

## NASDAQ Provides an Update on Exchange Registration



**Please Route To:** Head Traders; Technical Contacts; Compliance Officers

### What you need to know:

- As announced in [Head Trader Alert 2006-005](#), NASDAQ hopes to become operational as an exchange on or around April 1, 2006.
- To ensure completion of the NASDAQ membership review process prior to April 1, 2006:
  - **NASD members must submit their applications by February 17, 2006.**
  - **Non-NASD members or members of another SRO should submit their applications immediately.**

**Who you should contact:** [NASDAQ Market Sales](#) at 800.846.0477

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### When do I need to submit my application to become a member of the Exchange?

As announced in [Head Trader Alert 2006-005](#), NASDAQ® hopes to become operational as an exchange on or around April 1, 2006. To ensure completion of the NASDAQ membership review process prior to April 1, 2006:

- **NASD members must submit their applications by February 17, 2006.**
- **Non-NASD members that are members of another SRO should submit their applications immediately.**

If NASDAQ does not receive your application soon, there is no guarantee that your application will be processed in time for you to participate in the NASDAQ Stock Market LLC on the operational date.

### If I have already submitted my membership application, when can I expect approval?

Many of the submitted applications have been processed, and the first approval letters will be sent out soon.

### Where can I find the membership application forms?

For membership information and applications, please [click here](#).

### Where can I get more information on NASDAQ's Exchange Registration?

For more information, please refer to:

- [NASDAQ Exchange Registration Frequently Asked Questions](#)
- [LLC Filing for Exchange Registration Frequently Asked Questions](#)

### If my firm is not an NASD member but is a member of another SRO, where can I get additional information on becoming a NASDAQ member?

Members of another SRO can find information and guidance on becoming a NASDAQ member by referring to:

- [Guidance for Submitting Supplemental Information](#)
- [Written Supervisory Procedures Checklist](#)

### As NASDAQ becomes an exchange, what technological and operational changes can I expect?

There are few operational and technological modifications required for NASDAQ to become an exchange; however, firms need to be aware of a few changes:

- In order to comply with exchange price/time priority rules, NASDAQ must remove the following NASDAQ Market Center<sup>®</sup> functionality:
  - Preferred orders to individual MPIDs — including self-preferencing
  - The Anti-Internalization Qualifier (AIQ) value — allows firms to preference themselves first at a given price level. Firms may still use AIQ (Y value) to ensure that they do not hit/take their own quotes in the NASDAQ Market Center.
- Once operational, NASDAQ will be responsible for Section 31 obligations to the Securities and Exchange Commission (SEC). To fund NASDAQ's obligation, it will charge members a transaction fee related to activity on the exchange and on its facilities, including NASDAQ, Brut and INET. Collection of these fees will be facilitated via direct debit of Clearing Firms settlement accounts through NSCC. A support file will be made available to Clearing Firms on a monthly basis. For more information on Section 31, please [click here](#).

### Where can I go for more information?

If you have questions regarding NASDAQ's Exchange Registration:

- Contact [NASDAQ Market Sales](#) at 800.846.0477.
- Contact [NASDAQ Subscriber Services](#) at 800.777.5606.

For additional information:

- Visit the [NASDAQ Exchange Registration page](#) on the NASDAQ Trader<sup>®</sup> website.
- Refer to [Head Trader Alert #2006-005](#).

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