

New NASDAQ Sponsored Access Rule to Become Effective on Monday, January 22, 2007



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

What you need to know:

- NASDAQ recently filed a new Sponsored Access rule with the Securities and Exchange Commission (SEC) to become effective Monday, January 22, 2007.
- NASDAQ members entering into Sponsored Access arrangements with firms or customers should review [NASDAQ Rule 4611\(d\)](#) and [Interpretive Material 4611-1](#) carefully and ensure that appropriate procedures are in place for compliance with the new requirements before providing sponsored access to NASDAQ execution systems.

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

What is the new Sponsored Access rule?

NASDAQ's new [Sponsored Access rule](#) was recently [filed](#) with the SEC and will become effective on Monday, January 22, 2007. This rule defines Sponsored Access and contains the requirements applicable to NASDAQ® members (Sponsoring Members) that provide access to other firms and customers (Sponsored Firms) on an agency basis to the NASDAQ execution system.

What are the highlights of the new rule?

The new Sponsored Access rule indicates that:

- NASDAQ members providing Sponsored Access are responsible for ensuring that all activity conducted by Sponsored Firms using the Sponsoring Member's market participant identifier (MPID) complies with all NASDAQ rules and procedures and federal securities laws.
- Sponsoring Members that provide Direct Sponsored Access, where orders are entered directly into NASDAQ systems, and the Sponsored Firm that enters these orders, must execute and file a [Sponsored Access Addendum](#) with NASDAQ via [email](#) or fax at 212.231.5426. (Please note that Sponsoring Members that provide Pass-Through Sponsored Access (i.e., where orders pass through the Sponsoring Member's systems and then into NASDAQ) and their Sponsored Firms, **do not** have to execute this Addendum.)
 - Sponsoring Members entering into **new** Direct Sponsored Access arrangements must complete this paperwork before allowing Sponsored Firms to submit orders using their MPID.
 - Sponsoring Members with **existing** Direct Sponsored Access arrangements must ensure that an executed Agreement is submitted no later than Thursday, February 22, 2007.
- Sponsoring Members must ensure the accuracy of orders entered by Sponsored Firms into the NASDAQ execution systems.

What do I need to do?

NASDAQ members entering into Sponsored Access arrangements with firms or customers should review [NASDAQ Rule 4611\(d\)](#) and [Interpretive Material 4611-1](#) carefully and ensure that appropriate procedures are in place for compliance with the new requirements before providing sponsored access to NASDAQ execution systems.

Where can I get additional information?

- Refer to the [SEC filing](#) and [NASDAQ Rule 4611\(d\)](#).
- Contact [NASDAQ Market Sales](#) at 800.846.0477.

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