SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Postpone Implementation of Changes to Rule 4751(h)(5)

April 2, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),1 and Rule 19b–4 thereunder,2 notice is hereby given that on March 25, 2015, 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 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 postpone implementation of changes to Rule 4751(h)(5).

The text of the proposed rule change is available on the Exchange’s Web site 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 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

NASDAQ is proposing to delay implementation of changes to Rule 4751(h)(5) relating to processing of Market Hours IOC ("MIOC") orders and to make clarifying changes to the rule, which are effective but not yet implemented. On March 6, 2015, the Exchange filed an immediately effective filing3 to amend the processing of MIOC orders under Rule 4751(h)(5). MIOC is a Time in Force4 characteristic of an

4 Time in Force is the period of time that the System will hold an order for potential execution. See Rule 4751(h).
order that will cause it (or unexecuted portion thereof) to be canceled if, after entry into the System the order (or unexecuted portion thereof) becomes non-marketable during the Regular Market Session, 9:30 a.m. until 4:00 p.m. Eastern Time.\(^5\) Currently, MIOC orders entered from 4 a.m. Eastern Time to immediately prior to 9:30 a.m. Eastern Time are held by the System until 9:30 a.m. Eastern Time, at which time the System determines whether such orders are marketable. The Exchange proposed to no longer accept MIOC orders entered prior to the beginning of the Regular Market Session. The Exchange also proposed clarifying the rule text to make it clear that MIOC orders will be available for order entry and execution beginning at completion of the Opening Cross.

The Exchange had originally anticipated implementing the changes on April 13, 2015. The Exchange, however, has experienced unanticipated delay in the development of the changes to its systems, which has made the original implementation date unachievable. The Exchange believes it will be able to implement the changes sometime in the second quarter of 2015, and will provide notice of the implementation date of the changes in an Equity Trader Alert not less than 30 days prior to implementation.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,\(^6\) in general, and with Section 6(b)(5) of the Act,\(^7\) in particular, because it 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 market system and, in general, to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes that the changes NASDAQ is making to Rule 4751(h)(5) promote consistency and transparency in the process for handling MIOC orders. Delaying implementation of the changes for brief period so that NASDAQ may implement and test the changes to its systems necessary to ensure that the processing of MIOC orders operate as planned promotes fair and orderly markets, and the protection of investors and the public interest.

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

NASDAQ 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.\(^8\) The Exchange believes that the proposal is irrelevant to competition because it is not driven by, and will have no impact on, competition. Specifically, the proposal is representative of the Exchange’s efforts to harmonize and simplify the processing of orders. Delaying implementation of the proposal will ensure the proposed changes are adequately implemented and tested.

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 designated by the Commission, the proposal will ensure the proposed changes are adequately implemented and tested.

The Exchange has asked the Commission to waive the 30-day operational delay so that the proposal may become operative immediately upon filing. The Exchange notes that the proposed rule change is consistent with the protection of investors and the public interest because it will allow the Exchange to postpone implementation of the previously proposed changes immediately, prior to the operative date of those changes. For this reason, the Commission waives the operative delay and designates the proposed rule change to be operative upon filing.\(^9\)

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 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);
- Send an email to rule-comments@sec.gov. Please include File Number SR–NASDAQ–2015–028 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–2015–028. This file number should be included on the subject line if email 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 Web site (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 Web site 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

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\(^{5}\) As defined by Rule 4120(b)(4)(D).
\(^{8}\) 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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. The Exchange has satisfied this requirement.
\(^{9}\) For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Amending Rule 6.35 To Refine the Appointment Process Utilized by the Exchange

April 2, 2015.

Pursuant to Section 19(b)(1) 1 of the Securities Exchange Act of 1934 (the “Act”) 2 and Rule 19b–4 thereunder, 3 notice is hereby given that, on March 20, 2015, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 6.35 (Appointment of Market Makers) to refine the appointment process utilized by the Exchange. The text of the proposed rule change is available on the Exchange’s Web site at www.nyse.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, the Commission, the self-regulatory organization 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 those statements may be examined at the places specified in Item IV below.

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

1. Purpose

The Exchange proposes to amend Rule 6.35 to refine the appointment process utilized by the Exchange. The Exchange believes this proposal, which is consistent with the rules of other option exchanges, 4 would simplify and enhance the efficiency of the appointment process for both Market Makers and the Exchange and add clarity to Exchange rules.

Current Appointment Process

To register as a Market Maker, an applicant must file an application with the Exchange on a form or forms prescribed by the Exchange. 5 Once registered, a Market Maker may seek an appointment in one or more option classes pursuant to Rule 6.35.

Specifically, this Rule provides that “[o]n a form or forms prescribed by the Exchange, a Market Maker must apply for an appointment in one or more classes of option contracts.’’ 6

The Exchange may appoint an unlimited number of Market Makers in each class unless the number of Market Makers appointed to a particular option class should be limited” based on the Exchange’s judgment. 7 Further, the Rule provides that “Market Makers may select from among any option issues traded on the Exchange for inclusion in their appointment, subject to the approval of the Exchange.” 8

In considering the approval of the appointment of a Market Maker in each security, “the Exchange will consider the Market Maker’s experience, expertise and past performance in making markets, including the Market Maker’s performance in other securities; the Market Maker’s operational capability; and the maintenance and enhancement of competition among Market Makers in each security in which they are appointed.” 9

Under the current Rule, “Market Makers may change the option issues in their appointment, subject to the approval of the Exchange” provided requests for changes are “made in a form and manner prescribed by the Exchange.” 10 In addition, “Market Makers may withdraw from trading an option issue that is within their appointment by providing the Exchange with three business days’ written notice of such withdrawal.” 11

In addition to having the authority to appoint one Lead Market Maker (“LMM”) 12 per option class, “[t]he Exchange may appoint an unlimited number of Market Makers in each class unless the number of Market Makers appointed to a particular option class should be limited” based on the Exchange’s judgment. 13 Further, the Rule provides that “Market Makers may select from among any option issues traded on the Exchange for inclusion in their appointment, subject to the approval of the Exchange.” 14

In considering the approval of the appointment of a Market Maker in each security, “the Exchange will consider the Market Maker’s experience, expertise and past performance in making markets, including the Market Maker’s performance in other securities; the Market Maker’s operational capability; and the maintenance and enhancement of competition among Market Makers in each security in which they are appointed.” 15

2. Statutory Basis

The proposed amendment is consistent with the Securities Exchange Act of 1934 (the “Exchange Act”) 16 and the Securities and Futures Commission Act of 2010 (“SFC Act”) 17 and, in particular, is consistent with Section 6(b) 18 of the Exchange Act and Rule 19b–4 19 thereunder.

The Commission finds that it is necessary and appropriate for the protection of investors and the public interest to approve the proposed amendment, which would streamline the appointment process for Market Makers. In addition, the amendment would further simplify and enhance the efficiency of the currently utilized appellate process for Market Makers. The proposed amendment is consistent with the purposes set forth in the Exchange Act and the exchange rules.

The Commission finds that the proposed amendment is consistent with Section 6(b)(5) 20 of the Exchange Act and the SFC Act and with the Public Interest and Efficiency standards set forth in Section 6(b)(5) of the Exchange Act and Rule 19b–4 thereunder.

II. Commission’s Findings

1. Notice

Pursuant to Section 19(b)(1) of the Act, 21 notice of these proposed amendments has been given to the Commission’s自律组织 (self-regulatory organizations), 22 the New York Stock Exchange, Inc. (“NYSE”), the AMEX Exchange, Inc. (“AMEX”), the NASDAQ Stock Market, Inc. (“NASDAQ”), the National Association of Securities Dealers, Inc. (“NASD”), the Chicago Board Options Exchange, Inc. (“CBOE”), the Chicago Board of Trade, Inc. (“CBOT”), the International Securities Exchange, Inc. (“ISE”), the Boston Options Exchange, Inc. (“BOE”), the Pacific Options Association, Inc. (“POA”), the Philadelphia Options Exchange, Inc. (“POEX”), the Chicago Board Options Exchange, Inc. (“CBOE”), the Chicago Board of Trade, Inc. (“CBOT”), the International Securities Exchange, Inc. (“ISE”), the Boston Options Exchange, Inc. (“BOE”), the Pacific Options Association, Inc. (“POA”), the Philadelphia Options Exchange, Inc. (“POEX”), and the Chicago Board of Trade, Inc. (“CBOT”)

The Commission has determined that it is impracticable and inefficient to require notice of the proposed amendment to every person or entity to whom the proposed rule change is of significance.

2. Self-Regulatory Organization’s Statement

The exchange has presented to the Commission a statement of the purpose of, and basis for, the proposed rule change. 23 The statement of the purpose of, and basis for, the proposed rule change is available for inspection and copying at the principal office of the exchange or for the purpose of making transactions on the Exchange in any class of option contracts (“OTPs”) required of a Market Maker in accordance with the provisions of Rule 6.32. Each LMM or nominee thereof must be registered with the Exchange as a Market Maker. Any OTP Holder or OTP Firm registered as a Market Maker with the Exchange is eligible to be qualified as an LMM.”

See Rule 6.32(a)(1).

See Rule 6.35(b).

See Rule 6.35(e).

See Rule 6.35(f).

See Rule 6.35(d).

See Rule 6.35(e).

See Rule 6.35(e).