

THE NASDAQ STOCK MARKET, INC.

Market Operations Review Committee
2005

Alfred W. Anderson, Jr. (NI)
(2006)

James Cangiano (NI) (2008)

Joseph Ciardi (I/MM) (2008)
Adams, Harkness & Hill Inc.

Faith Colish, Counsel (NI)
(2007)
Carter, Ledyard & Milburn

Michael Gibbons (NI) (2008)
Chief Compliance Officer
Pulse Trading Inc.

David Kugel (I/MM) (2008)
Bernard L. Madoff Investment
Securities LLC.

Hugh H. Makens, Partner (NI) (2006)
Warner Norcross & Judd LLP

Tom McGonigle, Partner (NI) (2007)
LeClair Ryan

James Miller (I/MM) (2006)
Senior Vice President and
Manager Nasdaq Trading
Robert W Baird & Co., Inc.

Michael J. Missal, Esquire (NI) (2006)
Kirkpatrick & Lockhart LLP

Lee A. Pickard, Partner (NI) (2006)
Pickard and Djinis LLP

Robert N. Rapp, Attorney (NI) (2007)
Calfee, Halter & Griswold LLP

Hedi Reynolds (I/MM) (2006)
Managing Director Nasdaq/OTC Trading
Morgan Keegan & Company, Inc

Patrick Ryan (I/MM) (2007)
Scott & Stringfellow

(Term end date)

Nasdaq Staff Liaison Team:

Sheila Dagucon
Vice President, MarketWatch

Approved 3/2/05

2005 Market Operations Review Committee Charter

Purpose: The primary function of the Market Operations Review Committee (the "MORC") is to adjudicate appeals by a member, a member of a UTP Exchange or a person associated with any such member, ("member"), within the MORC authority as provided under NASD Rules 4612, 4619, 4620, 4710, 11890, and the Plan of Allocation and Delegation of Functions By NASD to Subsidiaries SIII NASDAQ.

Goals and Objectives: The MORC shall:

Consider facts and circumstances, on a case-by-case basis, relating to member appeals of NASDAQ Officer determinations pursuant to the NASD Rules. MORC determinations are to be rendered in a fair and unbiased manner, are final and binding upon all parties and shall constitute final Association action on the matter in issue.

Composition: The MORC will have broad representation that is balanced between Market Making and Non-Market Making members. The Committee members shall be drawn from various constituencies of The Nasdaq Stock Market, including investors, market makers, integrated retail firms and order entry firms. As a condition precedent to serving on the Committee, a member must complete a confidentiality agreement in the form provided by Nasdaq.

The members of the Committee shall be approved by the Board annually, and shall serve a term of three years. The MORC Chair is selected by a majority vote of the MORC at the first quarterly meeting of each calendar year.

Meetings: The MORC shall meet at least four times annually, or more frequently as circumstances dictate. Meetings may be held in person at locations to be determined by Nasdaq or via conference call. Committee members must attend Committee meetings in person or by telephone and may not send substitute attendees to meetings.

Responsibilities and Duties:

To fulfill its goals and objectives, the MORC shall conduct Panel meetings to render decisions regarding the case-by-case review of a member's appeal of a NASDAQ Officer determination under NASD Rules 4612, 4619, 4620, 4710, and 11890. The Panel must consist of three MORC members (members may not send a substitute representative) with the majority composed of Non-Market Making representatives.

At all meetings of the MORC, a quorum for the transaction of business shall consist of a majority of the Committee, including not less than 50 percent of the Non-Market Making committee members. If a least 50 percent of the Non-Market Making Committee members are (i) present at or (ii) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Non-Market Making committee members be present to constitute the quorum shall be waived.

Thus, the composition of the MORC must be balanced between Market Making members (members directly engaged in market making activity or employed by a member of a firm whose revenues from market making activity exceed ten percent of its total revenues) and Non-Market Making members. At least 50 percent of Non-Market Making committee members must be present or waive attendance at all meetings.

In order to determine the appropriate composition of the MORC, annually the Secretary of the Corporation shall collect from each Committee nominee such information as is reasonably necessary to determine the Committee nominee's classification as a Market Making and Non-Market Making member of the Committee.

Approved 3/2/05

Updated on 7/8/05