



## NASDAQ TRANSACTION SERVICES CORPORATE FACT SHEET October 2007

### **NASDAQ Trading Platform Overview:**

NASDAQ<sup>®</sup> Transaction Services is the business line that runs the trading engine for The NASDAQ Stock Market. NASDAQ's trading platform is a fully integrated order display, execution and trade reporting system for all NASDAQ-, NYSE- and Amex-listed securities. NASDAQ offers superior technology and trading efficiencies for all U.S. equity securities, providing deep liquidity, a broad range of services, and competitive low-cost pricing.

NASDAQ offers many advanced order types and enhanced connectivity at competitive industry prices. The exchange's innovative NASDAQ Opening & Closing Crosses<sup>SM</sup> provide accurate and consistent opening and closing prices for NASDAQ-listed stocks, and the transparency that investors need leading up to the open and close.

### **NASDAQ Trading platform:**

NASDAQ's trading platform is the fastest and most scalable trading system available in the industry today using INET trading technology.

- Sub millisecond (1/1,000<sup>th</sup> of a second) transaction speeds are fastest in the industry.
- Only U.S. equities exchange to offer electronic auctions at open, close and during the trading day.
- System equipped and tested to handle double normal daily trading volume. Record trading volume of 3.73 billion shares on August 16, 2007.
- Fully redundant data centers with immediate ("hot-hot") disaster recovery.
- More than 2 million users in 83 countries have access to screens displaying NASDAQ data.

### **Trading of Non-NASDAQ Listed Securities:**

NASDAQ has continued to evolve its trading in non-NASDAQ listed securities. The NASDAQ Stock Market offers customers the ability to trade NYSE-listed securities on the NASDAQ trading platform to leverage its sophisticated technology, anonymity and competitive pricing. Due to NASDAQ's fully electronic, transparent system and routing capabilities, NASDAQ has continued to grow NYSE market share since trading firms are increasingly choosing NASDAQ for their NYSE order flow. NASDAQ matched market share in NYSE securities is over 19% (August 2007), with handled share of 53% (August 2007). *Figure includes FINRA/NASDAQ TRF market share of 15.7%*

*\*FINRA is a registered trademark of the Financial Industry Regulatory Authority and is used under license from the Financial Industry Regulatory Authority.*

### **NASDAQ Crossing Network:**

NASDAQ leads the way in crossing technology with the Opening and Closing Crosses, the IPO/Halt Cross and the newly launched Intraday and Post-Close Crosses.

- The Opening and Closing Crosses were created to leverage NASDAQ's speed, access and market structure to provide participants and investors with single transparent opening and closing prices in NASDAQ-listed securities.
  - NASDAQ's Closing Cross processed over 678 million shares, representing \$11.7 billion, in a record 1.9 seconds during the Russell Index Reconstruction on June 22, 2007.

- NASDAQ's IPO/Halt Cross was created to bring fair executions for investors through a transparent process that creates a single price for IPO's and halt resumptions based on supply and demand.
- NASDAQ created the Intraday and Post-Close Crosses, which are fully anonymous, deeply liquid and allow for large block trades without moving the market.
  - Intraday Crosses occur at 10:45 a.m., 12:45 p.m. and 2:45 p.m., and the Post-Close Cross occurs at 4:30 p.m., Eastern Time.
- NASDAQ plans to launch a Continuous Cross later this year. These on-going crosses will provide market makers with specific tools to access high levels of liquidity throughout the trading day.

#### **NASDAQ Value Added Services:**

NASDAQ's trading system is more than a matching engine that includes a variety of services offering designed to meet the needs of Wall Street firms such as:

- *Pre-Trade Risk Management*  
Enables firms to control and validate orders prior to entering the NASDAQ Market. Pre-Trade Risk Management at the exchange level provides: speed, neutral third party administration/governance, erroneous trade protection, command / control over multiple business units.
- *Mid-Point Peg*  
This pegged order type allows the price of an order to be pegged to the mid-point of the National Best Bid and Offer (NBBO) at the nearest whole penny.
- *Regulation Reconnaissance (Reg Recon)*  
NASDAQ offers a new real-time surveillance alert and report module to assist firms with their Reg NMS compliance. This new service, Regulation Reconnaissance (Reg Recon), provides real-time warnings that notify firms when there are potential FINRA/NASDAQ Trade Reporting Facility (TRF) trade-throughs, and when NASDAQ has declared Self Help against another market\*.

*\* Notice of NASDAQ's declaration of Self Help is provided for informational purposes only and is not intended to relieve firms of their obligations to conduct independent self-help analysis and to adopt policies and procedures designed to achieve compliance with those obligations.*

#### **Select Market Maker Program:**

NASDAQ launched the Select Market Maker Program, a certification to designate qualified market makers as "Select" on a stock-by-stock basis. This designation will provide Select Market Making firms with additional marketing opportunities for corporate services aimed directly at CEOs, CFOs and Investor Relations executives of NASDAQ-listed companies. NASDAQ's Market Intelligence Desk will serve as the conduit between the NASDAQ-listed company and market markers.

#### **The NASDAQ Options Market:**

The NASDAQ Stock Market is developing an equity and index options market based on its corporate principles of openness, fairness, transparency and speed. Pending Securities and Exchange Commission (SEC) approval, the new NASDAQ Options Market is scheduled to launch in the fourth quarter of 2007. The system is being built on the integrated NASDAQ platform, using the best-in-class INET technology. The NASDAQ Options Market will have a diverse business model that what is currently in the marketplace. It will be open to all NASDAQ members and its price-time priority model will give all participants equal access.

#### **Regulation NMS Leadership (Reg NMS):**

NASDAQ Transaction Services is leading the way in helping market participant firms fulfill their compliance obligations. Because NASDAQ uses direct linkages to access all major liquidity pools, including all protected and auto ex-venues, it offers its customers better speed and fill rates. NASDAQ's broker dealer, NASDAQ Execution Services, has all the necessary member trading privileges, allowing for instantaneous routing and executions. All NASDAQ routing strategies and order types are Reg NMS compliant, plus NASDAQ has created new order types to help customers trade in a post-Reg NMS world. NASDAQ also provides functionality to assist firms to remain in compliance when reporting trades to the FINRA/NASDAQ Trade Reporting Facility<sup>TM</sup> (TRF).

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