

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65024; File No. SR-NASDAQ-2011-102)

August 3, 2011

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Introduce a Bulk-Quoting Interface

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 July 27, 2011, The NASDAQ Stock Market LLC (“NASDAQ” or the “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

NASDAQ is filing with the Commission a proposal to introduce a bulk-quoting interface for NASDAQ market makers that will help them meet their obligations as market makers and to provide liquidity to the market in an efficient manner.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

NASDAQ currently offers an order-based market making interface on its options trading platform ("NOM"). Market makers use this interface to provide a two-sided quotation on NOM. Since it is an order-based interface, a two-sided quotation requires the entry of both a buy and a sell order.

As part of several technological enhancements NASDAQ plans to implement on NOM, NASDAQ proposes to introduce a bulk-quoting interface for market makers in order to offer an additional market making interface choice to NASDAQ market makers. The proposed bulk-quoting market making interface will be used by market makers to submit and update their quotations in the marketplace much like the current order-based interface is used today. The bulk-quoting interface, however, allows market makers to provide both a bid and an offer in one message. In addition, the bulk-quoting interface allows market makers to bundle several quote updates into one bulk message. This is a useful feature for market makers that provide quotations in many different options. Furthermore, the bulk-quoting market making interface includes certain data elements (described below) which provide market makers with information that will help them meet their obligations as market makers and to provide liquidity to the market in an efficient manner. NASDAQ also proposes to provide this data on the order-based market making interface (collectively, the "Interfaces").

The data to be offered over the Interfaces either will be administrative in nature or used to attract liquidity to NASDAQ in response to an auction. NASDAQ believes the data included in this feed is necessary for participants who have written systems to interface with NASDAQ in the case of administrative messages or information regarding auctions and used to attract

liquidity. Though these Interfaces are only available to market makers for quoting purposes, non-quoting firms will be allowed to connect to the Interfaces and receive the relevant information, but not send quotes or orders.

Participants who have written interfaces to the NASDAQ system would use the administrative data to determine the current state of the trading system. For example, this data would show which symbols are trading on NASDAQ, the current state of an options symbol (i.e., open for trading, trading, halted or closed from trading). All of this information is vital to a participant's quoting application and by including this information on the Interface used for quoting, participants can streamline their respective system architectures.

NASDAQ holds an opening auction as an efficient and robust mechanism to start each trading day. Additionally, NASDAQ uses an auction to resume trading after a trading halt. During these auction events, NASDAQ advertises the liquidity it has available for execution. This auction information is available on other data feeds and is made available to all exchange participants. The information being added to these market making Interfaces is for convenience purposes so that market participants utilizing them have an additional means to access the information directly impacting their quoting behavior and are not required to take other feeds simply in order to have access to these data elements.

A participant's quoting application will then be able to receive these notifications over the same Interface by which it sends quotes to NASDAQ and could then use the data to respond to auctions quickly and efficiently. This data is not disseminated as a quote to the market because it represents interest that is not immediately executable, but rather interest that is currently gathering in an auction.

Data proposed for these interfaces will initially include the following:

- (1) Options Auction Notifications (e.g., opening imbalance, imbalance after a halt);
- (2) Options Symbol Directory Messages;
- (3) System Event Messages (e.g., start of messages, start of system hours, start of quoting, start of opening); and
- (4) Option Trading Action Messages (e.g., halts, resumes).

2. Statutory Basis

NASDAQ believes that its proposal is consistent with Section 6(b) of the Act³ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴ 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.

NASDAQ believes that this proposal is in keeping with those principles by protecting investors and the public interest, as well as promoting just and equitable principles of trade, through the addition of a new market making interface option for NASDAQ market makers, which by aiding market makers in their market making activities will help to enhance market liquidity for investors. Additionally, permitting the Interfaces to include data elements that are administrative in nature or that are used to attract liquidity to NASDAQ in response to the opening auction, serves to remove impediments to and acts to perfect the mechanism of a free and open market and a national market.

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.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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 19(b)(3)(A) of the Act⁵ and Rule 19b-4(f)(6) thereunder.⁶

A proposed rule change filed under Rule 19b-4(f)(6)⁷ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),⁸ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange notes that the proposed rule change is a non-controversial system change to data and would not affect the execution of trades. The Exchange also notes that it is important to its internal technology roll-out to be able to have this proposed change in place by August 15, 2011, in order for other technological plans to be implemented, and that prompt implementation would extend the benefits and new features to users more quickly. For these reasons, the

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 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.

⁷ 17 CFR 240.19b-4(f)(6).

⁸ 17 CFR 240.19b-4(f)(6)(iii).

Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, and designates the proposed rule change to be operative upon filing with the Commission.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 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2011-102 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

⁹ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

All submissions should refer to File Number SR-NASDAQ-2011-102. This file number should be included on the subject line if e-mail 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 (<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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer

to File Number SR-NASDAQ-2011-102 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.¹⁰

Elizabeth M. Murphy
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).