

## NASDAQ Announces Proposed Tape Revenue Share Plan for FINRA/NASDAQ TRF with Up to 100% Tape Revenue Share for Tapes A, B & C



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

### What you need to know:

- NASDAQ is announcing several proposed changes to the Tape Revenue Sharing plan and pricing offered by the FINRA/NASDAQ Trade Reporting Facility™ (FINRA/NASDAQ TRF).
  - NASDAQ plans to share up to 100% beginning in 1<sup>st</sup> Quarter 2008.
  - Revenue sharing to be based on firms' reported market share volume.
  - These changes apply to each of the three Tape plans (A, B & C).
  - Subject to approval by the SEC.

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

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### What is changing?

NASDAQ® is announcing a proposed new tiered Tape Revenue Sharing plan that will share with FINRA/NASDAQ Trade Reporting Facility (TRF) participants up to 100% of revenue received by the FINRA/NASDAQ TRF from each of the three Tape plans (A, B & C). The proposed new Tiered Tape Revenue Sharing Plan will be filed with the Securities and Exchange Commission (SEC) and will propose to share revenue based on firms' reported market share volume contributed via Media (Tape Reportable) transactions to the FINRA/NASDAQ TRF on a per Tape basis.

NASDAQ also plans to announce Efficiency Pricing for FINRA/NASDAQ TRF Trade Reporting prior to the end of calendar year 2007, with an anticipated effective date prior to the second quarter of 2008. While the details of Efficiency Pricing are still being developed, it is expected that "Efficiency" will be gauged by the ratio of a firm's eligible Media (Tape Reportable) transactions to certain non-Media transactions reported by the firm. More information will follow and Efficiency Pricing will be filed with the SEC after the details are determined.

### What is the timing of the new plan?

It is anticipated the proposed plan will be effective for the FINRA/NASDAQ TRF during the first quarter of 2008; however, it is subject to approval by the SEC.

### How will FINRA/NASDAQ TRF's Tiered Revenue Sharing Plan work?

There will be four tiers of payout for each Tape. The payout percentages will be 100%, 80%, 50% and 0% of revenue the FINRA/NASDAQ TRF receives from the Securities Information Processor (SIP) plans in each Tape.

Firms will qualify for tiers on a per tape basis according to each Firm's reported market share volume for trades reported to the FINRA/NASDAQ TRF as a percent of the entire reported volume for each period in each Tape. Firms' tier qualifications will be evaluated each quarter for that period's payout.

### Tape A Tier Schedule

<b>% Market Share (A)</b>	<b>% Payout</b>
=>0.25%	100%
<0.25%, =>0.15%	80%
<0.15%, =>0.10%	50%
<0.10%	0%

#### **Tape B Tier Schedule**

<b>% Market Share (B)</b>	<b>% Payout</b>
=>0.50%	100%
<0.50%, =>0.25%	80%
<0.25%, =>0.10%	50%
<0.10%	0%

#### **Tape C Tier Schedule**

<b>% Market Share (C)</b>	<b>% Payout</b>
=>0.75%	100%
<0.75%, =>0.25%	80%
<0.25%, =>0.10%	50%
<0.10%	0%

### **What is Efficiency Pricing?**

NASDAQ plans to announce Efficiency Pricing for FINRA/NASDAQ TRF Trade Reporting prior to the end of calendar year 2007 with an effective date prior to the second quarter of 2008.

- While the details of Efficiency Pricing are still being developed, NASDAQ expects "Efficiency" will be gauged by the ratio of a firm's eligible Media (Tape Reportable) transactions to certain non-Media transactions reported by the firm.
- NASDAQ pays a fee for the regulation of all transactions reported to the FINRA/NASDAQ TRF facility under its relationship with FINRA and will seek to align the fees associated with Efficiency Pricing as close to a pass-through rate of the fees it is in turn allocated by FINRA for those transactions.
- NASDAQ intends to allow sufficient time and provide all possible support to ACT subscribers to help firms become as efficient as possible in their trade reporting.

### **Who can I contact for additional information?**

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

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