

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-100440; File No. SR-NASDAQ-2024-026)

June 27, 2024

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Expand its Co-Location Services

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 June 14, 2024, 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, II, and III, 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 expand its co-location services. The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, 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 proposes to expand its co-location services by offering new cabinet, power, and power distribution unit options in the Exchange’s expanded data center.

The Exchange’s current data center (“NY11”) in Carteret, NJ is undergoing an expansion (“NY11-4”) in response to demand for power and cabinets. NY11-4 is not a new or distinct co-location facility. Instead, NY11-4 is simply an expansion of the existing Nasdaq NY11 data center,<sup>3</sup> and Nasdaq intends to operate it generally in the same manner as existing aspects of NY11.<sup>4</sup> Client connections to the matching engine will be equal across the board, within and among NY11 and NY11-4. In 2010, the Exchange undertook a similar expansion to its data center, where connectivity to the Exchange remained equalized, as is the case with the NY11-4 expansion.

The Exchange submits this filing to propose offering new services in NY11-4, as described below, and to the extent the Exchange offers additional new services, whether in the existing NY11 data halls or in the new NY11-4 data hall, the Exchange will submit additional filings with the Commission.

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<sup>3</sup> NY11-4 is not a standalone facility. Equinix considers the site as NY11 with three expansions: NY11-2, NY11-3, and NY11-4.

<sup>4</sup> One aspect of the data center that will be treated differently in NY11-4 as compared to NY11 at its outset is telecommunications access and inter-client connectivity. In NY11-4, connections between colocated client cabinets and the carrier cage will be of equal length. Inter-client connectivity will also be equalized in NY11-4. The Exchange believes that equalizing telecommunications access and inter-client connectivity in NY11-4 will provide a fair solution and avoid market disruption by avoiding both a race for real estate adjacent to NY11-4 and for particular space in NY11-4. The Exchange believes that these actions would facilitate a fair and orderly market and protect investors and the public interest, consistent with its obligations under the Act.

***NY11-4 Expanded Cabinet Optionality: Ultra High Density Cabinet***

Currently, co-location customers have the option of obtaining cabinets of various sizes and power densities. Co-location customers may obtain a Half Cabinet,<sup>5</sup> a Low Density Cabinet with power density less than or equal to 2.88 kilowatts (“kW”), a Medium Density Cabinet with power density greater than 2.88 kW and less than or equal to 5 kW, a Medium-High Density Cabinet with power density greater than 5 kW and less than or equal to 7 kW, a High Density Cabinet with power density greater than 7 kW and less than 10 kW, and a Super High Density Cabinet with power density greater than 10 kW and less than or equal to 17.3 kW.

The Exchange proposes to introduce a new cabinet choice in NY11-4, an “Ultra High Density Cabinet,” with power density greater than 10 kW and less than or equal to 15 kW. Based on demand, the Exchange wishes to introduce the Ultra High Density Cabinet as an option for customers between the High Density Cabinet and the Super High Density Cabinet. The Ultra High Density Cabinet option would only be offered in NY11-4 because of the power configuration necessary for such cabinets, which is not possible or available in other portions of the data center due to different power distribution. Because of the addition of the Ultra High Density Cabinet option in NY11-4, the Super High Density Cabinet in NY11-4 would have power density greater than 15 kW and less than or equal to 17.3 kW.

In addition to the Ultra High Density Cabinet, the Exchange would offer the other, existing cabinet options in NY11-4, with the exception of the Low Density Cabinet and Half Cabinet due to a lack of demand for such cabinets. The cabinets in NY11-4 will include certain

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<sup>5</sup> Half cabinets are not available to new subscribers. See General 8, Section 1(a).

features, including but not limited to: uniform, wider cabinets<sup>6</sup> (32" W x 48" D x 91" H), cable management, and a rear split door and combo lock.

#### ***NY-11 4 Cabinet Power and Power Distribution Units***

The Exchange currently provides various cabinet power options, including: 2x20 amp 110 volt, 2x30 amp 110 volt, 2x20 amp 208 volt, 2x30 amp 208 volt, Phase 3 2x 20 amp 208 volt, Phase 3 2x 30 amp 208 volt, 2x60 amp 208 volt, Phase 3 2x 40 amp 208 volt, Phase 3 2x 50 amp 208 volt, Phase 3 2x 60 amp 208 volt, and 2x30 amp 48 volt DC. For NY11-4, the data center operator is bringing in higher voltage power options, which are more consistent with power options used in other data centers across the globe. The Exchange proposes to amend General 8, Section 1(c) to add the cabinet power options for NY11-4, which include: Phase 1 20 amp 240 volt, Phase 1 32 amp 240 volt, Phase 1 40 amp 240 volt, Phase 3 20 amp 415 volt, and Phase 3 32 amp 415 volt. The Exchange also proposes to specify in its Rules that these cabinet power options are specific to NY11-4 and that one of these options must be selected for cabinets in NY11-4. Although different cabinet power options will be offered in NY11 and NY11-4 due to differing power configurations, the new cabinet power options are not inherently preferable to the existing cabinet power options and the Exchange does not anticipate material differences in equipment performance based on the power distribution. Due to higher voltage options being offered in NY11-4, the data center operator is likely to experience increased power distribution efficiencies across the data center. As between the various cabinet power options, customers choose power based on their preference and capacity needs.

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<sup>6</sup> In the existing data halls, clients may bring their own cabinets or use Exchange-provided cabinets. Because of the cooling system in NY11-4 (hot aisle containment), all cabinets must be uniform and therefore, the Exchange will provide all cabinets. The existing data halls utilize cold aisle containment to manage temperatures. Hot aisle containment is a more effective way to manage heat in the data center.

The Exchange also proposes to offer power distribution units (“PDUs”)<sup>7</sup> in NY11-4 as a convenience to customers. Rather than sourcing PDUs on a customer-by-customer basis, as the Exchange does for customers in NY11, the Exchange wishes to simplify and standardize its PDU offering in NY11-4 by offering Phase 1 and Phase 3<sup>8</sup> power distribution units. This service is optional and customers may choose to provide their own PDUs appropriate for their power installation choices. The Exchange also proposes to offer a switch monitored PDU add on in NY11-4, which would allow customers to connect remotely to their PDU and control the power sockets. With the switch monitored PDU option, customers would be able to power cycle or shut off power remotely. This option is optional as well and customers may choose to provide their own switch monitored PDU, if desired.

### ***Implementation***

Although the timing is subject to change,<sup>9</sup> the Exchange anticipates opening NY11-4 Exchange access on October 21, 2024 and providing customers access to the space on August 1, 2024. In concert with this filing, the Exchange will allow customers to place orders for NY11-4, which would not be fee liable until customers are provided access to the space.<sup>10</sup> The Exchange will submit a fee filing to establish fees for the services described herein. Allowing customers to

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<sup>7</sup> PDUs are devices fitted with multiple outputs designed to distribute electric power. The standardized PDUs would only be offered for NY11-4.

<sup>8</sup> Phase 1 PDUs would be compatible with the following power options: Phase 1 20 amp 240 volt, Phase 1 32 amp 240 volt, and Phase 1 40 amp 240 volt. Phase 3 PDUs would be compatible with the following power options: Phase 3 20 amp 415 volt and Phase 3 32 amp 415 volt. Phase 1 and Phase 3 are available in NY11 and NY11-4. Phase 3 PDUs provide greater power density than Phase 1 PDUs by delivering power over three wires as opposed to one wire.

<sup>9</sup> The Exchange will announce modifications to the proposed timing via the Nasdaq Customer Portal, which is the web portal used for order and inventory management of colocation services, and email communication to all colocation customers.

<sup>10</sup> Charging customers once access is provided is consistent with current practice and allows customers to set up equipment and begin using power.

place orders in advance of opening its doors will allow the Exchange to plan ahead for capacity and demand for services, as well as procure necessary equipment.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</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. Today, the Exchange offers various cabinet choices and power options in the data center for colocation customers. The proposal would expand the cabinet and power options available, by introducing an additional cabinet option, the Ultra High Density Cabinet, and new power choices. The proposal would benefit the public interest by providing customers more cabinet and power options to choose from, thereby enhancing their ability to tailor their colocation operations to the requirements of their business operations. In general, the proposal is consistent with the Act because the Exchange's expansion of the data center and expansion of available power and cabinets will enable the Exchange to meet customer needs and address demand for both cabinets and power. In lieu of collocating directly with the Exchange, market participants may choose not to collocate at all or to collocate indirectly through a vendor.

The Exchange also believes that the proposal will not be unfairly discriminatory, consistent with the objectives of Section 6(b)(5) of the Act<sup>13</sup> because the expanded cabinet and power options in the data center would be offered equally to all customers. Although certain optionality is only offered in NY11-4 because of different power configurations in NY11-4 as

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

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> Id.

compared to NY11, NY11-4 is merely an expansion of the data center, and any customer may order cabinets and power in NY11-4 (and across the data center broadly) on the same terms as any other customer.

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.

Nothing in the proposal imposes any burden on the ability of other exchanges to compete. The Exchange operates in a highly competitive market in which exchanges and other vendors offer colocation services as a means to facilitate the trading and other market activities of those market participants who believe that colocation enhances the efficiency of their operations. As part of its colocation offering, the Exchange currently offers similar cabinets and power, as do other exchanges.

Nothing in the Proposal burdens intra-market competition because the Exchange's colocation services, including those proposed herein, are available to any customer and customers that wish to order cabinets and power can do so on a non-discriminatory basis. Use of any colocation service is completely voluntary, and each market participant is able to determine whether to use colocation services based on the requirements of its business operations.

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)(iii) of the Act<sup>14</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>15</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 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2024-026 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.

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</sup> 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.

All submissions should refer to file number SR-NASDAQ-2024-026. 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 website (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-NASDAQ-2024-026 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

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<sup>16</sup> 17 CFR 200.30-3(a)(12).