

NASDAQ's Opening and Closing Crosses Offer Significant Liquidity to Buy-Side Traders

Overview

In 2004, NASDAQ® introduced new crosses to enhance our opening and closing processes, which have been very successful in providing transparent opening and closing prices that are reflective of the true supply and demand in the marketplace. The crosses generate opening and closing prices that are widely used throughout the industry, including by all major indexers. To facilitate direct participation by the buy-side, several broker-dealers offer buy-side trading customers access to the crosses via electronic execution platforms. (See table at lower right.)

Since the crosses launched, NASDAQ market participants have repeatedly demonstrated their willingness and ability to offset imbalances that are entered into the cross. On average, 13.3 million shares are matched daily at both the open and close, and there is substantial excess liquidity available within a few cents of the crossing price. Volume in the crosses spikes considerably upward on critical event days such as expirations, index rebalances and month- and quarter-ends.

Benefits to the Industry

The NASDAQ Opening and Closing Crosses provide accurate and consistent opening and closing prices for NASDAQ-listed securities. Specifically, they:

- Offer enhanced transparency and execution choices prior to and at the open and close.
- Provide a true price discovery facility that represents supply and demand in the marketplace.
- Create robust benchmark prices for NAVs and index valuations.
- Provide a facility to resolve natural order imbalances in critical events, such as expiration dates for index futures and options and index rebalances.

Advantages to Buy-Side Traders

- Concentration of liquidity at open and close offers opportunities for larger prints with reduced market impact.
- Frequent, public dissemination of imbalance information maximizes transparency and accessibility for all market participants.
- Maximum anonymity is provided.

How the Crosses Work

- NASDAQ accepts on-open and on-close order types that are executable only during the Opening or Closing Cross, respectively.
- Leading up to the open and close, NASDAQ disseminates information about any order imbalance that exists among orders on the opening or closing book, along with an indicative opening or closing price.
- In the cross process, the opening or closing book and the NASDAQ Market Center® continuous book are brought together to create a single NASDAQ opening or closing price.
- NASDAQ opening and closing prices are distributed to the consolidated tape immediately after the cross occurs.

How to Access the Crosses

The following broker-dealers offer buy-side traders the ability to enter orders into the NASDAQ Opening and Closing Crosses through their software:

Firm Name	Software Product	Contact Person	Contact Number
Bloomberg	B-Trade	Chris Hodder	212.617.5555
BNY Brokerage	SonicPort	Ana Burke	212.468.7544
Carlin Financial Group	CARLINAccel	Derek Schure	212.905.5739
Credit Suisse	Advanced Execution Services (AES)	Manny Santayana	212.325.5300
EdgeTrade Inc.	Execution Management System (EMS)	Brian Roberti	888.440.3343
Firefly Capital, Inc.	Firefly	Tom Dadmun	617.314.0705
FutureTrade	FutureTrade	Jim Kwiatkowski	212.230.2501
Goldman Sachs	REDIPlus	Sales	212.357.9500
Instinet	Newport & Portal	Institutional Sales	800.225.5008
ITG	Triton & Radical	Marketing	212.444.6300
Lava Trading	Lava	Lava Sales	866.922.5282
Lehman Brothers	Lehman Live LINKS SM	Dave Conner/ Jon Gibling	212.526.0911
Lime Brokerage LLC	Lime	Jason Cobb	212.219.6001
Morgan Stanley	Passport	Equity Sales	212.761.8653
Stuart Frankel & Company	DMA+	Max Palmer	212.943.8788
Townsend Analytics, Ltd.	RealTick	Technical Support	312.453.0300

More Information

For more information about NASDAQ's Opening and Closing Crosses:

- Contact NASDAQ Market Sales at 800.846.0477 or sales@nasdaq.com.
- Go to NASDAQTrader.com/close.