EXHIBIT 5

The text of the proposed rule change is detailed below; proposed new language is underlined and proposed deletions are in brackets.

THE NASDAQ STOCK MARKET LLC RULES

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EQUITY 4 EQUITY TRADING RULES

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4120. Limit Up-Limit Down Plan and Trading Halts

(a) No change.

(b) Regulatory Halts

(1) Authority to Initiate a Regulatory Halt

(A) – (B) No change.

(C) Mandatory Halts. Nasdaq shall declare a Regulatory Halt:

(i) No change.

(ii) Pursuant to the Limit Up-Limit Down Mechanism.

a. – d. No change.

e. Repricing and Cancellation of Interest. Exchange systems shall reprice and/or cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band. Any interest that is repriced pursuant to this Rule shall receive a new time stamp and new execution priority.

1. No change.

2. Limit-priced Interest. Both displayable and non-displayable incoming limit-priced interest to buy (sell) that is priced above (below) the Upper (Lower) Price Band shall be repriced to the Upper (Lower) Price Band.

a) For limit-priced orders entered via the OUCH or FLITE protocols which are not assigned a Managed Pegging, Discretionary, or Reserve Order Attribute, the order shall

be repriced upon entry only if the Price Bands are such that the price of the limit-priced interest to buy (sell) would be above (below) the Upper (Lower) Price Band. Once slid:

(i) if the Price Bands move such that the price of the order to buy (sell) would be below (above) the lower (upper) Price Band, the order will not be re-priced again. Rather, the order will either remain on the book at the same price or be cancelled back to the entering party, depending on how the entering party has configured its order entry port.

(ii) if the Price Bands move such that the price of the order to buy (sell) would be above (below) the Upper (Lower) Price Band, the order will not be re-priced again. Rather, the order will be cancelled.

(iii) if the Price Bands move such that the price of the order to buy (sell) would be below (above) the upper (lower) Price Band, the order will continue to be repriced either to its original limit price or to the new price bands, whichever is less aggressive.

b) No change.

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4702. Order Types

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(a) No change.

(b) Except where stated otherwise, the following Order Types are available to all Participants:

(1) (A) No change.

(B) If a Price to Comply Order is entered through RASH or FIX, during Market Hours the price of the Price to Comply Order will be adjusted in the following manner after initial entry and posting to the Nasdaq Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the Nasdaq Book):

• If the entered limit price of the Price to Comply Order locked or crossed a Protected Quotation and the NBBO changes, the displayed and non-displayed price of the Price to Comply Order will be adjusted repeatedly in accordance with changes to the NBBO; provided, however, that if the quotation of another

market center moves in a manner that would lock or cross the displayed price of a Price to Comply Order, the prices of the Price to Comply Order will not be adjusted. For example, if a Price to Comply Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the Order will be ranked at a non-displayed price of $11.01. However, if another market center then displays an offer of $11 (thereby locking the previously displayed price of the Price to Comply Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Price to Comply Order will not be changed. The Order may be repriced repeatedly until such time as the Price to Comply Order is able to be ranked and displayed at its original entered limit price ($11.02 in the example). The Price to Comply Order receives a new timestamp each time its price is changed.

• If the original entered limit price of the Price to Comply Order would no longer lock or cross a Protected Quotation, the Price to Comply Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

[•]If a Price to Comply Order is entered through OUCH or FLITE, during Market Hours the price of the Price to Comply Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• If the entered limit price of the Price to Comply Order crossed a Protected Quotation and the NBBO changes so that the Price to Comply Order could be displayed at a price at or closer to its entered limit price without locking or crossing a Protected Quotation, the Price to Comply Order may [either]remain on the Nasdaq Book unchanged, [or may]be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on [its]the Participant's choice; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a Price to Comply Order, the prices of the Price to Comply Order will not be adjusted. For example, if a Price to Comply Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer changes to $11.01, the Order [will not be repriced, but rather]will [either]remain with a displayed price of $10.99 but ranked at a non-displayed price of $11, [or]be cancelled back to the Participant, or repriced to a displayed price of $11 but ranked at a non-displayed price of $11.01, depending on [its]the Participant's choice. A Participant's choice with regard to maintaining the Price to Comply Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders. The Price to Comply Order receives a new timestamp each time its price is changed.

• If the entered limit price of the Price to Comply Order locked a Protected Quotation, the price of the Price to Comply Order will be adjusted after initial

entry only as follows. If the entered limit price would no longer lock a Protected Quotation, the Price to Comply Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice. For example, if a Price to Comply Order to buy at $11 would lock a Protected Offer of $11, the Price to Comply Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer changes to $11.01, the Price to Comply Order may either remain with a displayed price of $10.99 but ranked at a non-displayed price of $11, be cancelled back to the Participant, or be ranked and displayed at $11, depending on the Participant's choice. A Participant's choice with regard to maintaining the Price to Comply Order, cancelling it, or allowing it to be displayed is set in advance for each port through which the Participant enters Orders. The Price to Comply Order receives a new timestamp each time its price is changed.

• If a Participant chooses to have the price of a Price to Comply Order adjusted in response to a change in a Protected Quotation, the Price to Comply Order can be repriced closer to its original entered limit price (i.e., repriced to a more aggressive price). However, if a change in a Protected Quotation would require a Price to Comply Order to be repriced farther away from its original entered limit price (i.e., repriced to a more passive price), the Price to Comply Order will be cancelled, instead.

• If the original entered limit price of the Price to Comply Order [is ranked and displayed at its original entered limit price]would no longer lock or cross a Protected Quotation, the Price to Comply Order will be ranked and displayed at that price and[, it] will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

(C) No change.

(2) (A) No change.

(B) If a Price to Display Order is entered through RASH or FIX, during Regular Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the Nasdaq Book):

• If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes, the price of the Order will be adjusted repeatedly in accordance with changes to the NBBO; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the price of a Price to Display Order, the price of the Price to Display Order will not be adjusted. For example, if a Price to Display Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be displayed

and ranked at $10.99. If the Best Offer then moves to $11.01, the displayed/ranked price will be changed to $11. However, if another market center then displays an offer of $11 (thereby locking the previously displayed price of the Price to Display Order, notwithstanding Rule 610(d) under Regulation NMS), the price of the Price to Display Order will not be changed. The Order may be repriced repeatedly until such time as the Price to Display Order is able to be displayed and ranked at its original entered limit price ($11.02 in the example). The Price to Display Order receives a new timestamp each time its price is changed.

• If the original entered limit price of the Price to Display Order would no longer lock or cross a Protected Quotation, the Price to Display Order will be displayed and ranked at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

If a Price to Display Order is entered through OUCH or FLITE, during Regular Market Hours the Price to Display Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• If the entered limit price of the Price to Display Order locked or crossed a Protected Quotation and the NBBO changes so that the Price to Display Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Price to Display Order may [either]remain on the Nasdaq Book unchanged, [or may]be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the Participant's choice. For example, if a Price to Display Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked and displayed at $10.99. If the Best Offer changes to $11.01, the Price to Display Order [will not be repriced, but rather]will either remain at its current price, [or]be cancelled back to the Participant, or repriced to $11.00, depending on [its]the Participant's choice. The Order may be repriced repeatedly, but only when it can be repriced to a more aggressive price, until such time as the Price to Display Order is able to be displayed and ranked at its original entered limit price ($11.02 in the example). A Participant's choice with regard to maintaining the Price to Display Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders. The Price to Display Order receives a new timestamp each time its price is changed.

• If a Participant chooses to have the price of a Price to Display Order adjusted in response to a change in a Protected Quotation, the Price to Display Order can be repriced closer to its original entered limit price (i.e., repriced to a more aggressive price).

• If the original entered limit price of the Price to Display Order would no longer lock or cross a Protected Quotation, the Price to Display Order will be displayed

and ranked at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

(C) No change.

(3) (A) No change.

(B) If a Non-Displayed Order is entered through RASH or FIX, during Regular Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book (unless the Order is assigned a Routing Order Attribute that would cause it to be routed to another market center rather than remaining on the Nasdaq Book):

• If the original entered limit price of a Non-Displayed Order is higher than the Best Offer (for an Order to buy) or lower than the Best Bid (for an Order to sell) and the NBBO moves toward the original entered limit price of the Non-Displayed Order, the price of the Non-Displayed Order will be adjusted repeatedly in accordance with changes to the NBBO. For example, if a Non-Displayed Order to buy at $11.02 would cross a Protected Offer of $11, the Non-Displayed Order will be priced and posted at $11. If the Best Offer then changes to $11.01, the price of the Non-Displayed Order will be changed to $11.01. The Order may be repriced repeatedly in this manner, receiving a new timestamp each time its price is changed, until the Non-Displayed Order is posted at its original entered limit price. The Non-Displayed Order will not thereafter be repriced under this paragraph (B), except as provided below with respect to crossing a Protected Quotation.

• If, after being posted to the Nasdaq Book, the NBBO changes so that the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be repriced at a price that would lock the new NBBO and receive a new timestamp. For example, if a Non-Displayed Order to buy at $11 would lock a Protected Offer of $11, the Non-Displayed Order will be posted at $11. If the Best Offer then changes to $10.99, the Non-Displayed Order will be repriced at $10.99, receiving a new timestamp. The Non-Displayed Order may be repriced and receive a new timestamp repeatedly.

If a Non-Displayed Order is entered through OUCH or FLITE, during Regular Market Hours the Non-Displayed Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• If the original entered limit price of the Non-Displayed Order locked or crossed a Protected Quotation and the NBBO changes so that the Non-Displayed Order could be posted at a price at or closer to its original entered limit price without crossing a Protected Quotation, the Non-Displayed Order may [either]remain on the Nasdaq Book unchanged, [or may]be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO,

depending on [its]the Participant's choice. For example, if a Non-Displayed Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be priced at $11. If the Best Offer changes to $11.01, the Order [will not be repriced, but rather]will [either]remain at its current $11 price, [or]be cancelled back to the Participant, or repriced to $11.01, depending on [its]the Participant's choice. A Participant's choice with regard to maintaining the Non-Displayed Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders. The Non-Displayed Order receives a new timestamp each time its price is changed.

• If a Participant chooses to have the price of a Non-Displayed Order adjusted in response to a change in a Protected Quotation, the Non-Displayed Order can be repriced closer to its original entered limit price (i.e., repriced to a more aggressive price). However, if a change in a Protected Quotation would require a Non-Displayed Order to be repriced farther away from its original entered limit price (i.e., repriced to a more passive price), the Non-Displayed Order will be cancelled, instead.

• If, after a Non-Displayed Order is posted to the Nasdaq Book, the NBBO changes so that the Non-Displayed Order would cross a Protected Quotation, the Non-Displayed Order will be cancelled back to the Participant. For example, if a Non-Displayed Order to buy at $11 would lock a Protected Offer of $11, the Non-Displayed Order will be posted at $11. If the Best Offer then changes to $10.99, the Non-Displayed Order will be cancelled back to the Participant.

(C) No change.

(4) (A) No change.

(B) If a Post-Only Order is entered through RASH or FIX, during System Hours the Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• If the original entered limit price of the Post-Only Order is not being displayed, the displayed price (and non-displayed price, if any) of the Order will be adjusted repeatedly in accordance with changes to the NBBO or the best price on the Nasdaq Book, as applicable; provided, however, that if the quotation of another market center moves in a manner that would lock or cross the displayed price of a Post-Only Order, the price(s) of the Post-Only Order will not be adjusted. For example, if a Non-Attributable Post-Only Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the non-displayed price at which the Order is ranked will be changed to $11.01. However, if another market center then displays an offer of $11 (thereby locking the previously displayed price of the Post-Only Order notwithstanding Rule 610(d) under Regulation NMS), the

price of the Post-Only Order will not be changed. The Order may be repriced repeatedly until such time as the Post-Only Order is able to be displayed at its original entered limit price ($11.02 in the example). The Post-Only Order receives a new timestamp each time its price is changed.

• If the original entered limit price of the Post-Only Order would no longer lock or cross a Protected Quotation or a displayed Order on the Nasdaq Book, the Post-Only Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

If a Post-Only Order is entered through OUCH or FLITE, the Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• During Regular Market Hours, if the original entered limit price of the Post-Only Order locked or crossed a Protected Quotation, the Post-Only Order may be adjusted after initial entry in the same manner as a Price to Comply Order (or a Price to Display Order, if it is Attributable). Thus, in the case of a Non-Attributable Post-Only Order that crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may [either]remain on the Nasdaq Book unchanged, [or may]be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on [its]the Participant's choice. For example, if a Non-Attributable Post-Only Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the non-displayed price at which the Order is ranked will be changed to $11.01. In the case of a Non-Attributable Post-Only Order that locked a Protected Quotation, if the limit price would no longer lock a Protected Quotation, the Post-Only Order may either remain on the Nasdaq Book unchanged, may be cancelled back to the Participant, or may be ranked and displayed at its original entered limit price, depending on the Participant's choice, and will not thereafter be adjusted under this paragraph (B). If the Post-Only Order is displayed at its original entered limit price, it will receive a new timestamp. Finally, in the case of an Attributable Post-Only Order that locked or crossed a Protected Quotation, if the NBBO changed so that the Post-Only Order could be ranked and displayed at a price at or closer to its original entered limit price without locking or crossing a Protected Quotation, the Post-Only Order may [either]remain on the Nasdaq Book unchanged, [or may]be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the NBBO, depending on the Participant's choice. For example, if an Attributable Post-Only Order to buy at $11.02 would cross a Protected Offer of $11, the Order will be ranked at a non-displayed price of $11 but will be displayed at $10.99. If the Best Offer then moves to $11.01, the displayed price will be changed to $11 and the non-displayed price at which

the Order is ranked will be changed to $11.01. A Participant's choice with regard to adjustment of Post-Only Orders is set in advance for each port through which the Participant enters Orders.

• If during Regular Market Hours a Participant chooses to have the price of a Post-Only Order adjusted in response to a change in a Protected Quotation, the Post-Only Order can be repriced closer to its original entered limit price (i.e., repriced to a more aggressive price). However, if a change in a Protected Quotation would require a Post-Only Order to be repriced farther away from its original entered limit price (i.e., repriced to a more passive price), the Post-Only Order will be cancelled, instead.

• During Regular Market Hours, if the original entered limit price of the Post-Only Order would no longer lock or cross a Protected Quotation, the Post-Only Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

• During System Hours, if the original entered limit price of the Post-Only Order locked or crossed a displayed Order on the Nasdaq Book and the Nasdaq Book changes so that the original entered limit price would no longer lock or cross an Order on the Nasdaq Book, the Post-Only Order may [either]remain on the Nasdaq Book unchanged, [or may]be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the best offer or best bid displayed on the Nasdaq Book, depending on the Participant's choice. For example, if a Post-Only Order to buy at $11 would lock a displayed Order on the Nasdaq Book priced at $11, the Post-Only Order will be ranked and displayed at $10.99. If the Order at $11 is cancelled or executed, the Post-Only Order may either remain with a displayed price of $10.99, [or]be cancelled back to the Participant, or be ranked and displayed at $11, depending on the Participant's choice. A Participant's choice with regard to maintaining the Post-Only Order unchanged, repricing it, or cancelling it is set in advance for each port through which the Participant enters Orders.

• If during System Hours a Participant chooses to have the price of a Post-Only Order adjusted in response to a change in the best bid or best offer displayed on the Nasdaq Book, the Post-Only Order can be repriced closer to its original entered limit price (i.e., repriced to a more aggressive price).

• During System Hours, if the original entered limit price of the Post-Only Order would no longer lock or cross a displayed Order on the Nasdaq Book, the Post-Only Order will be ranked and displayed at that price and will receive a new timestamp, and will not thereafter be adjusted under this paragraph (B).

(C) No change.

(5) (A) No change.

(B) A Managed Midpoint Peg Post-Only Order may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• The price of the Midpoint Peg Post-Only Order will be updated repeatedly to equal the midpoint between the NBBO; provided, however, that the Order will not be priced higher (lower) than the limit price of an Order to buy (sell). In the event that the midpoint between the NBBO becomes higher than (lower than) the limit price of an Order to buy (sell), the price of the Order will stop updating and the Order will post (with a Non-Display Attribute) at its limit price, but will resume updating if the midpoint becomes lower than (higher than) the limit price of an Order to buy (sell). Similarly, if a Midpoint Peg Post-Only Order is on the Nasdaq Book and subsequently the NBBO is crossed, or if there is no NBBO, the Order will be removed from the Nasdaq Book and will be re-entered at the new midpoint once there is a valid NBBO that is not crossed. The Midpoint Peg Post-Only Order receives a new timestamp each time its price is changed.

A Fixed Midpoint Peg Post-Only Order, which is only available through OUCH and FLITE, may be adjusted in the following manner after initial entry and posting to the Nasdaq Book:

• The price at which the Midpoint Peg Post-Only Order is ranked on the Nasdaq Book is the midpoint between the NBBO, unless the Order has a limit price that is lower than the midpoint between the NBBO for an Order to buy (higher than the midpoint between the NBBO for an Order to sell), in which case the Order will be ranked on the Nasdaq Book at its limit price. [The price of the Order will not thereafter be adjusted based on changes to the NBBO.]After a Midpoint Peg Post-Only Order that is entered with a limit price above the Midpoint for an Order to buy (lower than the Midpoint for an Order to sell) is posted to the Nasdaq Book, if the Inside Bid and/or Inside Offer changes such that the Midpoint changes and the Order is no longer at the Midpoint, the Order will either be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the relevant Inside Quotation, depending on the Participant's choice. However, a Fixed Midpoint Peg Post-Only Order will be cancelled back to the Participant after initial entry and posting to the Nasdaq Book if any of the following conditions are met:

• There is no National Best Bid and/or National Best Offer;

• The Order to buy (sell) is entered with a limit price above (below) the Midpoint of the NBBO and is ranked at the Midpoint of the NBBO; thereafter, the NBBO changes so that the Midpoint [changes]becomes lower (higher) and the Order is no longer at the NBBO Midpoint;

• The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint of the NBBO and is ranked at its limit price;

thereafter, the NBBO changes so that the Midpoint of the NBBO is lower (higher) than the limit price of the Order;

• The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint of the NBBO and is ranked at its limit price, thereafter the NBBO becomes crossed, such that the Midpoint of the crossed NBBO remains equal to or higher (lower) than the limit price of the Order, and then a new sell (buy) Order is received at a price that locks or crosses the limit price of the resting Midpoint Peg Post-Only Order; or

• The Order to buy (sell) is entered at a limit price that is greater than (less than) the Midpoint of the NBBO and is therefore ranked at the Midpoint of the NBBO, thereafter the NBBO becomes crossed but the Midpoint does not change, and then a new sell (buy) Order is received at a price that locks or crosses the Midpoint of the NBBO.

(C) The following Order Attributes may be assigned to a Midpoint Peg Post-Only Order:

• Price of more than $1 per share.

• Size.

• Time-in-Force; provided, however, that a Midpoint Peg Post-Only Order with a Time-in-Force of IOC may not be entered through CORE FIX, RASH, or FIX, and provided further that regardless of the Time-in-Force entered, a Midpoint Post-Only Order may not be active outside of Regular Market Hours. Midpoint Peg Post-Only Orders may not participate in the Nasdaq Opening Cross, Nasdaq Halt Cross, or the Nasdaq Closing Cross. A Midpoint Peg Post-Only Order entered prior to the beginning of Regular Market Hours will be rejected. Midpoint Peg Post-Only Orders will be cancelled by the System when a trading halt is declared, and any Midpoint Peg Post-Only Orders entered during a trading halt will be rejected. A Midpoint Peg Post-Only Order remaining on the Nasdaq Book at 4:00 p.m. ET will be cancelled by the System.

• Pegging to the midpoint is required for Managed Midpoint Peg Post-Only Orders.[As discussed above, the price of a Fixed Midpoint Peg Post-Only Order will be pegged to the midpoint upon entry and not adjusted thereafter.]

• Minimum Quantity.

• Non-Display. All Midpoint Peg Post-Only Orders are Non-Displayed.

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4703. Order Attributes

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As described in Rule 4702, the following Order Attributes may be assigned to those Order Types for which they are available.

(a)-(c) No change.

(d) **Pegging**. Pegging is an Order Attribute that allows an Order to have its price automatically set with reference to the NBBO; 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 (as defined below) will be set with reference to the highest bid or lowest offer disseminated by a market center other than Nasdaq. An Order with a Pegging Order Attribute may be referred to as a "Pegged Order." For purposes of this rule, the price to which an Order is pegged will be referred to as the Inside Quotation, the Inside Bid, or the Inside Offer, as appropriate. There are three varieties of Pegging:

• Primary Pegging means Pegging with reference to the Inside Quotation on the same side of the market. For example, if the Inside Bid was $11, an Order to buy with Primary Pegging would be priced at $11.

• Market Pegging means Pegging with reference to the Inside Quotation on the opposite side of the market. For example, if the Inside Offer was $11.06, an Order to buy with Market Pegging would be priced at $11.06.

• Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer (the "Midpoint"). Thus, if the Inside Bid was $11 and the Inside Offer was $11.06, an Order with Midpoint Pegging would be priced at $11.03. An Order with Midpoint Pegging is not displayed. An Order with Midpoint Pegging may be executed in sub-pennies if necessary to obtain a midpoint price. Participants may specify two alternative forms of Midpoint Pegging when entering an Order:

• “Managed Midpoint” Orders, which the System may update in response to changes to the Midpoint[; and]. Managed Midpoint Orders are only available through OUCH, RASH, and FIX. In other words, they are available through all order entry protocols, except FLITE.

• “Fixed Midpoint” Orders, which the System will cancel or update in response to changes to the Midpoint, as set forth below. Fixed Midpoint Orders are only available through the OUCH and FLITE order entry protocols.

Pegging is available only during Regular Market Hours. The System will cancel a Peg Managed Order that is designated for Extended Hours trading if that Order remains unexecuted upon completion of the Nasdaq Closing Cross. [, whereas f]For a Fixed Midpoint Order in the same scenario, the System will deactivate the Pegging Attribute for the Order once Extended Hours trading commences.

Regardless of the order entry protocol used, a[A]n Order with Pegging may specify a limit price beyond which the Order may not be executed; provided, however, that if an Order has been assigned a Pegging Order Attribute and a Discretion Order Attribute, the Order may execute at any price within the discretionary price range, even if beyond the limit price specified with respect to the Pegging Order Attribute. If an Order with Pegging is priced at its limit price, the price of the Order may nevertheless be changed to a less aggressive price based on changes to the Inside Quotation. In addition, an Order with Primary Pegging or Market Pegging may specify an Offset Amount, such that the price of the Order will vary from the Inside Quotation by the selected Offset Amount. The Offset Amount may be either aggressive or passive. Thus, for example, if a Participant entered an Order to buy with Primary Pegging and a passive Offset Amount of $0.05 and the Inside Bid was $11, the Order would be priced at $10.95. If the Participant selected an aggressive Offset Amount of $0.02, however, the Order would be priced at $11.02. An Order with Primary Pegging and an Offset Amount will not be Displayed, unless the Order is Attributable. An Order with Midpoint Pegging will not be Displayed. An Order with Market Pegging and no Offset behaves as a "market order" with respect to any liquidity on the Nasdaq Book at the Inside Quotation on the opposite side of the market because it is immediately executable at that price.

Primary Pegged, Market Pegged, and Managed Midpoint Orders (collectively, “Peg Managed Orders”) are available through OUCH, RASH, and FIX only. In other words, they are available through all order entry protocols, except FLITE. If, at the time of entry, there is no price to which a Peg Managed Order, that has not been assigned a Routing Order Attribute or a Time in Force of IOC, can be pegged or pegging would lead to a price at which the Order cannot be posted, or in the case of a Managed Midpoint Order, the Inside Bid and Inside Offer are crossed, the Order will not be immediately available on the Nasdaq Book and will be entered once there is a permissible price; provided, however, that the System will cancel the Pegged Order if no permissible pegging price becomes available within one second after Order entry (the Exchange may, in the exercise of its discretion, modify the length of this one second time period by posting advance notice of the applicable time period on its website).

For a Peg Managed Order, entered through RASH or FIX, that has been assigned a Routing Order Attribute, if there is no permissible price to which the Order can be pegged at the time of entry, pegging would lead to a price at which the Order cannot be posted, or in the case of a Managed Midpoint Order, the Inside Bid and Inside Offer are crossed, the Order will be rejected; provided, however, that a Displayed Order that has Market Pegging, or an Order with a Non-Display Attribute that has Primary Pegging or Market Pegging, will be accepted at its limit price.

A Midpoint Pegging Order, regardless of the order entry protocol used, will have its price set upon initial entry to the Midpoint, unless the Order has a limit price, and that limit price is lower than the Midpoint for an Order to buy (higher than the Midpoint for an Order to sell), in which case the Order will be ranked on the Nasdaq Book at its limit price. In the case of an Order with Midpoint Pegging, if the Inside Bid and Inside Offer are locked, the Order will be priced at the locking price. Meanwhile, [; and for Orders with]a Midpoint Pegging Order entered through OUCH or FLITE, if the Inside Bid and Inside Offer are crossed or if there is no Inside Bid and/or Inside Offer, [the Order]will not be accepted. However, regardless of the order entry protocol used, even if the Inside Bid and Inside Offer are locked, an Order with Midpoint Pegging that

locked an Order on the Nasdaq Book would execute (provided, however, that a Midpoint Peg Post-Only Order would execute or post as described in Rule 4702(b)(5)(A)).

After posting to the Nasdaq Book, [the price of]a Fixed Midpoint Order to buy (sell) (which, as stated above, is only available through OUCH and FLITE) [will not thereafter be adjusted based on changes to the Inside Bid or Offer]that was entered with a limit price above (below) the Midpoint will either be cancelled back to the Participant, or adjusted repeatedly closer to its limit price with changes to the relevant Inside Quotation, depending on the Participant's choice, if the Inside Bid and/or Inside Offer changes such that the Midpoint changes and the Order is no longer at the Midpoint. However, a Fixed Midpoint Order will be cancelled back to the Participant after initial entry and posting to the Nasdaq Book if any of following conditions are met:

- There is no Inside Bid and/or Inside Offer;
- The Order to buy (sell) is entered with a limit price above (below) the Midpoint and is ranked at the Midpoint; thereafter the Inside Bid and/or Inside Offer change so that the Midpoint [changes]becomes lower (higher) and the Order is no longer at the Midpoint;
- The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint and is ranked at its limit price; thereafter, the Inside Bid and/or Inside Offer change so that the Midpoint is lower (higher) than the limit price of the Order;
- The Order to buy (sell) is entered at a limit price that is equal to or less than (greater than) the Midpoint and is ranked at its limit price; thereafter the Inside Bid and Inside Offer become crossed, such that the Midpoint of the crossed Quotation remains equal to or higher (lower) than the limit price of the Order, and then a new sell (buy) Order is received at a price that locks or crosses the limit price of the resting Order marked for Midpoint Pegging; or
- The Order to buy (sell) is entered at a limit price that is greater than (less than) the Midpoint and is therefore ranked at the Midpoint; thereafter the Inside Bid and Inside Offer become crossed but the Midpoint does not change, and then a new sell (buy) Order is received at a price that locks or crosses the Midpoint of the Inside Bid and Inside Offer.

An Order entered through RASH or FIX with Pegging will have its price set upon initial entry and will thereafter have its price reset in accordance with changes to the relevant Inside Quotation. An Order with Pegging receives a new timestamp whenever its price is updated and therefore will be evaluated with respect to possible execution (and routing, if it has been assigned a Routing Order Attribute) in the same manner as a newly entered Order. If the price to which an Order is pegged becomes unavailable, pegging would lead to a price at which the Order cannot be posted, the Order will be rejected if assigned a Routing Order Attribute; if the Order is not assigned a Routing Order Attribute, the Order will be removed from the Nasdaq Book and will be re-entered once there is a permissible price, provided however, that the System will cancel the Pegged Order if no permissible pegging price becomes available within one second after the

Order was removed and no longer available on the Nasdaq Book (the Exchange may, in the exercise of its discretion modify the length of this one second time period by posting advance notice of the applicable time period on its website). For an Order with Midpoint Pegging, if the Inside Bid and Inside Offer become crossed or if there is no Inside Bid and/or Inside Offer, the Order will be removed from the Nasdaq Book and will be re-entered at the new midpoint once there is a valid Inside Bid and Inside Offer that is not crossed; provided, however, that the System will cancel the Order with Midpoint Pegging if no permissible price becomes available within one second after the Order was removed and no longer available on the Nasdaq Book (the Exchange may, in the exercise of its discretion modify the length of this one second time period by posting advance notice of the applicable time period on its website).

Pegging Orders are subject to a collar. Any portion of a Pegging Order that could execute, either on the Exchange or when routed to another market center, at a price of more than $0.25 or 5 percent worse than the NBBO at the time when the order reaches the System, whichever is greater, will be cancelled.

Orders with Midpoint Pegging will be cancelled by the System when a trading halt is declared, and any Orders with Midpoint Pegging entered during a trading halt will be rejected.

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