

## Updated: NASDAQ Files New Sponsored Access Rule



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

### What you need to know:

- As announced in [Regulatory Alert #2007-003](#), NASDAQ filed a [Sponsored Access rule](#)\* with the Securities and Exchange Commission (SEC) to become effective Monday, January 22, 2007.
- NASDAQ has since [withdrawn this filing](#)\* and filed a [new Sponsored Access rule](#) that became effective on Friday, February 16, 2007.
- The agreements required by this new Sponsored Access rule must be completed by April 18, 2007.

\*Updated April 10, 2007

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

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### What is changing?

As announced in [Regulatory Alert #2007-003](#), NASDAQ filed a [Sponsored Access rule](#)\* with the Securities and Exchange Commission (SEC) to become effective Monday, January 22, 2007.

NASDAQ has since [withdrawn this filing](#)\* and filed a [new Sponsored Access rule](#) that is identical to another exchange's sponsored access rule. The rule was effective on February 16, 2007. The agreements required by the new rule must be completed by April 18, 2007.

\*Updated April 10, 2007

### What are the highlights of the new rule?

NASDAQ members that provide direct connectivity to NASDAQ must comply with this new rule:

- The Sponsoring Member and the Sponsored Participant must each enter into a [Sponsored Access User Agreement](#) with NASDAQ, in which the Sponsoring Member must designate the Sponsored Participant by name.
- The Sponsoring Member must provide NASDAQ with a [Notice of Consent](#), acknowledging its responsibility for the Sponsored Participant's activities.
- The Sponsored Participant must enter into a Customer Agreement with one or more Sponsoring Members, establishing the sponsored relationship and account(s) through which the Sponsored Participant may trade on NASDAQ. The Customer Agreement must incorporate the Sponsorship Provisions set forth in [newly filed NASDAQ Rule 4611\(d\)\(2\)](#).

### What are the Sponsorship Provisions set forth in NASDAQ Rule 4611(d)(2)?

The Sponsorship Provisions in NASDAQ Rule 4611(d)(2):

- Obligate the Sponsoring Member and the Sponsored Participant to enter into a contractual relationship with NASDAQ
- Ensure that orders and trades are honored
- Hold the Sponsoring Member responsible for the conduct of Sponsored Participants
- Obligate Sponsored Participants to comply with all applicable NASDAQ rules
- Restrict access to NASDAQ systems to a limited group of known and educated users

- Require Sponsoring Members to have procedures to monitor its employees, agents and customers in their access to and use of NASDAQ systems
- Ensure full payment of all applicable NASDAQ fees

### **What do I need to do?**

- Read the new rule.
- Complete the new [Sponsored Access User Agreement](#) and [Notice of Consent](#) and send them to NASDAQ Subscriber Services via [email](#) or fax at 212.231.5426.
- Prepare and complete Customer Agreements for any sponsored relationship and maintain copies in your files.

### **What if I already submitted the Sponsored Access Addendum references in the previous Sponsored Access Rule?**

The Sponsored Access Addendum is no longer applicable under the new Sponsored Access Rule. Please submit the agreements referenced in this notice.

### **Where can I get additional information?**

- Refer to the [new Sponsored Access Rule SEC filing](#).
- Contact [NASDAQ Market Sales](#) at 800.846.0477.

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