I. FINRA Members

Q: My firm is a FINRA member. What do I have to do if I want to use NASDAQ trading systems or the FINRA/NASDAQ Trade Reporting Facility?

All firms that want to use NASDAQ® trading systems or sponsor other entities as users must be registered as members of The NASDAQ Stock Market LLC®. Broker-dealers that want to operate as order-entry firms, market makers and ECNs in the NASDAQ Market Center® will need to register as NASDAQ members to be able to use NASDAQ Market Center trading systems and other NASDAQ services. In order to minimize the effort required to become a NASDAQ member, current FINRA members can elect to be “waived in” as members and do not have to submit to a lengthy membership application process. Broker-dealers that wish to use the FINRA/NASDAQ Trade Reporting Facility™ (TRF) are required to be FINRA members. Because The TRF is operated by NASDAQ, these broker-dealers also are required to enter into a Services Agreement with NASDAQ to establish connectivity to NASDAQ systems even if they opt not to become members.

Q: Does the Waive-In Membership process cost anything?

The application fee is $2,000.

Q: What are the Waive-In Membership Application Steps for FINRA Members?

The membership application process for FINRA member firms seeking membership in The NASDAQ Stock Market and for their associated persons is simple. To waive in, FINRA members must complete the Waive-In Membership Application and Agreement and sign a NASDAQ Services Agreement. Firms must return the Application, Agreement and Services Agreement to the address indicated on the Application.

Q: If a firm wants to waive-in, can it also change its business practices at the same time?

No, a firm may waive in as a NASDAQ member only in the same status as it is registered as a FINRA member.

Q: How does a firm change its business practices?

If a firm is currently a FINRA member that is registered as an order-entry firm, and determines that it also wants to operate as a NASDAQ market maker, the firm must file a continuing membership application with FINRA to become a market maker. Please refer to NASDAQ Rule 1017 for guidance on this process.

Q: Who from the firm can sign the Membership Agreement? Who can sign the Services Agreement?

Any person authorized to execute agreements on behalf of the firm can sign the Membership Agreement. An authorized officer of the firm can sign the Services Agreement.
Q: What happens after a FINRA member submits a Waive-in Application?

The firm will receive an email acknowledging that its Application was received. Then, acting on behalf of NASDAQ, FINRA will review the completed Membership Application and Agreement. As part of this review, FINRA will contact the relevant FINRA District Office to determine:

• Whether the firm is an approved FINRA member
• Whether the firm operates pursuant to a FINRA Membership Agreement
• What restrictions, if any, are applicable to the firm
• The activities the firm has been approved to conduct
• Whether any of the firm’s associated persons are statutorily disqualified

Following completion of this review, NASDAQ Regulation will notify the firm of its decision. Once approved, a firm that is currently an approved member of FINRA and associated persons of the firm who are not statutorily disqualified will become NASDAQ members and associated persons of a NASDAQ member, respectively. Firms that are approved as NASDAQ members must submit U4 amendments (Uniform Application for Securities Industry Registration or Transfer) for its associated persons as required.

Q: When my firm becomes a NASDAQ member, what impact does this have on my firm’s registered representatives?

When a firm registers as a NASDAQ member, certain categories of registered persons at that firm must also be registered in the Central Registration Depository (CRD) as meeting NASDAQ registration status.

• Series 4 (Options Principal)
• Series 6 (Limited Representative, Investment Company and Variable Contracts Products)
• Series 7 (General Securities Representative)
• Series 9/10 (General Securities Sales Supervisor)
• Series 11 (Assistant Representative Order Processing)
• Series 17 (United Kingdom - Limited General Securities Registered Representative)
• Series 24 (General Securities Principal)
• Series 24 (Limited Principal, Proprietary Trader Principal (S56, S24))
• Series 26 (Limited Principal, Investment Company and Variable Contracts Products)
• Series 27 (Financial and Operations Principal)
• Series 28 (Introducing Broker/Dealer Financial and Operations Principal)
• Series 37/38 (Canada - Limited General Securities Registered Representative)
• Series 42 (Options Representative)
• Series 55 (Equity Trader) [Not required for NASDAQ members that are not FINRA members]
• Series 56 (Proprietary Trader)
• Series 62 (Corporate Securities Representative)

Firms that are approved and register as NASDAQ members will be required to submit U4s for each registered representative in the above categories in CRD.

Q: What happens to my signed NASDAQ Services Agreement? Do I also have to complete a NASDAQ Port Request Form and NASDAQ Front End Access Order Form?

NASDAQ OMX Subscriber Services will review the signed Agreement to ensure that it is correctly executed and dated and that it has not been modified. Firms do not need to complete a new NASDAQ Port Request Form and NASDAQ Front End Access Order Form.
Q: Why do I have to become a NASDAQ member?
To operate as a broker-dealer in the NASDAQ Self-Regulatory Organization (SRO), a broker-dealer must register as a member of the SRO. This membership entitles a member to utilize the facilities of The NASDAQ Stock Market, such as the NASDAQ trading systems and other services.

Q: If a FINRA member becomes a member of NASDAQ, what happens to its FINRA membership?
If a FINRA member elects to become a NASDAQ member, it will still retain FINRA membership.

Q: Can I email my application materials to NASDAQ?
Yes, please email your signed Membership Application and Agreement and signed Services Agreement to membership@nasdaqomx.com.

Q: What if I no longer want to be a member of FINRA?
Once you are a NASDAQ member, you could terminate your FINRA membership, but only if you are a member of another SRO. The NASDAQ rules require NASDAQ members to also be members of at least one other SRO.

Q: Can I apply for NASDAQ membership online?
Application forms are available online and can be printed, signed and emailed to membership@nasdaqomx.com.

Q: How long does the waive-in membership process take?
NASDAQ expects that from the time a completed waive-in application is received by NASDAQ to the time NASDAQ sends its decision letter to the firm, the process will take about three to four business days. It is important to note that this time is an estimate and based on receipt of a properly completed and executed Membership Application.

Q: Can a firm be rejected for NASDAQ membership?
Yes. If a firm’s current restrictions as a FINRA member do not permit the firm to perform the functions allowed or required under NASDAQ rules, NASDAQ can refuse to admit that entity to membership.

Q: How can a firm check on the status of its application?
Send an email to membership@nasdaqomx.com requesting a status update.

Q: How will a firm know its membership application has been approved?
The firm will receive an approval letter from NASDAQ Membership.

Q: Can a firm change its mind and withdraw its Application?
Firms have the option of withdrawing any submitted membership Application prior to approval by sending a request in writing to:
The firm will forfeit the $2,000 application fee.

Q: Can a firm change its mind after approval and withdraw from membership in NASDAQ?
Yes, but the firm will forfeit any fees paid or due to be paid.

Q: If a firm is denied membership, can it appeal?
Yes. A firm can appeal in accordance with the procedures detailed in NASDAQ Rule 1015.

Q: How long will an appeal take?
The appeal process could take several months.

Q: How can a new broker-dealer that is applying to become a FINRA member also become a NASDAQ member?
A new broker-dealer must first undergo the full FINRA membership review process. Applicants for NASDAQ membership that are also simultaneously applying for FINRA membership may include the NASDAQ Waive-In Membership Application and Agreement along with their FINRA application.

Note that NASDAQ will not take action on the NASDAQ membership application until the applicant is an active member of FINRA. The FINRA application process takes approximately six months.

II. Firms That are Members of Another SRO

Q: If a firm is not a FINRA member but is a member of another SRO, can the firm join NASDAQ? Does a NASDAQ member have to also be a FINRA member?
NASDAQ’s membership rules require that a NASDAQ member must also be a member of at least one other SRO. Thus, a NASDAQ member can be a member of FINRA, but also can be a member of another equities or options exchange.

Q: Is there any other restriction applicable to firms that are not FINRA members but are members of another SRO that want to apply for NASDAQ membership?
Yes. A firm must be a “proprietary trading firm” as defined in NASDAQ Rule 1011 in order to apply for membership. A “proprietary trading firm” means an Applicant with the following characteristics:
• The Applicant is not required by Section 15(b)(8) of the Securities Exchange Act of 1934 to become a FINRA member, but is a member of another registered securities exchange not registered solely under Section 6(g) of the Act
• All funds used or proposed to be used by the Applicant for trading are the Applicant’s own capital, traded through the Applicant’s own accounts
• The Applicant does not, and will not have “customers,” as that term is defined in NASDAQ Rule 0120(g)
Q:  How can a member of another SRO apply to become a NASDAQ member?
Members of another registered national securities exchange that are not also FINRA members must submit a Full Membership Application and Agreement containing all of the Supplemental Information required under NASDAQ rules. The firm must also submit a signed Services Agreement and a Written Supervisory Procedures checklist.

We strongly recommend that a firm wishing to engage in business as a market maker on NASDAQ indicate this at the time that they are applying for membership.

Q:  What happens after a member of another SRO submits a Full Membership Application?
FINRA’s Membership Application Processing (“MAP”) Group will conduct the membership review for NASDAQ. Initially, the firm will receive an email acknowledging receipt of the application. The FINRA MAP Group will conduct an initial review of the application within 5 calendar days after the application was filed and contact the applicant requesting any additional information necessary to complete the new member review. At this time, NASDAQ will grant pending approval to the applicant in WebCRD to allow those individuals that may require exams to begin the process. FINRA may conduct a membership interview, but only if necessary to clarify aspects of the application. Finally, NASDAQ will determine whether to approve the application.

The entire membership review process should take approximately 45 to 60 days from the receipt of a complete application. Submission of an incomplete application will delay approval.

Q:  Where can I find more information about completing the Full Membership Application and Agreement?
You should review Guidance for Submitting Supplemental Information. This document provides detailed information on each item of Supplemental Information that must be submitted with the Application as well as links to other relevant information that should help you to complete the Application. You can also call NASDAQ Membership at +1 215 496 5322 or Market Sales at +1 800 846 0477 for assistance.

Q:  The NASDAQ rules require NASDAQ members with more than 25 registered representatives to have two registered principals. Since my current SRO does not have this requirement, our proposed principals need to pass the Series 24 examination. Can we study for and take the Series 24 examination while my firm’s application is being reviewed?
Yes. To satisfy the two-principal requirement, individuals may take the Series 24 examination while the firm’s membership application is being reviewed or within 90 days after approval.

Q:  Can I request a waiver of the two-principal requirement?
Yes. An applicant may apply for a waiver of the two-principal requirement of NASDAQ Rule 1021(e), based on the applicant conducting a very limited scope of business. Please note that waivers should be requested early in the application process, generally as part of the initial application, to ensure a timely decision by NASDAQ. Failure to submit a timely request may result in processing delays or denial of the application based on the applicant’s failure to meet the principal qualification requirements. Note also that an applicant may not obtain an exemption from the Financial and Operations Principal requirement. Each Applicant will be required to associate a Financial and Operations Principal appropriate to its proposed business.
If an applicant requests a waiver of the two-principal requirement then the applicant must submit the original request(s) in writing to:
The NASDAQ Stock Market
Membership Department
Attention: Deborah Siluk
1735 K Street, NW
Washington, DC 20006-1506

The waiver request may be submitted as part of the membership application and must include the following information:
• The applicant’s name and address
• The name of the person associated with the member who will serve as the primary contact for the application
• The rule from which the member is seeking a waiver
• A detailed statement of the grounds for granting the waiver

Q: How can a firm check on the status of its application?
Send an email to membership@nasdaqomx.com requesting a status update.

III. Fees

Q: Is there a fee to apply for NASDAQ membership? And once I’m a member, what fees must my firm pay?

<table>
<thead>
<tr>
<th>NASDAQ Membership and Registration Fees</th>
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<tbody>
<tr>
<td>Application fee: $2,000 (non-refundable)</td>
</tr>
<tr>
<td>Annual membership fee: $3,000</td>
</tr>
<tr>
<td>Monthly trading rights fee: $1,000</td>
</tr>
<tr>
<td>Form U4 filing for the registration of a representative or principal: $55</td>
</tr>
<tr>
<td>Form U4 filing for the transfer or re-licensing of a representative or principal: $55</td>
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</tbody>
</table>

Q: When are the annual membership fee and monthly trading rights fees due?
The annual membership fee will be assessed through the firm’s CRD renewal account. The schedule for renewal is published by the FINRA through a renewal program bulletin. Please see the FINRA website for more information. Firms will be billed for the monthly trading rights fee on their monthly NASDAQ invoice, which is payable in the same manner as today: check or wire transfer.

Q: What is the annual membership fee?
It is a fee required to fund costs associated with maintaining membership in NASDAQ.

Q: What is the monthly trading rights fee?
It is a fee related to NASDAQ transaction execution services, which applies to all NASDAQ members.

Q: Why did NASDAQ decide to implement registered representative fees?
NASDAQ adopted fees for registered representatives in order to off-set its regulatory costs.
Q: **What is the Supplemental MPID fee?**
Additional Market Participant Identifiers (MPIDs) are available to members of The NASDAQ Stock Market for a fee of $1,000 per month, per MPID (effective September 1, 2010). Supplemental MPIDs that are used **exclusively** for FINRA reporting purposes (e.g., trade reporting facilities) are excluded from this fee. The first market participant identifier issued to a member, referred to as the “Primary MPID,” is provided at no cost.

Q: **What MPIDs are excluded from this fee?**
The first MPID issued to a member of The NASDAQ Stock Market, referred to as the “Primary MPID,” is provided at no cost.

In some cases a supplemental MPID may be required for FINRA reporting purposes, which may include reporting of dark pool or other OTC trades to the FINRA/NASDAQ Trade Reporting Facility™ (TRF™), ACT or TRACE. Member firms must confirm these MPIDs as “FINRA reporting only” when first requesting the MPID or by using the **Affirmation Form**. These MPIDs are excluded from the monthly fee. These supplemental MPIDs identified as “FINRA reporting Only” will be audited periodically and will be assessed the monthly fee if found to have activity on The NASDAQ Stock Market.

Q: **Where can I find a listing of my firm’s MPIDs?**
Contact NASDAQ OMX Subscriber Services via e-mail at subscriber@nasdagomx.com for a full list of MPIDs assigned to your firm.

Q: **How can I request a supplemental MPID or change a current MPID?**
Supplemental MPIDs can be requested by completing and submitting the **Supplemental MPID Form**. The fee for new supplemental MPIDs will be prorated for the portion of the month in which the MPID was issued.

If you wish to update or cancel an MPID, you can complete and submit the **MPID Change Form**. Any supplemental MPID cancellation requests that occur after the first day of the month will be effective on the date requested by the firm. However, the firm will be required to pay for the cancelled MPID through the rest of the month.

**IV. FINRA Members That Do Not Want to Become NASDAQ Members**

Q: **What if a FINRA member does not want to become a member of NASDAQ?**
FINRA members are not required to become members of NASDAQ. However, to use NASDAQ trading systems, a broker-dealer must register as a NASDAQ member.

Q: **Can a FINRA member that does not want to become a NASDAQ member use the TRF?**
Yes. Broker-dealers that do not wish to become NASDAQ members but plan to use only the TRF to submit reports of trades not executed through NASDAQ’s automated facility must be FINRA members. These firms will be required to enter into a NASDAQ Services Agreement to continue to have access to this NASDAQ-operated facility. Because the TRF is operated by NASDAQ pursuant to FINRA rules, these firms also will continue to be required to be FINRA members.

Q: **How do I apply to use the TRF?**
Submit a signed NASDAQ Services Agreement to the following address and indicate that your firm is not applying for NASDAQ membership, but wants to access the TRF:
- The NASDAQ Stock Market
- Membership Department
- Attention: Deborah Siluk
Q: If I do not become a NASDAQ member, can I still send orders to a NASDAQ market maker for execution?

If your firm is an order-gathering firm that ships order flow to a wholesale market maker or an ECN for execution, your firm does not have to become a NASDAQ member. However, if your firm does not become a NASDAQ member, it will not be able to independently hit quotes or enter an anonymous order; it will only be able to do so through a NASDAQ member.

Q: Can a firm be a subscriber to NASDAQ OMX data products if it is not a NASDAQ member?


V. Additional Information

For additional information and timely news on NASDAQ membership or NASDAQ OMX operations, visit http://www.nasdaqtrader.com/membership.

- General membership questions can be directed by phone to NASDAQ Membership at +1 215 496 5322 or to Transaction Services, U.S. Market Sales at +1 800 846 0477.
- Questions regarding the completion, processing and status of exchange membership agreements and forms can be directed to NASDAQ Membership at Membership@nasdaqomx.com.