



ONSITE REVIEW POLICY

OVERVIEW

Nasdaq conducts comprehensive Onsite Reviews (“OSRs”) of Distributors on a regular basis. The purpose of the OSR Program is to ensure that market data Distributors are in compliance with the terms and conditions of their Agreements. Nasdaq will review Distributors to verify that they are in compliance with the Nasdaq Data Policies. OSRs cover a Distributor’s market data infrastructure for a three-year time period preceding the date of the audit.

In addition, the OSR Program provides Distributors with the opportunity to meet with Nasdaq staff to discuss current and proposed market data products. During each review, Nasdaq will ask the Distributor to demonstrate current data entitlement systems, usage reporting procedures, and data display.

The OSR Program is administered by Nasdaq. Nasdaq will contact the Distributor approximately one month in advance to schedule a meeting time, which Nasdaq will confirm in a letter, along with a tentative agenda for the meeting.

As per the Nasdaq Agreements, a Distributor’s liability for underreporting, underpaying or other financial non-compliance will extend over a three-year time period prior to the date of the OSR. Furthermore, any liability for underreporting, underpaying or other financial non-compliance will result in interest charges applied to all resulting invoice adjustments or back billing.

ONSITE REVIEW PREPARATION

Distributors should review the Onsite Review Checklist and Onsite Review Agenda to prepare for the review.

FOLLOW-UP PROCEDURES

Within two weeks of the review, the Nasdaq will send a follow-up letter to the firm summarizing its findings. The letter will outline any outstanding items and the follow-up actions that Nasdaq requires of the firm. Distributors must respond in writing to any outstanding items by the deadline date stated in the letter.

ONSITE REVIEW AGENDA

Company Overview:

- General discussion of the Distributor’s history, subsidiaries and partnerships, current business focus, customer base, and major competitors
- Discussion of any related third-party software providers

Product Overview:

- Description of each product which offers the Information, including the provider of the data, the real-time, delayed or end of day services offered, and current populations

Technical Overview:

- High-level discussion of how the firm receives and distributes market data Information
- Review an updated Global System Application which reflects the Distributor’s current systems

Entitlement System(s):

- High-level discussion of how the Distributor controls access to information for each product
- Review records reflecting the entitlements for all Subscribers, including Data Feed Recipients, receiving services through online entitlement access or through system-generated reports

Demonstration of Product for Display Purposes:

- Demonstration of systems and services for the accurate display of Information

- Verification of a proper delay message if the firm provides delayed Information

Demonstration of Entitlement System(s):

- Demonstration of real-time entitlement/disentitlement of Subscribers and Data feed Recipients, and the process to add a new user/Data Feed
- For per-query usage, a demonstration of the counting mechanism, including verification

Reconciliation Activities:

- Review Nasdaq Global Subscriber Agreements process
- Review a report listing all of the Distributor's customers
- Access to electronic or digital records of subscriber billing records (e.g. invoices) for comparison of entitlement, reporting, and billing Subscriber counts on a location-by-location basis
- Review electronic or digital records of Non-Professional Subscribers and verify that these are within the definition of Non-Professional. The Non-Professional records should include name, address, employer, occupation, email address, and identification of the relevant Nasdaq Information product entitled
- Reconciliation of a report from the Distributor's entitlement system to the monthly usage reporting submitted to Nasdaq

Closing Meeting:

- Discussion of outstanding items to be corrected and detailed in follow-up letter

ONSITE REVIEW CHECKLIST

To facilitate the OSR process, Nasdaq recommends that Distributors have the required documentation available for the OSR team's inspection at the beginning of the meeting. All documentation must be provided in electronic or digital copies, hard copies will not be accepted-

Internal and External Distributors:

- A system-generated list of all controlled Internal and External Subscribers both Professional and Non-Professional for each product utilizing the Information, sorted to facilitate cross-referencing monthly usage reporting
- List of all administrative, developmental or other non-billable Subscribers with access to real-time Information, including user name, company, department, and reason for the special data entitlement

Distributors Providing Data to External Subscribers:

- A demo logon and URL address for internet-based products to be provided to Nasdaq prior to the actual review
- By request, copies of current marketing and promotional materials, user guides, and customer price lists for all products and services containing the Information
- By request, a copy of a current invoice register or copies of individual customer invoices
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Data Feed Redistributors:

- A system-generated list of all Nasdaq real-time and delayed Data feed Recipients
- An overview of the process used to authorize new Data Feeds
- A copy of the Data Feed specifications for the retransmission of market data

Distributors Providing Data on Per Query Systems:

- A detailed written description of the per-quote counting mechanism
- A copy of the report that totals the quotes distributed each month, including a detailed breakdown by listing market and access time of recently distributed quotes.