November 2, 2023

VIA ELECTRONIC MAIL

Brett Kitt
Associate Vice President and Principal Associate General Counsel
805 King Farm Blvd, Suite 100
Rockville, MD 20850 / USA
(301) 978-8132
brett.kitt@nasdaq.com
Nasdaq.com

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: File No. SR-PHLX-2023-40; Release No. 34-98280

Dear Ms. Countryman:

Nasdaq, Inc. ("Nasdaq") writes to respond to two comment letters[1] submitted in response to a proposal (the "Proposal") that Nasdaq PHLX, LLC ("PHLX" or the "exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") to amend Equity 4, Rule 3301A(b) to adopt new "Contra Midpoint Only" ("CMO") and CMO Plus Post-Only ("CMO+PO) Order Types (Nasdaq refers to these two Order Types collectively as "CMO).[2] Neither comment letter presents reasonable grounds for disapproving the Proposal, as set forth below.

First, Nasdaq addresses IEX's argument that CMO would unfairly discriminate against institutional investors without precedent based upon the price and size of their orders. This argument is incorrect. Contrary to IEX's assertion, CMO is not intended to benefit market makers at the expense of large incoming institutional investors' orders. Instead, it is designed to encourage market participants, including institutional investors, to rest and seek midpoint liquidity on the Exchange, rather than off-exchange, by reducing the probability of trading when market prices are likely to shift.[3]

Moreover, there is ample precedent for order types like CMO. For example, minimum quantity orders also enable users to avoid trading with incoming orders when they are too small. Meanwhile, IEX's own D-Limit and D-Peg order types avoid trading when its system believes that market prices will shift via a complex formula that attempts to predict pending price movements. Additionally, Nasdaq notes that in 2012, the Commission approved a proposal filed

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1 See Letter from J. Saluzzi to V. Countryman, dated September 29, 2023, available at https://www.sec.gov/comments/sr-phlx-2023-40/srphlx202340-266099-638602.pdf ("Themis Letter"); Letter from J. Ramsay to V. Countryman, dated September 28, 2023, available at https://www.sec.gov/comments/sr-phlx-2023-40/srphlx202340-265539-637042.pdf ("IEX Letter").

2 See Securities Exchange Act Release No. 98280 (September 1, 2023), 88 FR 62129 (September 8, 2023) (SR-PHLX-2023-40).

3 IEX asserts that investors and others seeking liquidity will have no ability to evaluate how often they may miss liquidity as a result of the use of CMO. See IEX Letter, supra, at 3. We fail to see why this fact is problematic. There are many existing scenarios in the markets where a participant is not made aware of liquidity that they may or may not have had an opportunity to interact with.

by NYSE Arca, Inc. ("Arca") to establish a Passive Liquidity Select Order (the "PL Select Order"). Like CMO, PL Select Orders did not interact with an incoming order that was larger than the size of the PL Select Order.[4]

The IEX and Themis Letters also falter in arguing that the Commission should disapprove CMO because it remains prone to information leakage. The Exchange already addressed this concern by designing its Proposal to state that it would remove CMOs from its Order Book, without disseminating notices of removals, instead of cancelling CMOs and disseminating corresponding cancellation messages. The response by IEX and Themis – that this design is inadequate because removals and cancellations are synonymous, and both require dissemination of messages – is incorrect.

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4 See Securities Exchange Act Release No. 67785 (Sept. 5, 2012), 77 FR 55888 (Sept. 11, 2012) (Order approving SR-NYSEArca-2012-48) ("PL Order Select Approval Order"). The stated rationales for PL Select Orders are similar to those of the CMO:

> The Exchange believes that by restricting specified contra-side interest from interacting with PL Orders, Users may be incentivized to enter larger-sized, more aggressively-priced orders.
>
> …
>
> The Exchange also believes that it would be able to attract larger-sized, more aggressively priced PL Orders if the User has the choice not to execute against contra-side orders that are larger sized than the resting PL Order. Because large-sized orders are more likely to trade at multiple price points, such an incoming order would likely sweep up the PL order as it executes through multiple price points. In such scenario, the PL Order would not serve its primary function of providing price improvement, but would instead be an execution among many that would ultimately be at an inferior price. The Exchange believes that if Users entering PL Orders can select not to trade with an incoming order that is larger in size, the PL Order will remain available on the Arca Book to provide price improvement for smaller incoming orders.

See Securities Exchange Act Release No. 67101 (June 4, 2012), 77 FR 34115 (June 8, 2012) (notice of filing of SR-NYSEArca-2012-48). In approving the Arca proposal, the Commission agreed, stating as follows:

> The Commission finds the instant proposed rule change to be consistent with the Act. The Commission notes that the Exchange believes that the proposed rule change should allow PL Select Order users to avoid interacting with market participants that are submitting orders primarily for the purpose of probing for or "pinging" hidden interest on the NYSE Arca book as opposed to adding liquidity to the market. The Exchange also indicates that the probing or "pinging" interest that PL Select Orders would avoid is more likely to come from professional traders than non-professional traders. In addition, the Exchange believes that use of the PL Select Order could attract displayed liquidity that would be eligible for execution against PL Select Orders or posting on the NYSE Arca book if not executed by PL Select Orders or other resting liquidity.
>
> The Commission notes further that the Exchange believes that, because PL Select Orders would not interact with larger-sized incoming interest, market participants could be incentivized to use PL Select Orders to provide price improvement opportunities, thereby promoting more favorable executions for the benefit of public customers. In addition, the Exchange believes that market participants also could be incentivized to route more aggressively priced, displayable interest to the Exchange because of an increased likelihood of receiving price improvement.

See PL Select Order Approval, supra, at 55889. In response to public criticism, Arca subsequently amended PL Order Select (voluntarily) to eliminate its activation in response to incoming orders of larger sizes. Nevertheless, the point remains valid the Commission approved the proposal in its original design.

Despite protestations by IEX and Themis that it would be novel for exchanges to alter orders without sending corresponding messages of such alterations, ample precedent exists for this practice. Indeed, the Commission already permits the Exchange to engage in this same process of informal order removal and resubmission without dissemination of cancellation messages. For example, the Exchange acts in this matter when it handles Managed Midpoint Peg Post-Only Orders, where the Exchange removes these orders from the Book whenever the NBBO is crossed or there is no NBBO to which to peg and then re-enters the orders, with a new timestamp, once there is a valid, non-crossed NBBO.[5] Furthermore, we note that similar practices exist for other exchange-managed peg orders, which exchanges automatically (and without sending messages) reprice in response to changes to pegged prices, as well as Nasdaq's Midpoint Extended Life Order ("M-ELO") and Imbalance-Only ("IO") Order Types. [6] For the M-ELO, Nasdaq will hold such an order if it is not marketable immediately upon entry, and then Nasdaq will hold it for a duration of time before making it available for execution. Nasdaq does not send messages to communicate these actions. For IOs, Nasdaq does not send messages in circumstances when it modifies the orders to make them equal the highest bid (lowest offer) on the Nasdaq Book.

Similarly unavailing is Themis' argument that no precedent exists for the Commission permitting an exchange to utilize proprietary data to determine the behavior of one of its order types. Again, precedents do exist. Two examples are Nasdaq's late Limit on Close ("LOC") [7] and IO Order Types. For late-submitted LOCs, Nasdaq evaluates whether to accept such orders based upon its comparison to reference prices that, in turn, are determined by the Nasdaq Best Bid and Offer ("QBBO"). As noted above, Nasdaq uses the QBBO to reprice IOs.

With respect to IEX's concern that CMO would secretly leak information to its users about the sizes of orders that do and do not interact with the CMOs, [8] we believe that this concern is unfounded. When the CMO fails to execute in the scenario IEX presents, the information to be gleaned would not be as specific or useful as IEX contends. That is, the execution would not reveal the details of the incoming order, including its size, its time-in-force, or whether the order is still available after the trade. In any event, any information to be gleaned from this scenario would be knowable to all market participants at the time it is published on the SIP and the other market data feeds; the CMO user would have no information advantage over the rest of the market in this regard.

In addition to rebutting these arguments, Nasdaq also addresses requests for clarification made in the IEX and Themis Letter about how certain aspects of CMO will work.

First, IEX asks Nasdaq to clarify what would occur if a CMO is removed and resubmitted in response to a large incoming order when other interest is resting on the Exchange Order Book

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5 See PHLX Rule 3301A(b)(6)(B) ("Similarly, if a Midpoint Peg Post-Only Order is on the System book and subsequently the NBBO is crossed, or if there is no NBBO, the Order will be removed from the System Book and will be re-entered at the new midpoint once there is a valid NBBO that is not crossed. The Midpoint Peg Post-Only Order receives a new timestamp each time its price is changed.").

6 See Nasdaq Equity 4, Rule 4702(b)(13), (14).

7 See Nasdaq Equity 4, Rule 4702(b)(12).

8 See IEX Letter, supra, at 3-4.

that could interact with the incoming order while the System is in the process of removing and re-submitting a CMO. In this scenario, the incoming order would have an opportunity to interact with other resting interest. After removal and upon re-submission, the CMO would re-enter the Exchange Book with a new timestamp.

Second, IEX asks Nasdaq to clarify the second example of the operation of a CMO set forth in the purpose section of Proposal. In this example, where the Proposal states that the System would resubmit Order 1 as Order 3, priced at $10.00,[9] IEX notes that the $10.00 re-submission price is not at the midpoint of the NBBO.[10] IEX is correct that this is an error. The correct re-submission price in the example is $10.50, which remains the midpoint of the NBBO even after submission of Order 2. However, the Proposal is accurate in stating that Order 3 would nevertheless execute at $10.00. It would do so to provide Participant A with price improvement relative to the prevailing midpoint price. That is, it would permit Participant A to receive the benefit of Order 2, which is priced aggressively at the far side of the NBBO, even though Order 2 is a non-displayed Order that would not shift the NBBO or the midpoint.

Finally, Nasdaq wishes to correct a few omissions from the Proposal. The Proposal states in the purpose section that CMO will be available on the OUCH and RASH Order Entry Protocols. The proposed Rule for CMO+PO also states that OUCH and RASH may be used to enter such Orders, but the proposed Rule for CMO says nothing on this question. The Proposal mistakenly omitted mention of the availability of OUCH and RASH for CMO, as well as the FIX Order Entry Protocol from both CMO and CMO+PO. Nasdaq will amend the Proposal to correct these omissions.

Nasdaq appreciates the opportunity to address these comments. Respectfully, we continue to believe that the Proposal meets the statutory requirements for Commission approval.

Sincerely,

Brett Kitt

Brett Kitt
Associate Vice President & Principal
Associate General Counsel

Cc: The Honorable Gary Gensler, Chairman, SEC
The Honorable Caroline A. Crenshaw, Commissioner, SEC
The Honorable Hester M. Peirce, Commissioner, SEC
The Honorable Jaime Lizárraga, Commissioner, SEC
The Honorable Mark T. Uyeda, Commissioner, SEC
Director Haoxiang Zhu, Division of Trading and Markets

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9 Proposal, supra, at 62131.

10 See IEX Letter, supra, at 2.

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2023 - * 40
Amendment No. (req. for Amendments *) 1

Filing by Nasdaq PHLX LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☐	☑	☐	☑	☐	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule
☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

A proposal to amend Equity 4, Rules 3301A and 3301B.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Brett
Last Name * Kitt
Title * Principal Associate General Counsel
E-mail * brett.kitt@nasdaq.com
Telephone * (301) 978-8132
Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Nasdaq PHLX LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/02/2023

By John Zecca
(Name *)

EVP and Chief Legal Officer
(Title *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2023.11.02 15:49:21 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add Remove View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add Remove View SR-PHLX-2023-40 Partial A-1 19b-4.d SR-Phlx-2023-40 Partial A-1 Exhibit 4 SR-Phlx-2023-40 Partial A-1 Exhibit 5.	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

SR-PHLX-2023-40 Amendment No. 1

Nasdaq PHLX, LLC (the "Exchange") submits this partial Amendment No. 1 to SR-PHLX-2023-40 by making the following changes:

1. On page 8 of the 19b-4 and page 26 of Exhibit 1, replace the paragraph that begins "In a second example, …" with the following paragraph:

"In a second example, assume again that the National Best Bid is $10.00 and the National Best Offer is $11.00. Participant A again enters Order 1, which is a CMO to buy 100 shares of X that is priced at $10.50. While Order 1 is resting on the Exchange Book, Participant B enters Order 2, which this time is a Non-Displayed Order to sell 200 shares at $10.00. CMO functionality would activate for Order 1 both because Order 2 is larger than Order 1 and because Order 2 is priced at the far side of the NBBO. The System would resubmit Order 1 as Order 3, priced at $10.50. Order 3 would then execute at $10.00, again providing Participant A with price improvement relative to the prevailing midpoint price. That is, it would permit Participant A to receive the benefit of Order 2, which is priced aggressively at the far side of the NBBO, even though Order 2 is a non-displayed Order that would not shift the NBBO or the midpoint."

2. Replace footnote 12 on page 9 of the 19b-4 and footnote 13 on page 27 of Exhibit 1 in their entirety with the following: "A user may enter a CMO (and a CMO+PO) using RASH or OUCH or FIX."
3. Add the following bulleted text at the end of paragraph (7)(B) of proposed Rule 3301A, on page 40 of Exhibit 5: "• OUCH, RASH, and FIX may be used to enter a CMO."

4. Replace the last bullet at the end of paragraph (8) of proposed Rule 3301A, on page 40 of Exhibit 5, which begins "• OUCH and RASH may …" with the following: "• OUCH, RASH, and FIX may be used to enter a CMO+PO, and if used to do so for a CMO+PO with a Time in Force of IOC, such an Order will be cancelled after determining whether it can be executed."

The proposal, as amended, remains consistent with the Securities Exchange Act of 1934 ("Exchange Act"), and specifically with Section 6(b)(5) of the Exchange Act.

The Exchange believes that it is consistent with the Exchange Act to amend one of the two illustrations of the operation of CMO set forth in the narrative portion of the filing to correct an erroneous reference to Order 3 being re-entered at $10.00 rather than at $10.50, which would remain the prevailing midpoint in this scenario. It is also consistent with the Exchange Act to clarify that in this illustration, Order 3 would nevertheless execute at $10.00 to provide price improvement to Participant A relative to the midpoint. The Exchange believes that the clarifying language will aid the public and investors in understanding the behavior of a CMO in this scenario.

Finally, the Exchange believes that it is consistent with the Exchange Act to add mistakenly omitted references to full list of the Exchange's order entry protocols that participants may use to enter CMOs and CMO+POs. The proposal mistakenly omitted mention of the availability of OUCH and RASH for CMO, as well as the FIX Order Entry Protocol from both CMO and CMO+PO. This amendment corrects these omissions.

EXHIBIT 4

Changes to the Proposed Rule Text

Text is marked to show changes to proposed rule language in the immediately preceding filing. Deletions to the immediately preceding filing are [bracketed] and new text is <u>underlined</u>.

Nasdaq PHLX Rules

* * * * *

Equity Rules

* * * * *

Equity 4 Equity Trading Rules

* * * * *

Rule 3301A. 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) No change.

(B) The following Order Attributes may be assigned to a CMO:

- Minimum Quantity.
- Trade Now.
- Discretion
- Time-in-Force. Regardless of the Time-in-Force entered, a CMO entered outside of Market Hours will not be allowed. A CMO remaining unexecuted upon conclusion of Market Hours will be cancelled by the System.
- A CMO may not possess the Routing Order Attribute.

- OUCH, RASH, and FIX may be used to enter a CMO.

(8) A "Contra Midpoint Only with Post-Only" Order or "CMO+PO" is an Order Type that has all of the characteristics and attributes of both a Contra Midpoint Order, as set forth above in paragraph (7), and a Managed Midpoint Peg Post-Only Order, as set forth above in paragraph (6), except as follows in circumstances where the characteristics of a Contra Midpoint Order and a Midpoint Peg Post-Only Order are not otherwise compatible:

- A CMO+PO entered prior to the beginning of Market Hours will be rejected. A CMO+PO will be cancelled by the System when a trading halt is declared, and any CMO+PO entered during a trading halt will be rejected. A CMO+PO remaining on the PSX Book at the conclusion of Market Hours will be cancelled by the System.

- A CMO+PO may not possess the Discretion or Routing Order Attributes.

- A CMO+PO must have a price of more than $1 per share.

- OUCH[and], RASH, and FIX may be used to enter a CMO+PO, and if used to do so for a CMO+PO with a Time in Force of IOC, [and]such an Order will be cancelled after determining whether it can be executed.

* * * * *

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq PHLX Rules

* * * * *

Equity Rules

* * * * *

Equity 4 Equity Trading Rules

* * * * *

Rule 3301A. 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 "Contra Midpoint Only" Order or "CMO" is an Order Type with the Midpoint Pegging Attribute (except as provided below) that is Non-Displayed, priced at the midpoint between the NBBO (the "Midpoint"), and has the following additional properties. A CMO will be removed from the PSX Book by the System automatically if it is resting on the Book at the Midpoint, an incoming Order is priced through the price of the resting CMO, the CMO would otherwise trade against the incoming Order, and one or more of the following conditions apply:

- The incoming Order is Displayed and its size is greater than that of the resting CMO; or
- The incoming Order is not Displayed, it is priced at or better than the far side of the NBBO, and its size is greater than that of the resting CMO.

Immediately after the System removes the CMO because of crossing contra-side interest, then the System will reenter the Order automatically as a new CMO. Buy (sell) CMOs will be ranked in time order at the Midpoint of the NBBO.

A CMO may be cancelled at any time.

(B) The following Order Attributes may be assigned to a CMO:

- Minimum Quantity.

- Trade Now.

- Discretion

- Time-in-Force. Regardless of the Time-in-Force entered, a CMO entered outside of Market Hours will not be allowed. A CMO remaining unexecuted upon conclusion of Market Hours will be cancelled by the System.

- A CMO may not possess the Routing Order Attribute.

- OUCH, RASH, and FIX may be used to enter a CMO

(8) A "Contra Midpoint Only with Post-Only" Order or "CMO+PO" is an Order Type that has all of the characteristics and attributes of both a Contra Midpoint Order, as set forth above in paragraph (7), and a Managed Midpoint Peg Post-Only Order, as set forth above in paragraph (6), except as follows in circumstances where the characteristics of a Contra Midpoint Order and a Midpoint Peg Post-Only Order are not otherwise compatible:

- A CMO+PO entered prior to the beginning of Market Hours will be rejected. A CMO+PO will be cancelled by the System when a trading halt is declared, and any CMO+PO entered during a trading halt will be rejected. A CMO+PO remaining on the PSX Book at the conclusion of Market Hours will be cancelled by the System.

- A CMO+PO may not possess the Discretion or Routing Order Attributes.

- A CMO+PO must have a price of more than $1 per share.

- OUCH, RASH, and FIX may be used to enter a CMO+PO, and if used to do so for a CMO+PO with a Time in Force of IOC, such an Order will be cancelled after determining whether it can be executed.

Rule 3301B. Order Attributes.

As described in Equity 4, Rule 3301A, the following Order Attributes may be assigned to those Order Types for which they are available.

(a) – (c) No change.

(d) Pegging.

…

Pegging Orders are subject to a collar. Any portion of a Pegging Order with a Routing attribute to buy (sell) that could execute, either on the Exchange or when routed to another market center, at a price of more than the greater of $0.25 or 5 percent higher (lower) than the NBO (NBB) at the time when the order reaches the System (the "Collar Price"), will be cancelled. An Order entered without a Routing attribute will be cancelled, if it would, as a result of the price determined by a Pegging or Discretionary Pegging attribute, execute or post to the Exchange Book at a price through the Collar Price.

<u>Orders with Midpoint Pegging will be cancelled by the System when a trading halt is declared, and any Orders with Midpoint Pegging entered during a trading halt will be rejected.</u>

…

(e) – (l) No change.

* * * * *