Halts: The Exchange will address trading halts, including for certain corporate actions, in either an amendment to this rule filing or in a discrete rule filing prior to the implementation of 23/5 trading on Nasdaq.<sup>52</sup>
- Volatility Moderation Mechanisms: As of the date of submission of this rule filing, Nasdaq has yet to determine which, if any, market volatility moderation mechanisms it will employ during the Night Session. Today, during the Post-Market trading session, the Exchange does not employ industry-wide mechanisms that apply only during Regular Market trading hours, including Limit-Up-Limit Down and Market-wide Circuit Breakers.<sup>53</sup> Nevertheless, the Exchange and its peers, through the UTP Plan Operating Committee, are discussing whether to employ these mechanisms or a similar industry-wide protection mechanism. Accordingly, Nasdaq intends to address this topic either in an amendment to this rule filing, or in a separate rule filing.
- Surveillance: During the Night session, the Exchange will have a dedicated team to conduct real-time surveillance, process Clearly Erroneous<sup>54</sup> filings, and as needed,

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<sup>52</sup> Consistent with the approved rules of another national securities exchange, and specifically, 24X Rule 11.15(c)(5), the Exchange proposes to provide in Rule 4120(a)(10)(D) that during the Night Session, if the primary listing market determines to halt trading, or delay commencement of trading, in one of its listed securities in accordance with such primary listing market's rules (e.g., with regard to material corporate actions with respect to a particular security (i.e., corporate actions that may affect a stock price, stock additions and subtractions, and similar actions) or material news announcements), the Exchange will halt trading, or delay the commencement of, trading (as applicable), in such security until trading resumes on the primary listing market for the security. Further, the Exchange proposes to provide that if trading in a security is halted by the primary listing market before the commencement of the Night Session and continuing into the Night Session, or during the Night Session, the Exchange will halt trading in the security until trading resumes on the primary listing market for the security. See proposed Rule 4120(a)(10)(D); 24X Rule 11.15(c)(5). The Exchange also proposes a technical, non-substantive conforming change to renumber subparagraphs (10)-(15) of current Rule 4120(a) as subparagraphs (11)-(16).

<sup>53</sup> Nasdaq will implement such industry-wide protections if the industry or the Commission determines to add them to overnight trading sessions, pursuant to industry plans or otherwise.

<sup>54</sup> To effect this change, the Exchange proposes to amend Equity 1, Rule 11890 ("Clearly Erroneous Transactions") to incorporate the Night Session as appropriate throughout the various provisions in the rule. Specifically, the Exchange proposes to insert references to the Night Session in the following provisions: romanette (iii) of Rule 11890(a)(2)(A) (with respect to filing time periods); subparagraph (2) of Rule

implement trading halts. Real-time surveillance for the Night session will be similar to real-time surveillance in other sessions today. Real-time surveillance includes monitoring for unusual activity, the detection of potential manipulation and other market abuse, as well as coordination with Nasdaq departments and member firm representatives as necessary to monitor and or resolve unexpected matters. The Exchange will utilize the Nasdaq Market Surveillance system to electronically monitor and alert trading anomalies. The Clearly Erroneous process and trading halts for listed securities will be handled by the Exchange surveillance staff, similar to all other sessions, and in accordance with the rules applicable to Clearly Erroneous filings and Trading Halts.

- Market Data: The Exchange proposes to disseminate the same market data information during the Night session as are available during the Day session.
- Risk Disclosures: In accordance with Equity 2, Section 20, the Exchange proposes to supplement its current customer disclosures concerning risks associated with trading during Pre-Market Hours and Post-Market Hours to add six additional potential risks associated with trading during the Night Session based on the approved rules of 24X and NYSE Arca.<sup>55</sup> As proposed, the Exchange would require that its members make

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11890(C), including the table under romanette (i) (with respect to eligibility for review) and romanettes (ii) and (iii) thereunder; subparagraph (3) of Rule 11890(a)(3)(D)(3) (with respect to trades on the Nasdaq Bond Exchange); and romanette (i) of Rule 11890(b) (with respect to procedures for reviewing transactions on Nasdaq's own motion). The Exchange believes this proposed change is appropriate because the use of clearly erroneous executions rules to address volatility during the Night Session is consistent with (1) Nasdaq's regulatory framework for addressing volatility during its extended hours sessions when other regulatory protections are not in effect, (2) the regulatory framework applied to other national securities exchanges, and (3) the approved rules of 24X. See e.g., CboeBZX Rule 11.17; Nasdaq Equity 11, Rule 11890; NYSE Arca Rule 7.10-E; 24X Rule 11.14.

<sup>55</sup> See, e.g., 24X Approval Order, supra note **Error! Bookmark not defined.**; 24X Rule 3.21 ("Customer Disclosures"); NYSE Arca Approval Order, supra note **Error! Bookmark not defined.**; NYSE Arca Rule 7.34-E(T) ("Trading Sessions").

- certain disclosures to investors concerning risks associated with trading during Pre-Market Hours, Post-Market and the Night Session.<sup>56</sup> These proposed disclosures will enhance transparency by warning customers that trading during these extended hours involves material trading risks, as outlined in the proposed rules.<sup>57</sup>
- Equity Data Plans: Consistent with the approved rules of 24X and NYSE Arca,<sup>58</sup> the Exchange proposes to provide that the Exchange would not commence operation of the Night Session unless the Equity Data Plans (as proposed to be defined in Rule Equity 1, Section 1(a)(16))<sup>59</sup> have established a mechanism to collect, consolidate, process and disseminate quotation and transaction information at all times during Extended Trading Hours that is equivalent to the mechanism established for Regular Market Hours, and (2) have provided the Exchange with notification that they are prepared to collect, consolidate, process and disseminate quotation and transaction information to accommodate the Night Session.<sup>60</sup>

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<sup>56</sup> See proposed Rule Equity 2, Section 20 (8)(A)-(F) (providing, in part, that trading during the Night Session may present risks, including (1) the risk of trading during hours in which the primary listing market may not be open, (2) the risk of trading during hours in which there may be limited or different regulatory protections, (3) the risk of having limited trading alternatives, (4) risks related to continuous trading, (5) risks of trading during hours in which financial market infrastructure companies may be closed), and (6) unforeseen risks beyond those enumerated in the proposed rules).

<sup>57</sup> See proposed Rule Equity 2, Section 20.

<sup>58</sup> See 24X Rule 1.5(c); NYSE Arca Rule 7.34-E.

<sup>59</sup> As proposed, the term “Equity Data Plans” means the effective national market system plans that govern the collection, consolidation, processing and dissemination of equity market data for NMS stocks and oversee the exclusive securities information processors (“SIPs”), including (1) the Consolidated Tape Association Plan (“CTA Plan”), (2) the Consolidated Quotation Plan (“CQ Plan”), (3) the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq- Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis (“UTP Plan”), (4) the CT Plan established by the Limited Liability Company Agreement of CT Plan LLC, and (5) any successor thereto to the named Plans. See proposed Rule Equity 1, Section 1(a)(16).

<sup>60</sup> Also consistent with the approved rules of 24X and NYSE Arca, the Exchange further proposes to provide that, prior to commencing operation during the Night Session, the Exchange will file a proposed rule change pursuant to Section 19(b) of the Exchange Act and the rules thereunder to amend its rules confirming that the Exchange is able to comply with its obligations under the Exchange Act and the rules



### **Transition from Night to Day Session**

The following describes proposed procedures for the Exchange to transition from a Night session to a Day session at 4:00AM ET each weekday. At the conclusion of the Night Session at 4:00 AM ET, all orders outstanding on the Nasdaq Book as of 4:00 AM ET will be canceled.<sup>61</sup> The Exchange currently begins accepting new orders for the Pre-Market Session at 4:00 AM ET,<sup>62</sup> and, as proposed, this would remain unchanged.

### **Weekday 8:00-9:00 PM ET Trading Pause**

As proposed, upon conclusion of the Day session on each weekday, at 8:00 PM ET, trading on the Exchange will pause for one hour.<sup>63</sup> It will resume with commencement of the Night session at 9:00 PM ET.<sup>64</sup> All orders outstanding on the Nasdaq Book as of 8:00 PM ET will be canceled.<sup>65</sup> The Exchange will begin accepting new orders at 9:00 PM, Sunday through

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thereunder during the Night Session and that such Equity Data Plans are prepared to collect, consolidate, process and disseminate quotation and transaction information at all times during the Night Session (“Night Session Proposed Rule Change”). If the Night Session Proposed Rule Change is not filed within 18 months of the Commission’s approval of this proposed rule change, the Exchange will promptly file a proposed rule change to remove the rules that apply to the Night Session. See, e.g., proposed Rule Equity 1, Section 1(a)(19); 24X Rule 1.5(c); NYSE Arca Rule 7.34-E.

<sup>61</sup> To effect this change, the Exchange proposes to provide in proposed Rule 4120(a)(10)(C) that at the conclusion of the Night Session at 4:00 AM ET, all orders outstanding in the Nasdaq Book as of 4:00 AM ET shall be cancelled. See proposed Rule 4120(a)(10)(C).

<sup>62</sup> See Rule 4752(b).

<sup>63</sup> See proposed Rule 4120(a)(10). To effect this change, the Exchange proposes to provide in proposed Rule 4120(a)(10) that the Exchange shall halt trading at the conclusion of the Day Session at 8:00 p.m. ET and resume trading with the commencement of the Night Session at 9:00 p.m. ET, on Monday, Tuesday, Wednesday and Thursday, in accordance with Rule Equity 1, Sections 1(a)(18)-(19) of these rules. As further proposed, weekday trading would commence with a Night Session beginning at 9:00 p.m. ET, on Sunday. See proposed Rule 4120(a)(10).

<sup>64</sup> See proposed Rule 4120(a)10. Consistent with the approved rules of another national security exchange, and specifically 24X Rule 11.15(c)(4), the Exchange proposes to provide that the Exchange may pause trading during the Night Session at such other times as the Exchange in the exercise of its regulatory functions may determine is appropriate, and that the Exchange will announce in advance when such trading will pause and when it will resume pursuant to this paragraph. See, e.g., proposed Rule 4120(a)(10)(A); 24X Rule 11.15(c)(4).

<sup>65</sup> See proposed Rule 4120(a)(10)(B). To effect this change, the Exchange proposes to provide in proposed Rule 4120(a)(10)(B) that orders outstanding on the Nasdaq Book as of 8:00 PM ET shall be cancelled. See id.

Thursday and will trade thereafter throughout the Night Session.<sup>66</sup> Trades occurring at or after the commencement of a Night Session and before midnight will be assigned a trade date of the following day.<sup>67</sup> At the conclusion of the Night Session at 4:00 AM ET, all orders outstanding in the Nasdaq Book as of 4:00 AM ET will be cancelled.<sup>68</sup>

The proposed daily pause in trading will help delineate when a trade date session/value date rolls from T to T+1. A trade submitted to the Exchange prior to 8:00 PM ET on a given day will have a trade date of that same day. However, a trade submitted to the Exchange at or after 9:00 PM ET on a given weekday will have a trade date of the following calendar day.<sup>69</sup> For example, a trade submitted at 9:30 PM ET on Monday, October 10th will be assigned a trade date of October 11<sup>th</sup>. Assuming that clearing and settlement continues to occur on a T+1 basis, then in this example, this trade would clear and settle by Wednesday, October 12<sup>th</sup>.

The trading pause will mitigate systemic risk to the markets and promote resiliency by providing time for both the Exchange and market participants to conduct maintenance and testing. During the pause, for example, the Exchange will shift its operations to a second instance of its System that will run the Night session.

Finally, the trading pause will allow the Exchange to process, or to begin processing any corporate actions that may be pending for the next trading day, including stock splits, dividends,

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<sup>66</sup> See proposed Rule 4120(a)(10)(C). To effect this change, the Exchange proposes to provide that the Exchange will begin accepting orders for the Night Session at 9:00 PM ET in accordance with Rule 4756 and will trade thereafter throughout the Night Session. As further proposed, trades occurring at or after the commencement of the Night Session and before midnight will be assigned a trade date of the following day. See *id.* As discussed above, the Exchange is also proposing to provide in Rule 4756(a)(3) that Orders for the Night Session may be entered into the System (or previously entered Orders cancelled or modified) from 9 p.m. until 4:00 a.m. ET in accordance with the hours of operation for the Night Session. See proposed Rule 4756(a)(3).

<sup>67</sup> See proposed Rule 4120(a)(10)(C).

<sup>68</sup> See proposed Rule 4120(a)(10)(C) (proposing to provide, in part, that at the conclusion of the Night Session at 4:00 AM ET, all orders outstanding in the Nasdaq Book as of 4:00 AM ET shall be cancelled).

<sup>69</sup> See proposed Rule 4120(a)(10)(C).

name changes, and distributions. The Exchange notes that certain corporate actions will likely require halts beyond the trading pause. For example, dividends must be paid on particular calendar days, which will not, going forward, always coincide with the commencement of new trading days on Nasdaq at 9:00PM ET. Accordingly, Nasdaq will likely need to halt trading in such securities until sometime during the next calendar date. As with market protections and halts, the processing of corporate actions has industry-wide implications and Nasdaq intends to coordinate with other exchanges to establish a harmonized approach. As such, Nasdaq intends to address its treatment of corporate actions during and after the Trading Pause in either an amendment to this rule filing or in a discrete rule filing prior to the launch of 23/5 trading on Nasdaq.

#### Related Proposed Rule Changes

As discussed above, the Exchange proposes to trade equity securities and ETPs on a 23/5 basis. To effect this change with respect to certain ETPs, the Exchange proposes to amend certain rules under the Nasdaq 5700 Series as follows. The Exchange proposes to provide that, in addition to the Regular Market Hours and the Pre-and Post-Market Hours, as it does today, Nasdaq may designate the following for trading during the Night Session: Exchange Traded Fund Shares,<sup>70</sup> Portfolio Depositary Receipts listed pursuant to Rules 5705(a)(4) and (5),<sup>71</sup> and

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<sup>70</sup> See proposed Rule 5704(b)(1)(C). To effect this change, the Exchange proposes to insert the words “or Night Session, as such terms are defined in Rule 4120” immediately following the description of the Pre- and Post-Market Hours sessions in Rule 5704(b)(1)(C). The Exchange also proposes to make related conforming changes to remove obsolete language describing the current trading sessions and substitute therefor for the proposed terms for each such trading session. See proposed Rule 5704(b)(1)(C).

<sup>71</sup> See proposed Rule 5705(a)(7). To effect this change, the Exchange proposes to insert the words “or Night Session, as such terms are defined in Rule 4120” immediately following the description of the Pre- and Post-Market Hours sessions in Rule 5705(a)(7) and make related conforming changes to remove obsolete language describing the current trading sessions and substitute therefor for the proposed terms for each such trading session. See proposed Rule 5705(a)(7).

Index Fund Shares.<sup>72</sup> The Exchange believes this proposed change would remove impediments to and perfect the mechanism of a free and open market, and in general, protect investors and the public interest because the Exchange has rules in place to facilitate the trading of such ETPs during all trading sessions and may designate such ETPs for trading during all extended hours sessions, of which the proposed Night Session would constitute part.

### **Impact on Exchange Fees**

The Exchange will address any impact of the rule proposal on its schedule of credits and fees, and its incentive programs, in a subsequent rule filing.

### **Clarifying, Conforming and Other Non-Substantive Changes**

The Exchange proposes to amend current Equity 1, Section 1 to add three clarifying definitions. First, the Exchange proposes to define “Equity Data Plans” to mean the effective national market system plans that govern the collection, consolidation, processing and dissemination of equity market data for NMS stocks and oversee the exclusive securities information processors (“SIPs”), including (1) the Consolidated Tape Association Plan (“CTA Plan”), (2) the Consolidated Quotation Plan (“CQ Plan”), (3) the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq- Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis (“UTP Plan”), (4) the CT Plan established by the Limited Liability Company Agreement of CT Plan LLC, and (5) any successor thereto to the named Plans.<sup>73</sup>

Second, the Exchange proposes to define “Business Day” to mean any Sunday from 9:00 PM ET

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<sup>72</sup> See proposed Rule 5705(b)(7). To effect this change, the Exchange proposes to insert the words “or Night Session, as such terms are defined in Rule 4120” immediately following the description of the Pre- and Post-Market Hours sessions in Rule 5705(b)(7) and make related conforming changes to remove obsolete language describing the current trading sessions and substitute therefor for the proposed terms for each such trading session. See proposed Rule 5705(b)(7).

<sup>73</sup> See proposed Rule Equity 1, Section 1(a)(16).

through Monday, Tuesday, Wednesday, Thursday or Friday other than any of the following U.S. holidays if they are celebrated on a Monday, Tuesday, Wednesday, Thursday or Friday: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day Eastern Time, or such other U.S. holiday(s) as published by the Exchange from time to time.<sup>74</sup> Finally, the Exchange proposes to define “Extended Hours” to mean that, unless otherwise specified in Exchange rules, the term means the hours outside of Regular Market Hours and specifically comprising the hours during which Pre-Market Hours, Post-Market Hours, and Night Session are in operation.<sup>75</sup>

The Exchange also proposes the following conforming, non-substantive changes.

- The Exchange proposes to amend the following rules to replace references to “Market Hours,” “regular market hours,” and similar references used to designate the trading session operating from 9:30 AM ET through 4:00 PM ET with the proposed term “Regular Market Hours,” and make related conforming changes: Rule Equity 1, Section 1(a)(9); Rule Equity 2, Section 20; and Rules 4120, 4702; 4703; 4752; 4753; 4754; IM-5250-1, 5704, 5705, 5710, 5711, 5713, 5745, 5760, 5810(b), 5840, and 11890.
- The Exchange proposes to amend the following rules to replace references to terms such as “Pre-Market Session,” “Early Market Hours,” and similar terms used to designate the pre-market trading session operating from 4:00 AM ET through 9:30 AM ET with the defined term “Pre-Market Hours” and make related conforming changes: Rule Equity 2, Section 20, and Rules 4120, 4702, 4703, 4753, 5704, 5705, and 11890.

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<sup>74</sup> See proposed Rule Equity 1, Section 1(a)(17).

<sup>75</sup> See proposed Equity 1, Section 1(a)(23).

- The Exchange proposes to amend the following rules to replace references to terms such as “Post-Market Session,” “Extended Market Hours,” and similar terms used to designate the trading session operating from 4:00 PM ET through 8:00 PM ET, with the term “Post-Market Hours” and make related conforming changes: Rule Equity 2, Section 20, and Rules 4120, 4702, 4703, 4753, 5704, 5705, and 11890.
- The Exchange proposes to amend the following rules to replace references to “extended hours” with the term “Extended Hours,” as defined in Rule 1, Equity Section 1(a)(23): Rule Equity 2, Section 20, and Rule 4703.
- The Exchange would also make certain conforming changes as follows. First, the Exchange proposes to delete the obsolete reference to “4:00 a.m. to 8 p.m. Eastern Time on each business day” in Rule Equity 2, Section 8, and substitute therefor [sic] the term “System Hours,”<sup>76</sup> so as to update and align this rule with the proposed hours of operation for the Exchange. The Exchange proposes to make non-substantive changes to Rule 4120 as follows. The Exchange proposes to amend subparagraph (B) of Rule 4120(b)(4) to (1) to conform the current terms “Pre-Market Session,” “Post-Market Session,” and “Market Hours” to the proposed terms “Pre-Market Hours,” “Post-Market Hours,” and “Regular Market Hours,” as proposed Rule Equity 1, Sections 1(a)(20)-(22), respectively.<sup>77</sup> The Exchange further proposes to add in new subparagraphs (F)-(G) of Rule 4120(b)(4) that the terms “Day Session” and “Night Session” shall have the same meaning as defined in Rule Equity 1, Sections 1(a)(18) and (19), respectively. Consistent with how the Exchange operates during the Post-Market Hours, the

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<sup>76</sup> See, e.g., proposed Rule Equity 2, Section 8; proposed Rule Equity 1, Section 1(a)(9) (defining the term “System Hours”). To effect this change, the Exchange proposes to delete, from Rule Equity 2, Section 8, the words “from 4:00 a.m. to 8:00 p.m. Eastern. Time on each business day” and substitute therefor the words “during System Hours.” See proposed Rule Equity 2, Section 8.

<sup>77</sup> See proposed Rule 4120(b)(4)(B)-(D).

Exchange also proposes to provide in Rule 4120(a)(3)(A), that if an applicable Required Value<sup>78</sup> continues not to be calculated or widely disseminated after the close of the Regular Market Hours, Nasdaq may trade a Derivative Securities Product<sup>79</sup> during the Night Session only if the listing market traded the Derivative Securities Product until the close of its regular trading session without a halt.<sup>80</sup>

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<sup>78</sup> “Required Value” means (i) the value of any index or any commodity-related value underlying a Derivative Securities Product, (ii) the indicative optimized portfolio value, intraday indicative value, or other comparable estimate of the value of a share of a Derivative Securities Product updated regularly during the trading day, (iii) a net asset value in the case of a Derivative Securities Product for which a net asset value is disseminated, and (iv) a Disclosed Portfolio in the case of a Derivative Securities Product that is a series of Managed Fund Shares, as defined in Rule 5735, or Managed Trust Securities, as defined in Rule 5711(j), and a Composition File in the case of a Derivative Securities Product that is a series of NextShares, as defined in Rule 5745. See Rule 4120(b)(4)(E).

<sup>79</sup> See proposed Rule 4120(b)(3)(A). “Derivative Securities Product” means a series of Exchange Traded Fund Shares, Portfolio Depository Receipts, Index Fund Shares, Managed Fund Shares, NextShares, Trust Issued Receipts, or Proxy Portfolio Shares (as defined in Rules 5704, 5705, 5735, 5745, 5720, and 5750 respectively), a series of Commodity-Related Securities (as defined in Equity 10, Section 8), securities representing interests in unit investment trusts or investment companies, Index- Linked Exchangeable Notes, Equity Gold Shares, Trust Certificates, Commodity-Based Trust Shares, Currency Trust Shares, Commodity Index Trust Shares, Commodity Futures Trust Shares, Partnership Units, Trust Units, Managed Trust Securities, or Currency Warrants (as defined in Rule 5711(a) - (k)), or any other UTP Derivative Security (as defined in Rule 5740). See Rule 4120(b)(4)(A).

<sup>80</sup> To effect this change, the Exchange proposes to amend Rule 4120(b)(3)(A) to insert, immediately after “Post-Market Session,” the words “and during the Night Session.” The Exchange also proposes a non-substantive to conform the term “Post Market Session” to the proposed term “Post-Market Hours” by deleting the word “Session” and substituting therefor the word “Hours.” As described below, the Exchange is proposing non-substantive changes to conform terms “Pre-Market Session,” Post-Market Session, and “Market Hours” in each instance such terms are used within Rule 4120 with the proposed terms “Pre-Market Hours,” “Post-Market Hours,” and “Regular Market Hours,” respectively. The Exchange believes that establishing uniform names for its trading sessions, as proposed, is appropriate because consolidating the varying terms for each such session into one defined and uniform term for each such session would facilitate the understanding of and compliance with the Exchange’s rules. See, e.g., proposed Rule 4120; proposed Rule Equity 1, Section 1(a)(20)-(22).

- Finally, the Exchange proposes a technical, non-substantive conforming change to renumber subparagraphs (10)-(15) of Rule 4120(a) as subparagraphs (11)-(16).

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>81</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>82</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.

It is consistent with the Act to permit members of the Exchange to trade securities on an extended basis, for 23 hours per day, 5 days per week. As explained above, investors increasingly trade securities, along with digital assets, on a global basis. Investors located outside of the United States in places like Asia presently cannot trade on Nasdaq during what constitutes their regular trading hours, as the Exchange is closed during that period. Even among U.S.-based investors, demand is growing for exchanges to expand their market hours to accommodate overnight trading. Accordingly, investors seeking access to U.S. equities and ETP markets during overnight and weekend hours must resort to trading on a handful of ATSs that offer round-the-clock trading. Nasdaq's proposal will enable Nasdaq to serve these investors and to compete with ATSs, foreign securities markets. and other markets for their order flow. It will also enable the Exchange to compete with new and incumbent exchanges which the SEC has approved to trade overnight in a similar manner.

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<sup>81</sup> 15 U.S.C. 78f(b).

<sup>82</sup> 15 U.S.C. 78f(b)(5).



The Exchange's proposal to operate on an extended hours basis is largely based on Nasdaq's longstanding rules for extended hours trading, as well as the approved rules of other national securities exchanges also seeking to operate on a 23/5 basis. As proposed, these rules are designed to address potential differences in trading compared to regular trading hours, as well as to enhance transparency and investor protections. For example, the Exchange is proposing to supplement the existing required customer disclosures to require the disclosure of six additional potential risks associated with trading during extended hours, including the proposed Night Session. Such disclosures notify investors of potential risks and allow them to evaluate whether to trade during extended hours. The Exchange would also implement measures to safeguard against trade executions that are clearly erroneous while it works to build industry-wide consensus on proposals for establishing uniform after-hours volatility moderators. Nasdaq would also address corporate actions, conduct real-time surveillance, and implement trading halts consistent with its proposed rules. Finally, trading overnight will be transparent because Nasdaq will not commence operations of the proposed extended hours until the Equity Data Plans are prepared to collect, consolidate, process and disseminate quotation and transaction information at all times during the Night Session. The proposed rules will also foster competition by introducing another trading venue during the overnight hours, as at least two other exchanges have obtained Commission approval for operating on an extended hours basis.

In addition to increasing investor access to the Exchange, the proposal also stands to promote capital formation and facilitate portfolio management.

Finally, the Exchange believes that the proposed conforming and other non-substantive changes would remove impediments to and perfect the mechanism of a free and open market by

reducing potential investor and market participant confusion thereby ensuring that investors and market participants can more easily navigate, understand and comply with the Exchange's rules.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to expand its trading hours to 23 hours a day, 5 days per week are neither intended to nor will they adversely impact competition. If anything, the Exchange expects that the proposed changes will promote competition by providing for the Nasdaq Stock Market to accommodate the growing demand to trade equity securities during overnight hours when the market is presently closed. Unaffiliated exchanges remain free to compete by offering extended hours trading of similar duration.

The Exchange operates in a highly competitive market in which market Participants can readily choose between competing venues if they deem participation in the Exchange's market to no longer be desirable or if they do not wish to trade during the new Night session. In such an environment, the Exchange must carefully consider the impact that any change it proposes may have on market participants, understanding that it will likely lose participants to the extent a change is viewed as unfavorable by them. Because competitors are free to modify the functionality and structure of their markets, including by availing themselves of the same capabilities that are being developed to trade securities and ETPs on a 23/5 basis, the Exchange believes that the degree to which its proposal imposes any burden on competition is limited. Last, to the extent the proposed change is successful in attracting additional market participants or additional activity by existing participants, the Exchange also believes that the proposed change will promote competition among trading venues by making the Exchange a more attractive trading venue.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2025-109 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-2025-109. This file number should be included on the subject line if email 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 (<https://www.sec.gov/rules/sro.shtml>).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2025-109 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>83</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>83</sup> 17 CFR 200.30-3(a)(12).