NASDAQ Targets Mid-January of 2007 for Systems Integration and Exchange Operation in Non-NASDAQ-Listed Securities

NASDAQ®

Please Route To: Head Traders; Technical Contacts; Compliance Officers; Vendor Tech; Vendor Admin

What you need to know:
- As announced in Head Trader Alert #2006-090, NASDAQ's Exchange Operation <u>and</u> systems integration in NYSE-, Amex- and regional-listed securities will occur on a **single** date.
- NASDAQ is targeting mid-January of 2007 for this implementation.

Whom you should contact:
- NASDAQ Market Sales at 800.846.0477
- NASDAQ Market Data Distribution at 301.978.5307

When will NASDAQ complete Exchange Operation and systems integration?

As announced in Head Trader Alert #2006-090, NASDAQ's Exchange Operation <u>and</u> systems integration in NYSE-, Amex- and regional-listed securities will occur on a **single** date. NASDAQ® is targeting mid-January of 2007 for this implementation.

What will change with Exchange Operation in non-NASDAQ-listed securities?

As announced in Regulatory Alert #2006-001, NASDAQ became operational as an exchange in NASDAQ-listed securities on August 1, 2006. Starting at that time, all NASDAQ-listed trades on the NASDAQ Market Center, Brut and INET are considered exchange trades.

Effective with Exchange Operation in non-NASDAQ-listed securities in mid-January of 2007, all NYSE-, Amex- and regional-listed trades on NASDAQ will also be considered exchange trades.

With Exchange Operation in NASDAQ-listed securities in August, several SROs granted firms relief complying with the exchange changes until December 31, 2006. Will that relief be extended?

NASDAQ and the Securities Industry and Financial Markets Association (SIFMA), previously known as SIA, have been working with the SEC and other SROs to extend this relief until 60 days after the implementation of Exchange Operation in non-NASDAQ-listed securities. Further information will be communicated as it becomes available.

How will NASDAQ's data be displayed on the Consolidated Quotation System (CQS) and Consolidated Tape System (CTS) data feeds provided via SIAC?

Once NASDAQ becomes operational as an exchange, it will provide its best bid and offer quotation and automated execution data to SIAC for inclusion in the CQS and CTS products under the market center identifier "T".

NASDAQ exchange member trades reported via the NASD/NASDAQ Trade Reporting Facility (TRF) will be disseminated via the long form trade message on the CTS data feed with the market center identifier "D" and TRF modifier "T".

What will occur with the systems integration of non-NASDAQ-listed securities?

As announced in Head Trader Alert #2006-194, NASDAQ completed the integration of Brut and INET in non-NASDAQ-listed securities in November of 2006. In mid-January, NASDAQ plans to integrate the NASDAQ Market Center onto the consolidated platform, which uses INET technology. Functionality will be added to the consolidated platform to bring feature

parity, including market making functionality and attributed quotes.

For Frequently Asked Questions (FAQs), functionality documents and other systems integration resources, please refer to the NASDAQ Systems Integration page on the NASDAQ Trader® website.

Which connectivity options will be available for the consolidated platform?

All existing NASDAQ, Brut and INET quote and order-entry protocols will be supported with systems integration:

- OUCH
- RASH
- INET FIX
- Brut FIX
- NASDAQ FIX
- CTCI
- QIX
- NASDAQ Workstation

In addition to supporting existing connectivity, INET has implemented a natively-supported version of the NASDAQ QIX protocol, QIX for Single Book.

Please note that we encourage firms to use direct INET connections, as they will result in lower latencies. To connect to any of the above protocols, please contact NASDAQ Subscriber Services at 212.231.5180.

Which NASDAQ market data feeds will support the consolidated platform?

The following market data feeds will distribute data directly from the consolidated platform for non-NASDAQ-listed issues:

- NASDAQ TotalView-ITCH[SM]
  - o Full order-by-order depth-of-book in NASDAQ-, NYSE-, Amex- and regional-listed securities
  - o Versions 2.0a and 3.0 support NASDAQ exchange participant attribution on the order level
- NASDAQ TotalView-Aggregated[SM]
  - o Full depth-of-book in all securities (NASDAQ-, NYSE-, Amex- and regional-listed), aggregated by market participant and price level
- NASDAQ OpenView Basic[SM]
  - o Top-of-file from each NASDAQ market participant for NYSE-, Amex- and regional-listed issues only

NASDAQ OpenView[SM] (Legacy data feed) will be discontinued with the completion of NASDAQ systems integration in non-NASDAQ-listed securities.

For more information on NASDAQ's market data feeds post-systems integration, refer to the Systems Integration — Data Feed Impact document on the NASDAQ Trader website or contact NASDAQ Market Data Distribution at 301.978.5307.

Will there be testing opportunities for systems integration?

NASDAQ will be conducting weekend testing. Additional information and testing dates will be communicated as they become available.

Where can I find additional information?

For questions and resource materials on systems integration:

- Visit the NASDAQ Systems Integration page on the NASDAQ Trader website.
- Contact NASDAQ Market Sales at 800.846.0477.

For questions on Exchange Operation:
- Refer to the updated FAQs on the NASDAQ Trader website.
- Visit the NASDAQ Membership Information page on the NASDAQ Trader website.

For questions regarding connectivity or market data:
- Contact NASDAQ Technical Services at 212.231.5180.
- Contact NASDAQ Market Data Distribution at 301.978.5307.