Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)\(^1\), and Rule 19b-4\(^2\) thereunder, notice is hereby given that on January 23, 2013, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq proposes to amend Rule 4758, Order Routing, to add routing functionality to the NASDAQ System (“System”).

The text of the proposed rule change is below. Proposed new language is underlined.

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Equity Rules

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4750. Execution Services

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4758. Order Routing

(a) Order Routing Process

(1) No change.

(A) No change.

(i) – (xi) No change.

(xii) QDRK is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.

(xiii) QCST is a routing option under which orders check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS and to certain, but not all, exchanges. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center.
Orders that do not check the System for available shares prior to routing may not be sent to a facility of an exchange that is an affiliate of Nasdaq, except for orders that are sent to the NASDAQ OMX BX Equities Market or to the NASDAQ OMX PSX facility of NASDAQ OMX PHLX.

(B) No change.

(b) – (d) No change.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. 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 attract additional business to and enhance the functionality offered by Nasdaq by providing additional optional outbound routing services. Most equities exchanges today provide routing services and the Exchange offers a variety of routing strategies. Currently, Rule 4758, Order Routing, describes the order routing process and states that all routing shall be in compliance with
Rule 611 of Regulation NMS under the Act. Furthermore, it enumerates Nasdaq's routing strategies: DOT, DOTI, STGY, SKNY, SCAN, SKIP, TFTY, MOPP, SAVE, SOLV, LIST and CART.

Proposed Rule 4758(a)(1)(A)(xii) will provide that QDRK is a routing option under which orders check the System for available shares and simultaneously route to certain destinations on the System routing table that are not posting Protected Quotations within the meaning of Regulation NMS (i.e. “dark venues” or “dark pools”). If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. This strategy is intended to attract market participants that seek to execute on Nasdaq or on dark pools without executing on another exchange. Members may seek to execute in this manner to interact with resting liquidity in addition to that available on Nasdaq, while also minimizing market impact and transaction fees.

For example, if the National Best Bid/Offer (“NBBO”) is $10.00 – $10.01, and Nasdaq, DarkVenueA and ARCA each offer 100 shares at $10.01, a QDRK order to buy 1000 shares at $10.01 IOC will be handled as follows: 100 shares for execution on Nasdaq and 100 shares routed to DarkVenue A simultaneously at $10.01; the remaining 800 shares are not routed and not executed, and cancelled back to the entering participant because it was an IOC order. The order did not route to ARCA because it is not a dark venue. As a second example, if the NBBO is $10.00 – $10.01, and Nasdaq, DarkVenueA and ARCA each offer 100 shares at $10.01, a QDRK order to buy 1000 shares at $10.01

3 17 CFR 242.611.
DAY will be handled as follows: 100 shares for execution on Nasdaq and 100 shares routed to DarkVenue A simultaneously at $10.01; the remaining 800 shares are posted on the Nasdaq book (because it is a DAY order). Once again, the order did not route to ARCA because it is not a dark venue.

Proposed Rule 4758(a)(1)(A)(xiii) will provide that QCST is a routing option under which orders check the System for available shares and simultaneously route to select dark venues and to certain low cost exchanges. If shares remain un-executed after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. This strategy is also intended to attract market participants who seek to save on trading fees by only executing on the Exchange, on dark venues, or on no cost and low cost exchanges.

For example, if the NBBO is $10.00 - $10.01, and Nasdaq, DarkVenueA and ARCA each offer 100 shares at $10.01, a QCST order to buy 1000 shares at $10.01 DAY will be handled as follows: 100 shares for execution on Nasdaq and 100 shares routed to DarkVenue A simultaneously at $10.01; the remaining 800 shares are posted on the Nasdaq book (because it is a DAY order). The order did not route to ARCA because it is neither a dark venue nor a no cost or low cost exchange. As a second example, if the NBBO is $9.90 – $10.00, with BYX offering 100 shares at $10.00 and Nasdaq, DarkVenueA and ARCA each offer 100 shares at $10.01, a QCST order to buy 1000 shares at $10.01 DAY will be handled as follows: 100 shares routed to BYX at $10.00, 100 shares for execution on Nasdaq and 100 shares routed to DarkVenue A simultaneously at $10.01; the remaining shares are posted on the Nasdaq book (because it
is a DAY order). The order did not route to ARCA because it is neither a dark venue nor a no cost or low cost exchange.

In all cases, these routing strategies are designed to comply with SEC Rule 611 and the other provisions of Regulation NMS. Accordingly, both QDRK and QCST will honor Protected Quotations within the meaning of Regulation NMS and will not route to any market centers included in their respective routing table at a price inferior to an available Protected Quotation. For example, if the NBBO is $9.90 – $10.00, with NYSE offering 100 shares at $10.00 and Nasdaq, DarkVenueA and ARCA each offering 100 shares at $10.01, a QCST order to buy 1000 shares at $10.01 DAY will not be routed because NYSE’s Protected Quotation is not included in the routing table, by definition, for QCST.

The Exchange will notify its membership of the implementation date, which the Exchange expects will be on or about the 30th day after this filing.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act, in general, and with Sections 6(b)(5) of the Act, in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national

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4 17 CFR 242.611.
market system, and, in general, to protect investors and the public interest, because Nasdaq will be better able to serve its customers and compete with other markets by offering additional optional routing services. Specifically, the two new routing strategies will provide market participants with greater flexibility in routing orders without developing order routing strategies on their own.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Nasdaq competes with many exchanges and other execution venues for the execution of orders in equities. Market participants can choose where to send their orders. Accordingly, the proposal is pro-competitive in that it affords the Exchange the opportunity to compete with other exchanges in terms of offering new routing strategies.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act\(^7\) and subparagraph (f)(6) of Rule 19b-4 thereunder.\(^8\)

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2013-014 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2013-014. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The

Commission will post all comments on the Commission’s Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission’s Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All
submissions should refer to File Number SR-NASDAQ-2013-014 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Kevin M. O’Neill
Deputy Secretary