Deleted text is [bracketed]. New text is underlined.

The Nasdaq Stock Market Rules

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4702. Order Types

(a) No change.

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

(1)-(6) No change.

(7) (A) 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 4613(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a "Reference Price" in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through RASH, FIX or QIX only. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including Nasdaq), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security.

Upon entry, the displayed price of a Market Maker Peg Order to buy (sell) is automatically set by the System at the Designated Percentage (as defined in Rule 4613) away from the Reference Price in order to comply with the quotation requirements for Market Makers set forth in Rule 4613(a)(2). For example, if the National Best Bid is $10 and the Designated Percentage for the security is 8%, the displayed price of a Market Maker Peg Order to buy would be $9.20. If the limit price of the Order is not within the Designated Percentage, the Order will be sent back to the Participant.

Once a Market Maker Peg Order has posted to the Nasdaq Book, it is repriced if needed as the Reference Price changes. Specifically, if as a result of a change to the Reference Price, the difference between the displayed price of the Market Maker Peg Order and the Reference Price reaches the Defined Limit (as defined in Rule 4613), a Market Maker Peg Order to buy (sell) will be repriced to the Designated
Percentage away from the Reference Price. In the foregoing example, if the Defined Limit is 9.5% and the National Best Bid increased to $10.17, such that the displayed price of the Market Maker Peg Order would be more than 9.5% away, the Order will be repriced to $9.3[5]6, or 8% away from the National Best Bid. Note that prices will be rounded in a manner to ensure that they are calculated and displayed at a level that is consistent with the Designated Percentage and the permissible minimum increment of $0.01 or $0.0001, as applicable. If the limit price of the Order is outside the Defined Limit, the Order will be sent back to the Participant.

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