

# The Nasdaq IPO Cross

Nasdaq strives to provide fair executions for investors through an open and transparent process that creates a single price for Initial Public Offerings (IPOs) based on supply and demand.

## The IPO Cross Timeline

### 1. System Start-Up

Nasdaq will accept orders in IPO securities beginning at system start-up.

- Displayed quotes and orders will be disseminated on Nasdaq depth of book feeds when received (i.e. MDAY, SDAY, MGTC, SGTC)
- Orders may be canceled during this time.

### 2. Display Only Period

Pre-open quoting, indicative clearing price and imbalance information dissemination begins.

- Nasdaq continues accepting quotes and all order entry.
- Indicative clearing price and imbalance information dissemination begins.
- Orders may be canceled during this time.
- Display only period of 10 minutes\* is followed by a Pre-Launch Period where the underwriter in coordination with Nasdaq will determine when to open the security for trading.

### 3. Pre-Launch Period

The period immediately following the display-only period, during which the lead underwriter, in coordination with Nasdaq, will determine whether additional price discovery is necessary to ensure the fair and orderly launch of trading.

- The Pre-Launch Period will not have a defined minimum or maximum time period.
- Market participants will continue to be able to enter and cancel orders during the Pre-Launch Period.
- Once the lead underwriter decides to launch, the IPO cross will commence unless a marker order imbalance exists or volatility is detected. In this case, the Pre-Launch Period will continue to allow for additional price discovery.

### 4. IPO Commencement

Execution occurs.

- The IPO Cross process begins once the lead underwriting firm communicates to Nasdaq that they are ready to proceed with the opening of the new issue. The Nasdaq IPO Officer will then proceed to open the security for trading.
- The Nasdaq official Opening Price (NOOP) is disseminated and a bulk execution is sent to the tape.
- After the cross, regular trading begins.

#### THE NASDAQ IPO CROSS IS DESIGNED TO:

- Provide fair executions at a single price that maximizes volume and is reflective of supply and demand in the market.
- Maximize transparency at IPO opens by disseminating timely imbalance information to investors.
- Create an open process in which all investors have the ability to enter orders and participate in price discovery.

\*Subject to SEC approval.

## Order Types For The IPO Cross

- Regular market orders, limit orders and quotes are all eligible to participate. Includes Day, GTC, IOC, Extended Hours Orders, and Quotes.
- All Time-in-Force types are eligible to participate.
- No additional special handling instructions (e.g. pegging, min qty, discretion) are permitted.
- No special CrossTradeFlag instructions are required.

## Indicative Clearing Price Information Dissemination

IPO imbalance information will be disseminated every second starting from the display-only period up until the security is open for trading via the Net Order Imbalance Indicator (NOII). The NOII is available via Nasdaq TotalView®, Nasdaq Workstation and Nasdaq Data Store at [Data.nasdaq.com](https://Data.nasdaq.com).

### Indicative Clearing Price

Price at which the opening book would clear based on current quotes and orders.

- This will be populated through the Current Reference Price, Near Price and Far Price.

### Paired Shares

Number of shares matched for execution at the Indicative Clearing Price.

### Imbalance

Imbalance shares and side will be updated every second with every indicative price update.

## Execution Priority And Algorithm

### Execution Priority

- Price/time with non-display (including reserve) size after displayed size at each price.
- IOC orders have displayed priority.

### Execution Algorithm

Maximize number of shares executed.

### Tiebreakers

Minimize the distance from the issue price.

## More Information

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