

### Market Participants

## Market Participants



NASDAQ MARKET PARTICIPANTS INCREASE MARKET QUALITY AND INVESTOR PROTECTION.

**NASDAQ's inclusive screen-based model, where multiple market participants openly compete for order flow, provides listed companies with unmatched liquidity and depth throughout each trading day.** NASDAQ combines the most efficient aspects of both the quote- and order-driven markets, allowing multiple participants to trade with each other through a sophisticated computer and telecommunications network. NASDAQ market participants—approximately 1,000—are made up of market makers, order entry firms, and alternative trading systems (ATs) that include electronic communication networks (ECNs) and unlisted trading privileges (UTP) exchanges. NASDAQ allows all participants equal access to the market and to market information through a simultaneous broadcast of quotes over computer terminals. Trading information is broadcast to over 1.2 million users in 83 countries. NASDAQ trades are facilitated through NASDAQ Workstation II presentation devices, numbering 11,000. ■

### Market Participants

#### ECNs

**Electronic Communication Networks (ECNs) are electronic trading systems that display orders in NASDAQ.** ECNs were integrated into the market in 1997 as part of implementation of the Securities and Exchange Commission (SEC) order handling rules. Certified by the SEC, ECNs must be registered with NASDAQ and NASD to participate in the NASDAQ market. ECNs display either one-sided or two-sided quotes, which reflect actual orders. ■

Current Registered ECNs	Market Participant Identification Code
Archipelago, L.L.C.	ARCA
Attain	ATTN
B-Trade Services L.L.C.	BTRD
The BRASS Utility, L.L.C.	BRUT
Instinet Corporation	INCA
The Island ECN	ISLD
Market XT	MKXT and LSPD
NexTrade	NTRD
REDIBook	REDI

The NASDAQ Stock Market as of 4/2002

## Market Participants

### Market Makers

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**NASDAQ market makers are independent dealers competing for investor orders by displaying buy and sell interest in NASDAQ-listed securities.**

Nearly 300 active registered firms commit capital in the securities in which they choose to make a market. Market makers display both quotes and orders in NASDAQ, in compliance with the 1997 Securities and Exchange Commission Order Handling Rules. Displaying two-sided quotes in all securities that they choose to make a market in, market makers are subject to disciplinary action if they fail to honor their quoted prices. NASDAQ achieves market depth averaging 14 market makers per stock. ■

## Market Participants

**Order-entry Firms**

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**A NASDAQ order-entry firm is a type of broker/dealer that enters customer orders into the NASDAQ system.** Adding to the market's liquidity by bringing additional orders into NASDAQ, order-entry firms have the ability to access bid and ask quotes for market makers and NASDAQ-listed securities. However, they differ from market makers in that they do not commit capital. ■

**Market Participants****Market Sales Contacts**

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### Market Participants: Products

## SuperMontage



SUPERMONTAGE PROVIDES A STRONGER CENTER OF LIQUIDITY WITH GREATER DEPTH AND TRANSPARENCY.

**NASDAQ's next generation trading system, SuperMontage, provides more trade information and processes quotes and orders more efficiently than previously processed.** At the core of SuperMontage is a new central display montage from which participants can, for the first time, enter multiple levels of trading interest. SuperMontage is the first stock market platform that:

- Fully integrates a public limit order book and market maker quotations.
- Allows market makers and ECNs to enter multiple quotes at single or multiple price levels.
- Displays orders either anonymously or by name.
- Shows aggregate investor buy and sell interest five levels deep.
- Time-stamps individual orders to preserve position and priority.

These SuperMontage features add up to a fairer, more level playing field for all market participants, increasing market quality and investor protection.

For more information about NASDAQ SuperMontage, visit [www.NASDAQ.com/reference/SMIssuerbrol.pdf](http://www.NASDAQ.com/reference/SMIssuerbrol.pdf) ■

### Market Participants: Products

## Primex

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PRIMEX CREATES OPPORTUNITIES FOR INVESTORS TO RECEIVE PRICES THAT IMPROVE UPON THE BEST QUOTES.

**The Primex Auction System is a unique digital trading system for NASDAQ and other exchange-listed stocks.** For all its participants, the Primex Auction System offers a market-based solution for providing price and size improvement opportunities. The system is designed specifically to help brokers facilitate best execution for their customer orders. NASDAQ has an exclusive license to operate the Primex Auction System as a facility of its market for U.S. equities. ■

### Market Participants: Products

## Data Products



NASDAQ IS DEDICATED  
IN ITS EFFORTS TO  
PROVIDE THE HIGHEST  
QUALITY DATA.

**NASDAQ is committed to delivering the highest quality market data available.** What distinguishes NASDAQ among other U.S. stock markets is our ability to provide varying levels of detail according to the needs of individual users and their customers. Distributed to over half a million industry professionals and millions of investors, NASDAQ's market data is derived from over 350,000 terminals worldwide, reaching all workstations in 500 milliseconds or less. Affordable for all investors, monthly access to NASDAQ's real-time data costs an individual investor less than an ATM transaction.

With SuperMontage, NASDAQ offers four unprecedented new data products:

**QuoteView** provides each SuperMontage participant's best bid and offer, as well as the aggregate best bid and offer available on SuperMontage. This service is an updated version of the current Level II data service and consists of the data available on the NASDAQ Quotation Dissemination Service (NQDS) data feed.

**DepthView** shows the aggregate size, by price level, of all NASDAQ market participants' attributed and unattributed quotations/orders that are in the top five price levels in SuperMontage. This view service is based on the information available in the Aggregated Depth at Price (ADAP) data feed and allows large investors to know how many shares they can trade within NASDAQ without having any price impact.



## Market Participants

### Data Products

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**PowerView** bundles QuoteView and DepthView by combining the NQDS and ADAP data feeds.

**TotalView** offers the PowerView services plus all NASDAQ market participants' attributed quotations/orders that are in the top five price levels in Super-Montage, in addition to the aggregate size of all unattributed quotes/orders at each of the top five price levels. To create a TotalView display, distributors must receive and process the NASDAQ Prime data feed. ■