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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-80098; File No. SR-Nasdaq-2016-120]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of a Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 2, to Amend Rules 7034 and 7051 to Establish the Third Party Connectivity Service
February 24, 2017

On August 16, 2016, the Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ a proposed rule change to establish the Third Party Connectivity Service under Rules 7034 and 7051. The proposed rule change was published for comment in the Federal Register on September 2, 2016.⁴ The Commission received one comment letter regarding the proposal.⁵ Nasdaq responded to the comment letter.⁶ On October 5, 2016, the Commission designated a longer period for Commission action on the proposed rule change.⁷ Subsequently, the Commission received three additional comment letters regarding the proposal: One from Virtu Financial, another from Bats

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 78713 (August 29, 2016), 81 FR 60768 (“Notice”).

⁵ See letter from Eric Swanson, Esq., General Counsel, Bats Global Markets, Inc., to Brent J. Fields, Secretary, Securities and Exchange Commission, dated September 12, 2016 (“Bats Letter”).

⁶ See letter from Jeffrey S. Davis, Vice President and General Counsel, Nasdaq Stock Market LLC, to Brent J. Fields, Secretary, Commission, dated October 4, 2016 (“Nasdaq Letter”).

⁷ See Securities Exchange Act Release No. 79049, 81 FR 70452 (October 12, 2016).

responding to Nasdaq’s Letter, and a third from SIFMA.⁸ On November 30, 2016, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁹ to determine whether to approve or disapprove the proposed rule change.¹⁰ Thereafter the Commission received four comment letters.¹¹ On January 26, 2017, the Exchange filed Amendment No. 1 to the proposal,¹² and responded to comments from IEX, SIFMA, KCG Holdings, and Citadel Securities regarding the proposed rule change.¹³ On January 31, the Exchange withdrew Amendment No.1 and on the same date filed Amendment No.2 to the proposed rule change.¹⁴ Thereafter, the Commission received two comment letters: One from Bats¹⁵ and another from IEX.¹⁶

⁸ See letters from Douglas A. Cifu, Chief Executive Officer, Virtu Financial, dated October 6, 2016, Eric Swanson, General Counsel, Bats Global Markets, Inc., dated October 12, 2016, and Melissa McGregor, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (“SIFMA”), dated November 23, 2016, to Brent J. Fields, Secretary, Commission.

⁹ 15 U.S.C. 78s(b)(2)(B).

¹⁰ See Securities Exchange Act Release No. 79431, 81 FR 87981 (December 6, 2016) (“OIP”). Specifically, the Commission instituted proceedings to allow for additional analysis of, and input from commenters with respect to, the proposed rule change’s consistency with Sections 6(b)(4), 6(b)(5) and 6(b)(8) of the Act. See *id.*, 81 FR at 97983.

¹¹ See letters from John Ramsay, Chief Market Policy Officer, IEX Group, Inc., dated December 9, 2016, Melissa McGregor, Managing Director and Associate General Counsel, SIFMA, dated December 20, 2016, John A. McCarthy, General Counsel, KCG Holdings, Inc., dated December 23, 2016, and Adam C. Cooper, Senior Managing Director and Chief Legal Officer, Citadel Securities, dated December 27, 2016, to Brent J. Fields, Secretary, Commission.

¹² See letter from T. Sean Bennett, Principal Associate General Counsel, Nasdaq Inc., to Brent J. Fields, Secretary, Commission, dated January 26, 2017.

¹³ See letter from T. Sean Bennett, Principal Associate General Counsel, Nasdaq Inc., to Brent J. Fields, Secretary, Commission, dated January 26, 2017.

¹⁴ See letter from T. Sean Bennett, Principal Associate General Counsel, Nasdaq Inc., to Brent J. Fields, Secretary, Commission, dated January 31, 2017. Amendment No. 2 is available on the Commission’s website at <https://www.sec.gov/comments/sr-nasdaq-2016-120/nasdaq2016120-1545779-131353.pdf>.

¹⁵ See letter from Eric Swanson, Esq., General Counsel, Bats Global Markets, Inc., to Brent J. Fields, Secretary, Commission, dated February 6, 2017.

Section 19(b)(2) of the Act¹⁷ provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of the filing of the proposed rule change. The Commission may, however, extend the period for issuing an order approving or disapproving the proposed rule change by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the Federal Register on September 2, 2016.¹⁸ The 180th day after publication of the notice of the filing of the proposed rule change in the Federal Register is March 1, 2017.

The Commission finds that it is appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change, as modified by Amendment No. 2, so that it has sufficient time to consider the proposal and the issues raised by the commenters.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,¹⁹ designates April 28, 2017, as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR-Nasdaq-2016-120).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

¹⁶ See letter from John Ramsay, Chief Market Policy Officer, IEX Group, Inc., to Brent J. Fields, Secretary Commission, dated February 15, 2017.

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ See Notice.

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ 17 CFR 200.30-3(a)(57).

Robert W. Errett
Deputy Secretary

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