

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-82629; File No. SR-NASDAQ-2017-074)

February 5, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Adopt the Midpoint Extended Life Order

On July 21, 2017, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to adopt the Midpoint Extended Life Order (“MELO”). The proposed rule change was published for comment in the Federal Register on August 9, 2017.<sup>3</sup> On August 9, 2017, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> On September 21, 2017, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.<sup>6</sup> The Commission initially received

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 81311 (August 3, 2017), 82 FR 37248.

<sup>4</sup> In Amendment No. 1, the Exchange updated the proposal to reflect the approval of the proposal by the Exchange’s Board of Directors on July 21, 2017. Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nasdaq-2017-074/nasdaq2017074.htm>. Because Amendment No. 1 is a technical amendment that does not alter the substance of the proposed rule change, it is not subject to notice and comment.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> See Securities Exchange Act Release No. 81668, 82 FR 45095 (September 27, 2017). The Commission designated November 7, 2017 as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change.

three comment letters on the proposed rule change.<sup>7</sup> On October 30, 2017, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>8</sup> On November 3, 2017, the Commission published notice of Amendment No. 2 and instituted proceedings under Section 19(b)(2)(B) of the Act<sup>9</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment Nos. 1 and 2.<sup>10</sup> The Commission received one additional comment letter on the proposed rule change in response to the Order Instituting Proceedings.<sup>11</sup>

Section 19(b)(2) of the Act<sup>12</sup> provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. In this case, the proposed

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<sup>7</sup> See Letters to Brent J. Fields, Secretary, Commission, from Stephen John Berger, Managing Director, Government & Regulatory Policy, Citadel Securities, dated August 30, 2017; Ray Ross, Chief Technology Officer, The Clearpool Group, dated September 12, 2017; and Joanna Mallers, Secretary, FIA Principal Traders Group, dated September 19, 2017.

<sup>8</sup> In Amendment No. 2, the Exchange: (1) modified the proposal to prevent MELOs from executing when there is a non-displayed order priced more aggressively than the NBBO midpoint resting on the Nasdaq book; (2) provided additional description, clarification, and rationale for certain aspects of the proposal; and (3) responded to several concerns raised by commenters on the proposal. Amendment No. 2 is available at <https://www.sec.gov/comments/sr-nasdaq-2017-074/nasdaq2017074.htm>.

<sup>9</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>10</sup> See Securities Exchange Act Release No. 82013, 82 FR 52075 (November 9, 2017) (“Order Instituting Proceedings”).

<sup>11</sup> See Letter to Brent J. Fields, Secretary, Commission, from Edward K. Shin, dated December 8, 2017.

<sup>12</sup> 15 U.S.C. 78s(b)(2).

rule change was published for notice and comment in the Federal Register on August 9, 2017.<sup>13</sup> February 5, 2018 is 180 days from that date. The Commission is extending the time period for approving or disapproving the proposal by an additional 30 days.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider the proposed rule change, the issues raised in the comment letters that have been submitted in response to the proposed rule change, and the Exchange's responses to such comments.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>14</sup> designates March 7, 2018 as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR-NASDAQ-2017-074), as modified by Amendment Nos. 1 and 2.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

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Assistant Secretary

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<sup>13</sup> See supra note 3.

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> 17 CFR 200.30-3(a)(57).