Investing in MQP Securities

The Securities and Exchange Commission ("Commission") has approved NASDAQ OMX's ("NASDAQ" or "Exchange") competitive Market Quality Program ("MQP" or "Program") as a one year pilot program. The MQP is a unique, voluntary liquidity enhancement program available on NASDAQ, and the only one of its kind in the U.S. Direct or indirect payment from securities issuers to market makers have been prohibited in the U.S. since 1997.[1] The MQP now allows issuers to list eligible products on the Exchange and pay up to $100,000 per product to the Exchange, which the Exchange may use to credit market makers that meet or exceed exact MQP market quality standards.

The MQP is designed to promote market quality and liquidity in certain exchange traded funds ("ETFs") that lack liquidity (known as "MQP Securities"). MQP Securities are issued by an MQP Company and listed on the Exchange pursuant to NASDAQ Rule 5705. To participate in the MQP, in addition to the standard Exchange listing fee an eligible issuer ("MQP Company") would pay to the Exchange's General Fund a $50,000 basic MQP Fee, and may also choose to pay a supplemental MQP Fee of no more than $50,000, on behalf of an MQP Security. The MQP Fee will be used by the Exchange to incentivize one or more Market Makers in the MQP Security ("MQP Market Makers") to enhance the market quality and liquidity of the MQP Security. These incentive payments, known as MQP Credits, will be credited from the Exchange's General Fund on a pro rata basis only to those MQP Market Makers that sustain MQP market quality requirements and thereby enhance the liquidity in the MQP Security.

The goal of the MQP is to enhance the market quality and liquidity of products in the MQP so that they may "graduate" from the Program by sustaining liquidity of 1,000,000 or more shares of average trading volume ("ATV") for three consecutive months. We believe that the MQP, like liquidity enhancement programs overseas, should have positive aspects such as: providing access to a broader pool of liquidity providers for new or existing ETFs in the MQP; encouraging more competitive orders and trading; and enhancing the quality of the markets in ETFs in the Program by tightening quote spreads, increasing depth of liquidity, and reducing execution costs for investors and market participants.

All investments, including products in the MQP, may have potential risk. A product may be in the MQP for an unspecified period of time. A product may be pulled from the MQP by an issuer, may be terminated from the Program, or may "graduate" from the Program because of a sustained increase in liquidity. It is possible that after leaving the MQP, a product may experience a lack of or reduction in liquidity and an impact on spreads or prices. There is no experiential data about such potential risks because the MQP is new and a no similar program has ever existed in the U.S. To provide the greatest amount of transparency and information to investors, however, the Exchange has established a dedicated MQP website page. The Exchange will include information on the page such as the date that an issuer or product enters into the MQP; whether an issuer has indicated that it or a product will leave the MQP; the date that an issuer or product leaves the MQP; market quality statistics; and liquidity statistics. The website page will also include issuer and market maker registration forms; FAQs about the MQP; the Commission's MQP approval and related exemption orders; and links to the MQP rule, NASDAQ Rule 5905.

You are encouraged to visit this MQP website page if you are considering, or have invested in, MQP products.

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[1] While prohibited in the U.S., liquidity enhancement programs similar to the MQP have been in use for decades in NASDAQ's First North market in the Netherlands, as well as in France, Germany, and Canada, where they have been successful in, among other things, increasing liquidity and reducing effective spreads.