

NASDAQ To Offer New Regulation NMS Compliance Tool



Please Route To: Head Traders; Technical Contacts; Compliance Officers; Executive Reps

What you need to know:

- Pending filing with the Securities and Exchange Commission (SEC), NASDAQ is planning to offer a real-time surveillance alert and report module to assist firms with Reg NMS compliance. This new service will be called Regulatory Reconnaissance (Reg Recon).
- Reg Recon will be available on the NASDAQ Workstation and WeblinkACT 2.0 as an add-on service.
- NASDAQ is offering a 90-day free trial for customers that sign up by June 29, 2007.
- Reg Recon will be available July 2, 2007, in time for firms to set up, and test in preparation for the Pilot Phase of Reg NMS on July 9, 2007.
- Below are some examples of what we plan to offer as part of Reg Recon. The product is still in our quality control environment and NASDAQ welcomes any feedback or requests from customers.

Who you should contact: [Stacie Swanstrom](#) at 301.978.8101

What is Reg Recon?

NASDAQ® will offer a new a real-time surveillance alert and report module to assist firms with their Reg NMS compliance. This new service, Regulation Reconnaissance (Reg Recon) will provide real-time alerts that notify firms when NASDAQ has declared Self Help against another market, as well as several other alerts:

Trade-Through Alerts:

- Any NASD/NASDAQ Trade Reporting Facility (TRF) trade that appears to be a trade-through
- The ability to click on the trade-through alert and change the price or add a modifier and submit as a no/was
- Optional warning messages for any trades manually entered through the [NASDAQ Workstation®](#) or [WeblinkACT 2.0](#) that would pop up an alert in the case of a possible trade-through
- The ability to see when users have been warned for manual NASD/NASDAQ TRF entry and chose to proceed through the alert
- The ability to see your portfolio or a firm-wide view of possible trade-through violations for NASD/NASDAQ TRF trades, regardless of which system the trades were entered through
- The ability to set up and view possible NASD/NASDAQ TRF trade-through violations for a specific list of securities regardless of the system the trades were entered through

The reports will also offer:

- NASD/NASDAQ TRF trade-through warnings for a specified period of time
- The ability to see where your firm stands relative to potential NASD/NASDAQ TRF trade-through violations compared with the rest of the industry
- The ability to see where your firm stands in percentage of InterMarket Sweep Order (ISO) trades versus your total trades relative to the rest of the industry
- Flexible time filters - Day, Week, or From/To time designations (for the last week)

- Print and Export capability
- Reg Recon can be set up to send alerts at the Trader, Compliance or Head Trader level and to show activity for individual traders or firm-wide.

What will this new module look like?

Alerts will come up in the Trade Manager/Message Center

Alert	Sec	B\$	Price	BBO	Ex Time	Modify Trade	Mkt. Center	Modifier	UserID
FYI SELF HELP Declared Against AMEX									
Warning	MSFT	Buy	\$34.75	\$34.60 \$34.61	14:45:05	No/Was	TRF	ISO	ABCD0200
Warning	DELL	Sell	\$27.75	\$27.80 \$27.81	14:45:05	No/Was	TRF	None	ABCD812
FYI SELF HELP Declared Against NYSE									
FYI SELF HELP Declared Against NYSE									
Warning	Manually Entered Trade Warning - Proceeded								ABCD42

https://www.nasdaqworkstation.com/N Internet

Optional warning message for any trades manually entered through the NASDAQ Workstation or WeblinkACT 2.0 that will provide a pop-up to alert when there is a possible trade-through.



Reports of the alerts the firm received for the current day, past week, or specific time period within the last week. These reports can be filtered by price, printed, or exported.

Reg Recon Report

Time Period From: To:

Status: Scan By Day, Fri May 11 16:26:18 2007

<input type="checkbox"/>	Trade Type	Buy/Sell	Symbol	Price/Mkt	BBO/Mkt	Time	Match #	Routing
<input type="checkbox"/>	T	Buy	CERN	\$53.69 N	\$53.59 Q	9:29:57.810	13140497BC	
<input type="checkbox"/>	T	Buy	SIVB	\$52.48 Q	\$52.45 N	9:29:57.813	13100497CB	
<input type="checkbox"/>	T	Sell	EBAY	\$33.76 Q	\$33.80 N	9:29:57.819	1318046FOE	
<input type="checkbox"/>	T	Buy	ENER	\$35.50 N	\$35.54 N	9:29:57.840	13130437F3	
<input type="checkbox"/>	T	Buy	BRCD	\$92.90 Q	\$92.80 Q	9:29:58.283	131503FE61	
<input type="checkbox"/>	T	Buy	INTC	\$22.10 Q	\$22.11 Q	9:29:57.695	131203C677	
<input type="checkbox"/>	T	Buy	BEAV	\$37.08 Q	\$37.07 Q	9:29:57.726	1319039642	
<input type="checkbox"/>	T	Sell	NTRI	\$62.01 N	\$61.99 N	9:29:59.078	1315039640	
<input type="checkbox"/>	T	Buy	MCHP	\$41.01 N	\$40.93 N	9:29:59.214	131403BD0F	
<input type="checkbox"/>	T	Buy	EEFT	\$27.75 Q	\$27.74 Q	9:29:59.225	1311039672	
<input type="checkbox"/>	T	Buy	MCRS	\$54.22 N	\$54.18 N	9:29:59.449	1315039647	
<input type="checkbox"/>	T	Buy	ROLL	\$38.50 N	\$38.47 N	9:29:59.824	1311039660	
<input type="checkbox"/>	T	Buy	SPTN	\$27.05 Q	\$27.00 Q	9:29:59.826	13140347FD	
<input type="checkbox"/>	T	Buy	NVDA	\$33.22 N	\$33.20 N	9:30:00.020	131702AB87	
<input type="checkbox"/>	T	Sell	CDWC	\$74.61 Q	\$74.65 Q	9:30:00.762	131902AB7D	

Ready. Loaded 50 of 67

Legend *Right click on any column header to add more columns, or just double click any row to see all available information.

When will Reg Recon be available?

Reg Recon will be available July 2nd for firms to set up and test in preparation for Reg NMS on July 9th.

What is the pricing structure?

Reg Recon will be available on the NASDAQ Workstation and WeblinkACT 2.0 as an add-on service. There will be a 90-day free trial for users that sign up by June 29th.

How can I subscribe?

NASDAQ Workstation users or WeblinkACT 2.0 subscribers should contact Stacie.swanstrom@nasdaq.com for the free 90 day trial.

To subscribe to the NASDAQ Workstation or WeblinkACT 2.0, visit www.NASDAQTrader.com/nnw.

Who can I contact for additional information?

- Contact [Stacie Swanstrom](mailto:Stacie.Swanstrom@nasdaq.com) at 301.978.8101.

NASDAQ is the largest U.S. electronic equities exchange. With approximately 3,200 companies, it lists more companies and, on average, trades more shares per day than any other U.S. electronic market. It is home to companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology. NASDAQ is the primary market for trading NASDAQ-listed stocks as well as a leading liquidity pool for trading NYSE-listed stocks. For more information about NASDAQ, visit the NASDAQ Trader website at www.NASDAQTrader.com.

© Copyright 2007 The Nasdaq Stock Market, Inc. All Rights Reserved.