

OTHER SYSTEMS AND PROGRAMS

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6000. NASDAQ SYSTEMS AND PROGRAMS

6100. Nasdaq Risk Management Service

6110. Definitions

(a) The term "Clearing Broker" shall mean a firm that acts as principal for clearing and settling a trade, whether for its own account or for a correspondent firm.

(b) The term "Correspondent Executing Broker" shall mean a firm that has a correspondent relationship with a clearing firm whereby it executes trades and the clearing function is the responsibility of the clearing firm.

(c) The terms "Gross Dollar Thresholds" or "Super Caps" shall mean the daily dollar amounts for purchases and sales that a clearing broker establishes in the Nasdaq Risk Management system for each correspondent executing broker that may be raised or lowered on an inter-day or intra-day basis.

(d) The term "Pre-alert" shall mean the alert notifying the correspondent executing broker and the clearing broker that the correspondent executing broker has equaled or exceeded 70% of any purchase or sale gross dollar amount.

(e) The term "Single Trade Limit" shall mean the pre-established dollar amount established by Nasdaq for a single trade, above which the Nasdaq Risk Management system enables a clearing firm to review the trade before it is obligated to clear the trade.

(f) "Trade Reporting Facility" shall mean a facility of another self-regulatory organization that provides a mechanism for reporting transactions and that has agreed to accept instructions provided by the Nasdaq Risk Management system on behalf of clearing brokers.

(g) The terms "correspondent executing broker" and "clearing broker" shall also include, where appropriate, the Non-Member Clearing Organizations and UTP Exchanges listed in NASD Rules 6120 and their qualifying members.

6120. System Functions

(a) Nasdaq Risk Management is an automated system that allows clearing brokers to monitor credit exposure to corresponding firms for which they clear trades. Nasdaq Risk Management monitors exposure with respect to trades executed through the facilities of Nasdaq, trades reported to Trade Reporting Facilities, and other trades for which Nasdaq Risk Management receives a "drop copy" of the trade report. Clearing brokers may utilize the Nasdaq Risk Management functions upon execution of the Nasdaq Risk Management Agreement.

(b) The Nasdaq system will provide the following risk management capabilities to clearing brokers that have executed an agreement authorizing the use of the Nasdaq Risk Management service:

(1) Trade File Scan

Clearing brokers may scan the trading activities of their correspondent executing brokers.

(2) Gross Dollar Thresholds ("Super Caps") and Sizeable Limits

Clearing brokers may establish, on an inter-day or intra-day basis, gross dollar thresholds (also known as "Super Caps") for purchases and sales for their correspondent executing brokers. When any of a correspondent's gross dollar thresholds are exceeded, notice will be furnished to the clearing broker and to Trade Reporting Facilities. In such event, Nasdaq Risk Management will automatically instruct Trade Reporting Facilities that any trade in excess of an applicable "sizeable limit" that is negotiated by the correspondent will be subject to review by the clearing broker until such time as the correspondent's trading activity no longer exceeds a gross dollar threshold. Specifically, the clearing broker will have 15 minutes from execution to review any single trade negotiated by the correspondent that equals or exceeds the applicable sizeable limit in order to decide to act as principal for the trade or to decline to act as principal. If the clearing broker does not affirmatively accept or decline the "sizeable trade," at the end of 15 minutes the system will instruct Trade Reporting Facilities to act in accordance with pre-established processing criteria, as described below.

(A) ACT Workstation Users

(i) Clearing brokers that use the ACT Workstation may establish gross dollar thresholds and sizeable limits for each of their correspondent executing brokers. They may establish different gross dollar thresholds and sizeable limits for each type of security (i.e., Nasdaq National Market, Nasdaq SmallCap Market, Consolidated Quotations Service, or OTC Bulletin Board), as well as an aggregate gross dollar threshold and sizeable limit for all types of securities.

(ii) Notice will be provided to all Nasdaq Risk Management participants when a correspondent's aggregate gross dollar threshold is exceeded, but will be provided solely to the clearing broker if the gross dollar threshold for a type of security is exceeded.

(iii) Clearing brokers that use the ACT Workstation may also establish the default processing criteria that will apply to

sizeable trades when a correspondent's gross dollar threshold has been exceeded; the clearing broker may specify that after 15 minutes, if the clearing broker does not affirmatively accept or decline the trade, the Risk Management Service will instruct Trade Reporting Facilities that such trades should be either automatically declined or automatically subjected to normal processing in which the clearing broker will act as principal to clear the trades.

(B) Other Nasdaq Risk Management Users

(i) Clearing brokers that do not use the ACT Workstation may establish aggregate gross dollar thresholds for each of their correspondent executing brokers, but may not establish gross dollar thresholds for each type of security (i.e., Nasdaq National Market, Nasdaq SmallCap Market, Consolidated Quotations Service, or OTC Bulletin Board).

(ii) Notice will be provided to all Nasdaq Risk Management participants when a correspondent's aggregate gross dollar threshold is exceeded.

(iii) The sizeable limit is \$200,000 for all clearing brokers that do not use the ACT Workstation. When a correspondent's aggregate gross dollar threshold is exceeded, Nasdaq Risk Management will instruct Trade Reporting Facilities that no trade in excess of the sizeable limit should be accepted for processing unless the clearing broker accepts the trade within 15 minutes of execution.

(3) Gross Dollar Threshold Pre-Alert

The Nasdaq Risk Management system will also alert the clearing broker and its correspondent when the correspondent's trading activity equals or exceeds 70% of any gross dollar threshold established by the clearing broker for that correspondent.

(4) End of Day Recap

Clearing brokers that use the computer-to-computer interface protocol will be able to receive an end of day recap of all trade detail information of their correspondents.

(5) On-line Review

Clearing brokers that use the computer-to-computer interface will be able to receive intra-day activity of their correspondents as it is reported.

(6) Single Trade Limit

Clearing brokers may request that the Nasdaq Risk Management service instruct Trade Reporting Facilities to provide 15 minutes from trade report input to review any single trade executed by their correspondent executing brokers that equals or exceeds a pre-established limit in order to decide to act as principal for the trade or to decline to act as principal. If, however, the clearing firm does not affirmatively accept or decline the trade, at the end of 15 minutes the system will instruct Trade Reporting Facilities to act in accordance with pre-established processing criteria, as described below.

(A) ACT Workstation Users. Clearing brokers that use the ACT Workstation may establish single trade limits for each of their correspondent executing brokers, and may establish different limits for each type of security (i.e., Nasdaq National Market, Nasdaq SmallCap Market, Consolidated Quotations Service, or OTC Bulletin Board). Such clearing brokers may also establish the default processing criteria that will apply to trades that exceed the single trade limit after 15 minutes if the clearing broker does not affirmatively accept or decline the trade; the clearing broker may specify that the system will instruct Trade Reporting Facilities that such trades should be either automatically declined or automatically subjected to normal processing in which the clearing broker will act as principal to clear the trades.

(B) Other Nasdaq Risk Management Users. For clearing brokers that do not use the ACT Workstation, the single trade limit is \$1,000,000. If such a clearing broker does not affirmatively accept or decline a trade that exceeds the single trade limit, at the end of 15 minutes the system will instruct Trade Reporting Facilities to subject the trade to normal processing and the clearing broker will be obligated to act as principal to clear the trade.

6200. ACES®

6210. Definitions

(a) The term “ACES” means the voluntary Nasdaq system that provides Routing Subscribers the ability to route orders in securities to Receiving Subscribers’ order management systems.

(b) The term “ACES Order” means an order in securities that a Routing Subscriber has submitted to ACES.

(c) The term “Receiving Subscriber” means any Nasdaq member that is registered as a Nasdaq market maker or ITS/CAES Market Maker and that has executed an

agreement with Nasdaq authorizing its use of ACES to receive ACES Orders from Routing Subscribers.

(d) The term “Routing Subscriber” means any Nasdaq member that has executed an agreement with Nasdaq authorizing its use of ACES to route orders to Receiving Subscribers’ order management systems.

6220. Eligible Securities

A Routing Subscriber may submit orders to ACES in any security, including, without limitation, any security eligible for trading in the Nasdaq Market Center. A Receiving Subscriber may accept ACES Orders in any security, regardless of whether the Receiving Subscriber is registered as a market maker in that security.

6230. Routing, Entry, Cancellation, and Replacement of Orders through ACES

(a) Routing of Orders

Routing Subscribers must designate a particular Receiving Subscriber for each order submitted to ACES, which routes each ACES Order to the order management system of the designated Receiving Subscriber. A Routing Subscriber may designate only those Receiving Subscribers that have agreed in advance to accept orders from the Routing Subscriber.

(b) Entry of Orders

Routing Subscribers may submit orders to ACES between the hours of 7:00 a.m. Eastern Time and 6:30 p.m. Eastern Time. ACES Orders submitted to ACES between 7:00 a.m. and 7:59:59 a.m. will not be transmitted to Receiving Subscribers until 8:00 a.m. Any ACES Order that is submitted with the condition that the order is valid only for the day of entry will be cancelled at 6:30 p.m. on the day of entry if it has not been executed.

(c) Cancellation of Orders

A Routing Subscriber may cancel an ACES Order at any time before it has been executed by submitting a cancel request to ACES; *provided, however*, that any cancel request submitted to ACES between the hours of 6:30 p.m. Eastern Time and 7:59:59 a.m. Eastern Time shall not be transmitted to the designated Receiving Subscriber until 8:00 a.m. A cancel request shall not be effective until it has been accepted and acknowledged through ACES by the designated Receiving Subscriber.

(d) Replacement of Orders

A Routing Subscriber may cancel an ACES Order at any time before it is executed and replace the order with a new ACES Order by submitting a cancel/replace request to ACES between the hours of 7:00 a.m. Eastern Time and 6:30 p.m. Eastern Time. Any cancel/replace request submitted to ACES between 7:00 a.m. and 7:59:59 a.m. shall not be transmitted to the designated Receiving Subscriber until 8:00 a.m. A cancel/replace request shall not be effective until it has been accepted and acknowledged through ACES by the designated Receiving Subscriber.

6240. Order Receipt

Each Receiving Subscriber may execute ACES Orders in any manner it determines to be consistent with its duty of best execution and other applicable regulatory obligations. Accordingly, and without limiting the generality of the foregoing, Receiving Subscribers are not required to execute ACES Orders through the Nasdaq Market Center.

6250. Notification of Order Execution

Promptly after executing any ACES Order, the Receiving Subscriber submit an Execution Message to ACES so that ACES may notify the Routing Subscriber of the execution and provide the Routing Subscriber with information concerning the terms of the execution. The Receiving Subscriber shall ensure that the execution of each ACES order is reported in accordance with all applicable rules governing the reporting of transactions executed through the market center where the ACES Order was executed.

6300. RESERVED

6400. TRANSACTIONS IN LISTED SECURITIES TRADED PURSUANT TO UNLISTED TRADING PRIVILEGES

6410. Reserved

6420. Reserved

6430. Suspension of Trading

(a) Members shall promptly notify Nasdaq whenever they have knowledge of any matter related to an eligible security or the issuer thereof which has not been adequately disclosed to the public or where they have knowledge of a regulatory problem relating to such security.

(b) Whenever any market for any eligible security halts or suspends trading in such security, members may continue to conduct trading in such security during the period of any such halt or suspension and shall continue to report all last sale prices reflecting transactions in such security, unless Nasdaq has initiated a trading halt for ITS/CAES Market Makers in the security, pursuant to Rule 4120.

6440. Trading Practices

(a) No member shall execute or cause to be executed or participate in an account for which there are executed purchases of any eligible security at successively higher prices, or sales of any such security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

(b) No member shall, for the purpose of creating or inducing a false or misleading appearance of activity in an eligible security or creating or inducing a false or misleading appearance with respect to the market in such security:

(1) execute any transaction in such security which involves no change in the beneficial ownership thereof; or

(2) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties; or

(3) enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be

entered by or for the same or different parties.

(c) No member shall execute purchases or sales of any eligible security for any account in which such member is directly or indirectly interested, which purchases or sales are excessive in view of the member's financial resources or in view of the market for such security.

(d) No member shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.

(1) Any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of an eligible security shall be deemed to be a manipulative operation.

(2) The solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.

(3) The carrying on margin of a position in such securities or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

(e) No member shall make any statement or circulate and disseminate any information concerning any eligible security which such member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

(f) (1) No member shall:

(A) personally buy or initiate the purchase of an eligible security for its own account or for any account in which it or any person associated with it is directly or indirectly interested, while such member holds or has knowledge that any person associated with it holds an unexecuted market order to buy such security in the unit of trading for a customer; or

(B) sell or initiate the sale of any such security for any such account, while it personally holds or has knowledge that any person associated with it holds an unexecuted market order to sell such security in the unit of trading for a customer.

(2) No member shall:

(A) buy or initiate the purchase of any such security for any such account, at or below the price at which it personally holds or has knowledge that any person associated with it holds an unexecuted limited price order to buy such security in the unit of trading for a customer; or

(B) sell or initiate the sale of any such security for any such account at or above the price at which it personally holds or has knowledge that any person associated with it holds an unexecuted limited price order to sell such security in the unit of trading for a customer.

(3) The provisions of this paragraph shall not apply:

(A) to any purchase or sale of any such security in an amount less than the unit of trading made by a member to offset odd-lot orders for customers,

(B) to any purchase or sale of any such security upon terms for delivery other than those specified in such unexecuted market or limited price order,

(C) to any unexecuted order that is subject to a condition that has not been satisfied.

(D) to any purchase or sale for which a member has negotiated specific terms and conditions applicable to the acceptance of limit orders that are:

(i) for customer accounts that meet the definition of an “institutional account” as that term is defined in Rule 3110(c)(4); or

(ii) for 10,000 shares or more, unless such orders are less than \$100,000 in value.

(g) No member or person associated with a member shall, directly or indirectly, hold any interest or participation in any joint account for buying or selling an eligible security, unless such joint account is promptly reported to Nasdaq. The report should contain the following information for each account:

(1) Name of the account, with names of all participants and their respective interests in profits and losses;

(2) a statement regarding the purpose of the account;

(3) name of the member carrying and clearing the account; and

(4) a copy of any written agreement or instrument relating to the account.

(h) No member shall offer that a transaction or transactions to buy or sell an eligible security will influence the closing transaction on the Consolidated Tape.

(i) (1) A member may, but is not obligated to, accept a stop order in an eligible security.

(A) A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price.

(B) A sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price.

(2) A member may, but is not obligated to, accept stop limit orders in eligible securities. When a transaction occurs at the stop price, the stop limit order to buy or sell becomes a limit order at the limit price.

(j) No member or person associated with a member shall execute or cause to be executed, directly or indirectly, on Nasdaq a transaction in a security subject to an initial public offering until such security has first opened for trading on the national securities exchange listing the security, as indicated by the dissemination of an opening transaction in the security by the listing exchange via the Consolidated Tape.

6450. Reserved

6500. PORTAL[®]

6510. Definitions

For purposes of the PORTAL[®] Rules, unless the context requires otherwise:

(a) "Exchange Act" or "Act" means the Securities Exchange Act of 1934, as amended from time to time.

(b) "PORTAL[®]" means Nasdaq's program for designating foreign and domestic securities that are eligible for resale under SEC Rule 144A.

(c) "PORTAL equity security" means a PORTAL security that represents an ownership interest in a legal entity, including but not limited to any common, capital, ordinary, preferred stock, or warrant for any of the foregoing, shares of beneficial interest, or the equivalent thereof (regardless of whether voting or non-voting, convertible or non-convertible, exchangeable or non-exchangeable, exercisable or non-exercisable, callable or non-callable, redeemable or non-redeemable).

(d) "PORTAL debt security" means PORTAL securities that are United States dollar denominated debt securities issued by United States and/or foreign private corporations, but shall not include mortgage or asset backed securities, collateralized mortgage obligations, money market instruments, or municipal and municipal-derivative securities.

(e) "PORTAL Rules" means the PORTAL rules as included in the Rule 6500 Series.

(f) "PORTAL security" means a security that is currently designated by Nasdaq pursuant to the Rule 6500 Series.

(g) "Restricted security" means a security that meets the definition of that term contained in SEC Rule 144(a)(3) under the Securities Act. A PORTAL security continues to be a restricted security even though it is eligible to be resold pursuant to the provisions of SEC Rule 144, including SEC Rule 144(k), but has not been so resold.

(h) "SEC Rule 144A" means SEC Rule 144A adopted under the Securities Act, as amended from time to time.

(i) "Securities Act" means the Securities Act of 1933, as amended from time to time.

(j) "Transaction" or "trade" means the purchase or sale of a PORTAL security.

(k) "United States" or "U.S." means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

6520. Requirements Applicable to PORTAL Securities

6521. Application for Designation

(a) Application for designation as a PORTAL security shall be in the form required by Nasdaq and shall be filed by the issuer or any member of Nasdaq or any other self-regulatory organization. Applications may be made with or without the concurrence of the issuer. The application shall demonstrate to the satisfaction of Nasdaq that the security meets or exceeds the qualification requirements set forth in Rule 6522 and provides the undertakings required by subparagraph (c) hereof.

(b) Designation of a security as a PORTAL security shall be declared effective within a reasonable time after determination of qualification. The effective date of designation as a PORTAL security shall be determined by Nasdaq giving due regard to the requirements applicable to PORTAL securities.

(c) An applicant that submits application for designation of a security as a PORTAL security (or the issuer of the security if the applicant is not the issuer) under subparagraph (a) above shall undertake to promptly advise Nasdaq:

(1) that the issuer has submitted to the SEC a registration statement to register the resale of the PORTAL security, securities to be exchanged for the PORTAL security, or securities into which the PORTAL security is exchangeable or convertible;

(2) the effective date of a registration statement submitted to the SEC with respect to a PORTAL security, as described in subparagraph (1) hereof; and

(3) of the assignment of any CUSIP or CINS security identification to the PORTAL security or any tranche of a PORTAL security issue.

6522. Qualification Requirements for PORTAL Securities

(a) To qualify for initial designation and continued designation as a PORTAL security, a security shall:

(1) (A) be a restricted security, as defined in SEC Rule 144(a)(3) under the Securities Act; or

(B) be a security that upon issuance and continually thereafter only can be sold pursuant to Regulation S under the Securities Act, SEC Rule 144A, or SEC Rule 144 under the Securities Act, or in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4 thereof and not involving any public offering;

provided, however, that if the security is a depository receipt, the underlying security shall also be a security that meets the criteria set forth in subparagraphs (A) or (B) hereof;

(2) be eligible to be sold pursuant to SEC Rule 144A under the Securities Act;

(3) be in negotiable form, be a depository eligible security as defined in paragraph (d) of Rule 11310, and not be subject to any restriction, condition or requirement that would impose an unreasonable burden on any member;

(4) be assigned a CUSIP or CINS security identification number that is different from any identification number assigned to any unrestricted securities of the same class that do not satisfy paragraph (a)(1)(B); and

(5) satisfy such additional criteria or requirements as Nasdaq may prescribe.

(b) Notwithstanding the provisions of paragraph (a)(1)(B) of this Rule, if a PORTAL security is sold pursuant to the provisions of Rule 144, including Rule 144(k), it will thereby cease being a PORTAL security and it must be assigned a CUSIP or CINS security identification number that is different from the identification number assigned to a PORTAL security of the same class.

6523. Suspension or Termination of a PORTAL Security Designation

(a) Nasdaq may, in its discretion, suspend or terminate designation as a PORTAL security if it determines that:

(1) the security is not in compliance with the requirements of the PORTAL Rules;

(2) a holder or prospective purchaser that requested issuer information pursuant to SEC Rule 144A(d)(4) did not receive the information;

(3) any application or other document relative to such securities submitted to Nasdaq contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein not misleading; or

(4) failure to withdraw designation of such securities would for any reason be detrimental to the interests and welfare of members or Nasdaq.

(b) Nasdaq will promptly notify members of the suspension or termination of a security's designation as a PORTAL security through notice on a Nasdaq website designated for such purpose. Suspension or termination shall become effective in accordance with the terms of notice by Nasdaq. Nasdaq also will promptly notify The Depository Trust Company of the suspension or termination.

(c) Notwithstanding the suspension or termination of designation of a security as a PORTAL security, such security shall remain subject to all rules of Nasdaq applicable to PORTAL securities until the security is sold in accordance with the terms of notice by Nasdaq of the suspension or termination.

6524. Review of Denial, Suspension or Termination of a PORTAL Security

A determination by Nasdaq to deny, suspend or terminate the designation of a PORTAL security may be reviewed upon application by the aggrieved person pursuant to the provisions of the Rule 4800 Series.

6525. PORTAL Entry Fees

When an applicant submits an application for designation of any class of securities as a PORTAL security, it shall pay to Nasdaq a filing fee of \$2,000.00 for an application covering a security or group of identifiable securities issuable as part of a

single private placement covered by the same offering documents, plus \$200.00 per assigned security symbol that is in addition to the first symbol assigned.

6530. Requirements Applicable to Nasdaq Members

6531. Limitations on Transactions in PORTAL Securities

(a) No member shall sell a PORTAL security unless:

(1) the sale is to:

(A) an investor or member that the member reasonably believes is a "qualified institutional buyer" in a transaction exempt from registration under the Securities Act by reason of compliance with Rule 144A;

(B) an investor or member in a transaction that is exempt from registration under the Securities Act by reason of compliance with an applicable exemption under the Securities Act other than Rule 144A; or

(C) a member acting as an agent in a transaction that the member acting as agent determines is in compliance with subparagraphs (A) or (B) hereof, and the selling member determines is exempt from registration under the Securities Act by reason of compliance with SEC Rule 144A or an applicable exemption under the Securities Act other than SEC Rule 144A; and

(2) the member maintains in its files information demonstrating that the transaction is in compliance with Rule 144A or with any other applicable exemption from registration under the Securities Act.

6532. Reporting Debt and Equity Transactions in PORTAL Securities

Transactions in a PORTAL equity security shall be reported in accordance with applicable self-regulatory organization rules.

6533. Quotations in PORTAL Securities

Members shall not enter a quotation with respect to any PORTAL security in Nasdaq, any electronic communication network (as defined in SEC Rule 11Ac-1-(a)(8)) or any other interdealer quotation system.

6540. Arbitration

As provided in the Rule 10000 Series, the facilities of the NASD's Arbitration Department, and the procedures of the NASD's Code of Arbitration Procedure shall be available to members to resolve disputes arising from PORTAL securities.

6600. Reserved

6700. Reserved

6800. MUTUAL FUND QUOTATION SERVICE

(a) Description

The Mutual Fund Quotation Service collects and disseminates through Nasdaq prices for mutual funds, closed-end funds, money market funds and unit investment trusts.

(b) Eligibility Requirements

To be eligible for participation in the Mutual Fund Quotation Service, a fund shall:

- (1) be registered with the Commission as an open-end (“open-end fund”) or a closed-end (“closed-end fund”) investment company or a unit investment trust pursuant to the Investment Company Act of 1940,
- (2) execute the agreement specified by Nasdaq relating to the fund’s obligations under the Program,
- (3) pay, and continue to pay, the fees as set forth in Rule 7090, and
- (4) submit quotations through an automatic quotation system operated by Nasdaq.

(c) News Media Lists

(1) (A) An eligible open-end fund shall be authorized for inclusion in the News Media List released by Nasdaq if it has at least 1,000 shareholders or \$25 million in net assets.

(B) An eligible closed-end fund or unit investment trust shall be authorized for inclusion in the News Media List released by Nasdaq if it has at least \$60 million in net assets.

(C) Compliance with subparagraphs (1)(A) and (B) shall be certified by the fund to Nasdaq at the time of initial application for inclusion in the List.

(2) (A) An authorized open-end fund shall remain included in the New Media List if it has at least 750 shareholders or \$15 million in net assets.

(B) An authorized closed-end fund or unit investment trust shall remain included in the News Media List if it has at least \$30 million in net assets.

(C) Compliance with subparagraphs (2)(A) and (B) shall be certified to Nasdaq upon written request by Nasdaq.

(d) Supplemental List

An eligible open-end fund, closed-end fund or unit investment trust shall be authorized for inclusion in the Supplemental List released to vendors of Nasdaq Level 1 Service if it meets one of the criteria set out in subparagraph (1), subparagraph (2), or subparagraph (3) below:

(1) the fund or unit investment trust has net assets of \$10 million or more;
or

(2) the fund or unit investment trust has had two full years of operation;
or

(3) the fund's investment adviser or unit investment trust's sponsor:

(A) is the investment adviser or sponsor of least one other fund or unit investment trust that is listed on the Mutual Fund Quotation Service and that has net assets of \$10 million or more; and

(B) manages or sponsors open-end funds, closed-end funds, or unit investment trusts that have aggregate assets of at least \$15 million.

(e) Determination of Number of Shareholders

For the purposes of this Rule, the number of shareholders of a fund shall be measured by the sum of record holders, as reported by the fund to the Commission, and the number of accounts of members of Nasdaq beneficially owned by customers (as defined in Rule 0120; provided, however, that an account with more than one beneficial owner shall be considered one account.

6900. RESERVED

6950. ORDER AUDIT TRAIL SYSTEM

6951. Definitions

For purposes of the Rule 6950 Series through 6957:

(a) "Bunched Order" shall mean two or more orders that are aggregated prior to execution.

(b) "Customer" shall mean a person other than a broker or dealer.

(c) "Nasdaq Market Center" shall mean the service provided by Nasdaq that provides for the automated execution and reporting of transactions in Nasdaq securities.

(d) "Electronic Communication Network" shall mean any electronic system that widely disseminates to third parties orders entered therein by an exchange market maker or over-the-counter market maker, and permits such orders to be executed in whole or in part, and as further defined in Securities Exchange Act Rule 11Ac1-1(a)(8).

(e) "Electronic Order" shall mean an order captured by a member in an electronic order-routing or execution system.

(f) "Index Arbitrage Trade" shall mean an arbitrage trading strategy involving the purchase or sale of a "basket" or group of securities in conjunction with the purchase or sale, or intended purchase or sale, of one or more cash-settled options or futures contracts on index stock groups, or options on any such futures contracts in an attempt to profit by the price difference, as further defined in New York Stock Exchange Rule 80A.

(g) "Manual Order" shall mean an order that is captured by a member other than in an electronic order-routing or execution system.

(h) "Order" shall mean any oral, written, or electronic instruction to effect a transaction in an equity security listed on The Nasdaq Stock Market that is received by a member from another person for handling or execution, or that is originated by a department of a member for execution by the same or another member, other than any such instruction to effect a proprietary transaction originated by a trading desk in the ordinary course of a member's market making activities.

(i) "Order Audit Trail System" shall mean the automated system owned and operated by the Association that is designed to capture order information in equity securities listed on the Nasdaq Stock Market reported by members for integration with trade and quotation information to provide the Association with an accurate time sequenced record of orders and transactions.

(j) "Program Trade" shall mean a trading strategy involving the related purchase or sale of a group of 15 or more securities having a total market value of \$1 million or more, as further defined in New York Stock Exchange Rule 80A.

(k) "Reporting Agent" shall mean a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 6955.

(l) "Reporting Member" shall mean a member that receives or originates an order and has an obligation to record and report information under Rules 6954 and 6955.

6952. Applicability

(a) Unless otherwise indicated, the requirements of the Rule 6950 Series are in addition to the requirements contained elsewhere in the Nasdaq Rules.

(b) Unless otherwise indicated, the requirements of the Rule 6950 Series shall apply to all Nasdaq Members and to their associated persons.

(c) Unless otherwise indicated, the requirements of the Rule 6950 Series shall apply to all executed or unexecuted orders for equity securities listed on Nasdaq.

6953. Synchronization of Member Business Clocks

(a) Nasdaq members shall comply with NASD Rule 6953 as if such Rule were part of Nasdaq's rules.

(b) For purposes of this Rule, references to "the By-Laws or other rules of the Association" shall be construed as references to "the Nasdaq Rules".

6954. Recording of Order Information

(a) Nasdaq members and persons associated with a member shall comply with NASD Rule 6594 as if such Rule were part of Nasdaq's rules. Nasdaq and NASD Regulation, an affiliate of NASD, are parties to the Regulatory Contract pursuant to which NASD Regulation has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with Nasdaq Rule 6594 by complying with NASD Rule 6954 as written, including, for example, filing requirements and notifications. In addition, functions performed by NASD Regulation, NASD Regulation departments, and NASD Regulation staff under Nasdaq Rule 6954 are being performed by NASD Regulation on behalf of Nasdaq.

(b) For purposes of this Rule, references to Rules 6952 through 6957 shall be construed as references to Nasdaq Rules 6952 through 6957.

(c) Nasdaq members shall assign and enter a unique order identifier, in the form prescribed by Nasdaq, to all orders that are electronically transmitted to the Nasdaq Market Center. An order identifier shall not be required for orders that are manually transmitted.

6955. Order Data Transmission Requirements

(a) Nasdaq members and persons associated with a member shall comply with NASD Rule 6955 as if such Rule were part of Nasdaq's rules. Nasdaq and NASD Regulation, an affiliate of NASD, are parties to the Regulatory Contract pursuant to which NASD Regulation has agreed to perform certain functions on behalf of Nasdaq. Therefore, Nasdaq members are complying with Nasdaq Rule 6955 by complying with NASD Rule 6954 as written, including, for example, filing requirements and notifications. In addition, functions performed by NASD Regulation, NASD Regulation departments, and NASD Regulation staff under Nasdaq Rule 6955 are being performed by NASD Regulation on behalf of Nasdaq.

(b) For purposes of this Rule, references to Rules 6954 shall be construed as references to Nasdaq Rule 6954.

6956. Violation of Order Audit Trail System Rules

Failure of a member or person associated with a member to comply with any of the requirements of Rule 6951 through Rule 6957 may be considered conduct that is inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Rule 2110.

6957. Effective Date

(a) Nasdaq members and persons associated with a member shall comply with NASD Rule 6957 as if such Rule were part of Nasdaq's rules.

(b) For purposes of this Rule, references to Rule 6953, Rule 6954, and Rule 3110 shall be construed as references to Nasdaq Rule 6953, Nasdaq Rule 6954, and Nasdaq Rule 3110.