

NASDAQ To Institute ACES Reject Fee



To: Head Traders; Technical Contacts
From: Karen Peterson, Vice President
The NASDAQ Stock Market
Date: August 17, 2004
Re: **NASDAQ To Institute ACES Reject Fee**
(Head Trader Alert #2004-109)

Summary

- New ACES® "Reject Fee" will be instituted September 1, 2004
- Orders sent to Market Makers with which a firm has no pre-defined relationship arranged, that are subsequently rejected by the ACES system will be charged a \$1/order "Reject Fee"
- Additional information

Fee to be Charged for Certain Reject Messages

As of September 1, 2004, NASDAQ® plans to institute a new "Reject Fee" for ACES, the order routing system that allows order entry firms and Market Makers with pre-defined relationships to route orders to one another and receive executions.

Recently, it has come to NASDAQ's attention that there is significant stress being put on the ACES system by firms attempting to route orders to Market Makers with whom they do not have the necessary pre-defined relationships. In order to recoup the costs of this practice and to avoid degradation of ACES performance, NASDAQ plans to implement a reject fee of \$1.00 per order rejected by the ACES system.

The reject fee does not apply to reject message that are generated by a receiving market maker's internal systems. Specifically, the messages that will be subject to the new fee will be:

- REJ - FIRM INACTIVE
- REJ - INVALID CUSTOMER
- REJ - INVALID MM FIRM
- REJ - CUSTOMER INPUT NOT ALLOWED

To ensure that you are not routing ACES orders to Market Makers with whom you do not have a valid ACES relationship, please make appropriate programming changes prior to September 1, 2004.

To do an ACES Firm Relationship Scan from the NWII:

1. Choose: Utilities, additional trades services
2. Choose: 4Mfund (displays NASDAQ terminal DC)
3. Press ctrl + x keys together, type NF O + enter (for order entry) or NF M + enter (for Market Maker). ACES Firm Relationship Scan displays "MPID" of firms that allow ACES order flow.

Addition Information

Please see NASDAQTrader.com for all [ACES pricing](#).

If you have any questions or would like more information, please contact:

- NASDAQ Market Sales at 800.846.0477 or sales@nasdaq.com.

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