SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56348; File No. SR-NASDAQ-2007-073)

August 31, 2007

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the Halt Cross Process

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 August 20, 2007, The NASDAQ Stock Market LLC ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by Nasdaq. On August 31, 2007, the Exchange filed Amendment No. 1 to the proposed rule change.[3] The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act[4] and Rule 19b-4(f)(6) thereunder,[5] which rendered the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq proposes to make minor modifications to the manner in which Nasdaq resumes trading of securities that are the subject of the Nasdaq Halt Cross as well as the potential duration of the Display Only Period, as set forth in Nasdaq Rule 4120. The text of the proposed rule change is available at Nasdaq, the Commission's Public Reference Room, and www.complinet.com/nasdaq.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 Amendment No. 1 replaced the original filing in its entirety.

4 15 U.S.C. 78s(b)(3)(A).

5 17 CFR 240.19b-4(f)(6).

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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's Halt Cross has been in production for one year and in that time it has proven to be a highly successful process to begin trading Nasdaq-listed securities. With the transition of Nasdaq-listed trading to a single platform in October 2006, Nasdaq implemented a similar process for resuming trading in halted stocks referred to as the Halt cross, providing greater transparency as issues begin trading again after a halt.

NASDAQ has determined that by amending certain rules governing the Halt Cross, NASDAQ can provide more accurate price discovery to market participants. First, Nasdaq is proposing to extend the period of time those securities may be subject to Display Only status prior to the operation of the Halt Cross. Currently, after the initial 15-minute Display Only period, Nasdaq may extend the Display Only period for up to three additional 5-minute intervals, for a total of 15 additional minutes. Nasdaq believes that the price discovery capability of the Halt Cross will be improved by permitting additional Display Only periods. Therefore, Nasdaq is proposing to authorize up to three additional 5-minute extensions of the Display Only Period for a total of 30 minutes. This proposal will not alter how Nasdaq extends the Display Only period or how Nasdaq operates the Halt Cross.

Second, Nasdaq is proposing to change the existing mechanism for extending the duration of the "Display Only" period that occurs prior to the Halt Cross during which time members enter quotes and orders they expect to participate in the Halt Cross. The current rule states that the Display Only period for Halt Crosses will be extended by 5 minutes in the event that the Current Reference Price moves more than 10% between the imbalance dissemination 15 seconds prior to the cross and the cross time. Nasdaq has reviewed data from Halt Crosses and found that the 10% threshold is wider than necessary. For example, in reviewing a series of 13 IPOs from the beginning of 2007, 1 moved 4% in the last 15 seconds, 1 moved 1.5%, while 11 did not move at all. Therefore Nasdaq proposes to tighten the systematic trigger to 5% from the current 10%.

Finally, Nasdaq also proposes to change the provision of the rule dealing with the re-opening timeline for the Halt Cross. Currently, the Halt Cross initiates in a "randomization" period of between 0 and 15 seconds after the Display Only period. The randomization period was designed to deter market participants from timing their participation in a way that harmed other participants. This provision, however, occasionally results in other markets trading after the issue has re-opened but prior to Nasdaq restarting trading using the Halt Cross. Nasdaq Staff believe that it is potentially disruptive for Nasdaq, as the listing market and venue for the majority of electronic trading, to continue a halt after other market centers have resumed trading and, therefore proposes to eliminate the random period prior to the execution of the Halt Cross.

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, in that it is designed 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. The proposal will promote orderly trading with respect to IPOs and re-openings of halted stocks.

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.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[8] and Rule 19b-4(f)(6) thereunder[9] because it: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days from the date on which it was filed,

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6 15 U.S.C. 78f.

7 15 U.S.C. 78f(b)(5).

8 15 U.S.C. 78s(b)(3)(A).

9 17 CFR 240.19b-4(f)(6).

or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.[10]

A proposed rule change filed under Rule 19b-4(f)(6) normally may not become operative prior to 30 days after the date of the filing.[11] However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.[12] The Exchange has requested that the Commission waive the 30-day operative delay. In support of this request, Nasdaq has represented that the "randomization" period of between 0 and 15 seconds prior to the execution of the cross currently provided for in Rule 4120 has led to confusion in the marketplace because it causes Nasdaq, the listing market, to remain in a halted state after other trading venues resume trading. Nasdaq believes that this delay has the potential to promote “gaming” behavior by some market participants that is harmful to other market participants and also to investors.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it believes that the proposed modifications to the operation of Nasdaq’s Halt Cross should have a positive impact market quality and enhance the orderliness of trading by removing a potential method for gaming the re-opening

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10 For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on August 31, 2007, the date on which the Exchange submitted Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

11 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6)(iii) requires the self-regulatory organization to give the Commission notice of its intent to file the proposed rule change, along with a brief description and text of 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. Nasdaq has complied with this requirement.

12 17 CFR 240.19b-4(f)(6)(iii).

following the Halt Cross. Accordingly, the Commission designates the proposal to be effective and operative upon filing with the Commission.[13]

At any time within 60 days of the filing of a rule change pursuant to Section 19(b)(3)(A) of the Act,[14] the Commission may summarily abrogate the 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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-2007-073 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2007-073. 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

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13 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. 15 U.S.C. 78c(f).

14 15 U.S.C. 78s(b)(3)(A).

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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of the Nasdaq. 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-2007-073 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[15]

Florence E. Harmon
Deputy Secretary

15 17 CFR 200.30-3(a)(12).