## Market Maker Risk Management

### Nasdaq PHLX/NOM/BX

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| **Anti-Internalization (AIQ)** | • Prevents single-leg Market Maker interest from matching against resting interest from the same Market Maker.  
• Nasdaq PHLX, Nasdaq BX and Nasdaq Options Market (NOM) Market Makers can configure this protection to apply at the badge, exchange account, or member firm level.  
• If AIQ is triggered, incoming single-leg Market Maker interest will trade with other interest with priority on the book, and resting Market Maker interest that would have otherwise matched with the incoming interest will be cancelled.  
• Covers Market Maker orders entered via FIX and NOM OTTO in addition to SQF quotes/sweeps.                                                                 | All       | Automatic, Configured by Member (PHLX/NOM/BX)         |
| **Quote Reprice/Cancel**      | • A quote which locks or crosses the NBBO will be re-priced from the NBBO on the contra side. The quote will be continuously repriced as the ABBO moves, up to its limit price.  
• Market Makers may elect for their quotes to be cancelled rather than repriced.                                                                 | All       | Automatic, Configured by Member                       |
| **Acceptable Trade Range**    | • An order or quote is limited to a predefined maximum range set by the Exchange where it will be permitted to execute.                                                                                      | All       | Automatic*                                            |
| **Cancel on Disconnect (COD)**| • All quotes and orders will be removed if a loss of communication is detected with an order entry port.  
• Market Maker quotes will be cancelled across the same Market Maker ID and underlying issues.                                                                                                            | All       | Automatic                                             |

*configured by the Exchange
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| Rapid Fire             | • Removes a Market Maker’s SQF quotes and NOM OTTO orders from the marketplace in all series of an underlying security when a certain threshold is met.  
• Thresholds can be configured for number of contracts executed, or contracts executed as a percentage of quote size.  
• Can be configured at the badge level.  
• Optional Delta and Vega thresholds.                                                                                                                                                                                                                                       | All      | Configured by Member               |
| Multi-Trigger Rapid Fire | • Removes a Market Maker’s SQF quotes and NOM OTTO orders from the marketplace for all underlying issues when a certain number of Rapid Fire curtailment events is reached in a specified time period.  
• Once the Multi-trigger threshold is reached, Market Makers must be manually enabled for re-entry by Market Operations.  
• Can be configured at the Market Maker badge level or at a Group level with multiple badges associated with the Group.                                                                                                                                                        | All      | Configured by Member               |
| Quote Purge Request    | • Purge all quotes for all series in an underlying with one transaction.  
• Wildcard option purges all quotes for all series in all symbols for the associated Market Maker.  
• A re-entry flag is required in order for new quotes to be accepted.                                                                                                                                                                                                             | SQF      | Member Initiated                  |
| Notification Ports     | • SQF ports can be configured to receive notification messages (such as purge notifications) as well as send quotes.                                                                                                                                                                                                                       | SQF      | Member Initiated                  |
| Purge-only Ports       | • SQF ports can be configured to only allow entry of underlying-level purges to minimize latency.                                                                                                                                                                                                                                               | SQF      | Member Initiated                  |
| Kill Switch            | • Simultaneously cancels all quotes and NOM OTTO orders for a Market Maker firm and prevents new interest for that firm from being accepted.  
• Once the Kill Switch is applied, the affected firm must be manually enabled for re-entry by Market Operations.  
• Also available for predefined groups of firms.                                                                                                                                                                                                                       | All      | Member Initiated                  |

*configured by the Exchange