

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-84209; File No. SR-NASDAQ-2018-073)

September 19, 2018

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7021

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 September 6, 2018, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 7021 to address the transition of reports available on Report Center to a new underlying platform, and to make technical and clarifying changes.

The text of the proposed rule change is available on the Exchange’s Website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in

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

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

Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange is proposing to amend Rule 7021, concerning the Report Center, to address the transition of reports available on Report Center to a new underlying platform, and to make technical and clarifying changes. Report Center provides members with various reports containing information concerning the member’s own historical quoting and trading activity on Nasdaq and the FINRA/Nasdaq Trade Reporting Facility, which is located in Carteret, NJ (“TRF Carteret”). The Exchange will begin operating a second trade reporting facility, FINRA/Nasdaq TRF Chicago (“TRF Chicago”), in September of 2018.<sup>3</sup> The purpose of this proposed rule change is to inform members of the transition to the new underlying platform, to clarify the contents of certain reports in light of the new TRF Chicago, and to make clarifying changes concerning how the fee is assessed.

The Exchange is beginning a process of replacing the underlying platform of Report Center with a new platform, Report HQ. Report HQ will be more robust and user friendly, and thus an improvement over the existing Report Center platform. Nasdaq is not proposing to change the fees assessed for the reports under Rule 7021 or assess an additional fee for access to the Rule 7021 reports on Report HQ. Nasdaq is beginning the transition with reports that may include TRF data, which are certain Historical Research Reports under Rule 7021(b) and the Market Recap report under Rule 7021(d). These reports will be available on both platforms

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<sup>3</sup> See Securities Exchange Act Release No. 83559 (June 29, 2018), 83 FR 31589 (July 6, 2018) (SR-FINRA-2018-013).

concurrent with the launch of the TRF Chicago, which is currently scheduled for September 2018. In light of the timing of the TRF Chicago and the transition to the Report HQ,<sup>4</sup> Nasdaq will not be adding TRF Chicago data to the Historical Research Reports and Market Recap reports available on Report Center, but will make TRF Chicago data in those reports available through the Report HQ platform. The remaining reports available under Rule 7021 do not include TRF data and consequently will be identical on each platform as they are transferred over the course of the transition.<sup>5</sup>

Any member may have access to the Report HQ platform upon request. Specifically, an existing Report Center subscriber must submit a Report HQ Request Form available at <https://www.nasdaqtrader.com/EASP/TraderEASP.aspx?id=ReportHQSignUp>. Nasdaq will then verify the account and send the member a registration link.<sup>6</sup> Upon completion of the registration process, the member will be able to access both platforms to access reports, and will not be charged any additional fees for these reports. If a member does not have an existing Report Center subscription and requests Report HQ access to the Rule 7021 reports using the process described immediately above, Nasdaq will create a login to the Report Center platform in addition to a Report HQ login for the member, and the member will be charged the current monthly \$250 per entitled user, per MPID<sup>7</sup> fee under Rule 7021. This registration process

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<sup>4</sup> In this regard, Nasdaq notes that it is beginning the transition to Report HQ with the only reports that include TRF data. Thus the Exchange is avoiding the time and expense of programming new reports for the Report Center platform, which will become defunct upon completion of the transition.

<sup>5</sup> The Exchange will provide prior notice via Equity Trader Alerts of the availability of the reports under Rule 7021 on Report HQ.

<sup>6</sup> See [https://business.nasdaq.com/media/NasdaqReportHQ\\_tcm5044-43704.pdf](https://business.nasdaq.com/media/NasdaqReportHQ_tcm5044-43704.pdf).

<sup>7</sup> The Exchange is proposing to clarify under Rule 7021 that the fee is assessed per entitled user, per MPID, because under the Nasdaq Report Center each entitled user is entitled to reports for a single MPID.

ensures that customers are able to access the whole breadth of reports available and covered by Rule 7021. Any new subscriber to Report Center will receive both a Report Center and Report HQ login. Last, during the process of transitioning reports from Report Center to Report HQ, subscribers will be able to access up to a total of 100 reports under (b) – (f) of the rule on each platform. This will effectively double the number of reports available for a subscription for the duration of the transition. All members may access the Rule 7021 reports on Report HQ upon completion of the Report HQ registration process noted above.

The Exchange is also proposing to remove Monthly Summaries from Rule 7021, and hold Rule 7021(a) in reserve. No member has accessed Monthly Summaries in over a year and Nasdaq does not currently provide the report in Report Center. The Exchange believes that the report is no longer useful to members and consequently is proposing to eliminate the report from Rule 7021.

Last, the Exchange is proposing to make two clarifying changes to Rule 7021. First, as noted above, accessing reports under (b) – (f) do count toward the cap under Rule 7021. In this regard, when the Exchange added several reports to the Rule in 2014,<sup>8</sup> it noted that the following reports count toward the report cap: Nasdaq Order Execution and Routing; Market Recap; QView Historical Reports; and Real-Time Registered Market Maker Report. These reports are found under paragraphs (c) – (f) of the Rule. In the 2014 filing, the Exchange also added text that made it clear that the newly-added reports under (g) – (k) do not count toward the report cap.<sup>9</sup> The Exchange is proposing to make it clear that the reports under (b) – (f) are counted toward the monthly cap. Second, the Exchange is making it clear that the monthly fee under Rule 7021 is

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<sup>8</sup> See Securities Exchange Act Release No. 73815 (December 11, 2014), 79 FR 75223 (December 17, 2014) (SR-NASDAQ-2014-121).

<sup>9</sup> Id.

assessed per entitled user, per MPID. Currently under Rule 7021, a member is billed by each entitled user, i.e., a user ID, which is tied to a single MPID of the member. The 100 report limit is tied to a user ID. In practice, a member may have multiple user IDs so that they may access reports concerning multiple MPIDs. Report HQ has simplified access to reports by not requiring multiple user IDs, but rather allows a single user ID per person, who then may be given access to reports for multiple MPIDs (each for the \$250 monthly fee). Thus, Report HQ will simplify access to the reports under Rule 7021, but will not alter the fee or what reports are provided in return for the fee. During the transition, a Report Center subscription will provide the user with access to the reports for the same MPID for Report HQ, as described above.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</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, by allowing the Exchange to upgrade its systems, which will benefit members that use Report Center to access the reports found under Rule 7021. As noted above, Report HQ will be more robust and user friendly, and thus an improvement over the existing Report Center platform. The Exchange notes that all members may access the reports available through Report HQ without additional cost in addition to the existing fees. Nasdaq is not proposing to change the fees assessed for the reports under Rule 7021 or assess an additional fee for access to the Rule 7021 reports on Report HQ. The proposed rule change will not change the content of any of the reports under Rule 7021, other than the addition of TRF Chicago data

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

and the deletion of an unused report that is not currently offered, as discussed above. Moreover, the Exchange is proposing to allow members to access 100 reports under Rule 7021(b)-(f) on either system. To access these reports, member need only complete the registration process, which is provided in a non-discriminatory manner. As noted above, if a member does not have an existing Report Center subscription and requests Report HQ access to the Rule 7021 reports using the process described above, Nasdaq will create a login to the Report Center platform in addition to a Report HQ login for the member, and the member will be charged the current monthly \$250 per entitled user fee. Thus, all members receiving the same reports under Rule 7021 will be assessed the same fee. The Exchange notes that providing members with a cap of 100 reports under Rule 7021(b)-(f) on each system will allow firms to more easily transition between the systems. The Exchange believes that the proposed clarifying changes protect investors and the public interest by removing ambiguities from the rule, which may cause market participant confusion over how the fee is assessed and what is included in the 100 report monthly limit. Last, the Exchange believes that removal of the Monthly Summaries report from Rule 7021 further perfects the Exchange's rule book and is consistent with the protection of investors because the Exchange is eliminating an unused report from its rule. As noted above, no member has accessed Monthly Summaries in over a year and Nasdaq does not currently provide the report in Report Center. Keeping the Monthly Summaries text under Rule 7021 would lead to investor confusion over what reports are available under the rule. Accordingly, the Exchange believes that it is consistent with the purposes of the Act to delete the text.

The Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act<sup>12</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges

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<sup>12</sup> 15 U.S.C. 78f(b)(4).

among members and issuers and other persons using any facility or system which the Exchange operates or controls, and it does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange is proposing a transition process that will not affect the fee assessed for the reports under Rule 7021. In this regard, the Exchange notes that all members receiving the reports under Rule 7021 will be assessed the same fee. Accordingly, the Exchange believes that the proposed change is an equitable allocation of a reasonable fee and does not unfairly discriminate.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, but it is rather pro-competitive. The proposal is reflective of the Exchange's efforts to upgrade its systems to improve the experience of its members. The Exchange is not increasing fees nor limiting the information available to members through a subscription under Rule 7021 other than the elimination of an unused report. Moreover, the proposed rule change will ensure that all members receiving the same reports under Rule 7021 will be assessed the same fee regardless of the platform used to access the report. To the extent that the upgraded platform improves the experience of members, it may make the Exchange a more attractive venue, which will help to retain existing members and potentially attract new members. Consequently, other trading venues may be compelled to improve their services in response.

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<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>15</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>16</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. Waiver of the operative delay would allow the Exchange to provide members with access to TRF Chicago data through Report HQ and make related changes to Rule 7021 concurrent with the launch of TRF Chicago in September 2018. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest.

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>17</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

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

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2018-073 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-2018-073. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

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<sup>17</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-NASDAQ-2018-073, 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.<sup>18</sup>

Brent J. Fields  
Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).