

## Sponsored Access Update: Agreements Required for Direct Sponsored Access



**Please Route To:** Head Traders; Technical Contacts; Compliance Officers

### What you need to know:

- NASDAQ has updated the User [Agreement](#) and [Notice](#) for direct sponsored access.
- NASDAQ Members providing direct sponsored access (Sponsoring Members) must complete a new User Agreement and sign a Notice of Consent acknowledging its responsibility for the orders, executions and actions of its Sponsored Participant.
- Sponsoring Members are required to complete a new [User Agreement](#) and a [Notice of Consent](#) for **each** direct sponsored access arrangement.
- Sponsoring Members must obtain Market Participant Identifiers (MPIDs) for their Sponsored Participants for **each** direct sponsored access arrangement.
- The requirement to complete the Agreement and Notice will apply **immediately** to new direct sponsored access arrangements. Members with existing direct sponsored access arrangements must complete the Agreement and Notice and, if necessary, obtain unique MPID(s) for their Sponsored Participants by **Wednesday, December 31, 2008**.
- Members must transition their Sponsored Participants to the new MPID(s) and ports by **January 31, 2009**.

### Who you should contact:

- Contact [Subscriber Services](#) +1 212 231 5180.
- Contact [NASDAQ Market Sales](#) at +1 800 846 0477.

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### What has been updated?

NASDAQ® has updated the User [Agreement](#) and [Notice](#) for direct sponsored access. The Agreement must be signed by the Sponsoring Member, the Sponsored Participant and NASDAQ. The Notice must be completed by the Sponsoring Member. Completion of the Notice requires a Sponsoring Member to provide information about each Sponsored Participant, as well as to identify the unique Market Participant Identifier(s) (MPID) to be used solely by that Participant.

### What kind of access arrangements do these requirements apply to?

Sponsoring Members are required to complete a User [Agreement](#) and a [Notice](#) for each sponsored access arrangement in which the Sponsoring Member permits a Sponsored Participant to enter orders directly into the NASDAQ Execution System through an order entry port registered in the name of the Sponsoring Member.

### What kind of access arrangements do NOT require these agreements?

Sponsoring Members are **not** required to execute these agreements when they allow their Sponsored Participants to enter orders into an electronic order entry system that subjects those orders to risk management validations and regulatory controls (Broker Controls) to ensure compliance with NASDAQ and SEC rules and then automatically re-transmit those orders directly and electronically into the NASDAQ Execution System through an order entry port registered in the name of the Sponsoring Member. The electronic order entry system that maintains Broker Controls can be either the Sponsoring Member's proprietary system or a third party service provider system provided or controlled by the Sponsoring Member.

### What agreements are required by NASDAQ?

[NASDAQ Rule 4611\(d\)](#) (Rule) governs sponsored access to The NASDAQ Stock Market LLC<sup>®</sup> (NASDAQ) and requires both a User Agreement for Sponsored Access and a Notice of Consent.

- The Rule requires a Sponsoring Member and each of its Sponsored Participants to enter into a [User Agreement for Sponsored Access](#) (User Agreement) with NASDAQ. The Sponsoring Member must designate the Sponsored Participant by name in the User Agreement and acknowledge responsibility for orders, executions and actions of the Sponsored Participant. The Sponsoring Member and Sponsored Participant must also agree to comply with NASDAQ rules. The Rule contains other provisions applicable to Sponsored Members and their Participants. The Sponsoring Member must execute a separate User Agreement for each of its direct sponsored access arrangements.
- The Rule requires the Member to provide NASDAQ with a [Notice of Consent](#) (Notice) acknowledging its responsibility for the orders, executions and actions of its Participant. The Sponsoring Member must execute a Notice for each of its direct Sponsored Access arrangements.

### Who can be a Sponsored Participant?

A Sponsored Participant can be:

- A non-broker dealer and/or an entity that is not a member of any exchange or FINRA.
- A broker-dealer that is not a NASDAQ member but is a member of another exchange or FINRA.
- A broker-dealer that is a NASDAQ member.
- A broker-dealer that is both a NASDAQ and FINRA member.

### What are the specific requirements for direct Sponsored Access?

The specific requirements, which apply to each direct sponsored access arrangement, are:

- (1) A Sponsoring Member and its Sponsored Participant must execute a [User Agreement](#) with NASDAQ.
- (2) The Sponsoring Member must execute a [Notice of Consent](#) that names the Sponsored Participant and identifies the unique MPID to be used by the Sponsored Participant for direct connectivity to NASDAQ.
- (3) The Sponsoring Member must obtain an MPID for each Sponsored Participant by completing a [Supplemental MPID Request Form](#).

### What is the timing for the requirements?

- The requirement to complete the Agreement and Notice and obtain a unique MPID will apply **immediately** to new direct sponsored access arrangements.
- Members with existing direct sponsored access arrangements must complete the Agreement and Notice and, if necessary, obtain unique MPID(s) for their Participants by **Wednesday, December 31, 2008**. Sponsoring Members must transition their Sponsored Participants to the new MPID(s) and ports by January 31, 2009.

The User Agreement, the Notice of Consent and the Supplemental MPID Request Form are available on the [NASDAQ Trader<sup>®</sup> website](#). Please complete the Agreement, the Notice and the Request Form and fax them to [NASDAQ Subscriber Services](#) at +1 212 231 5426.

### Where can I get additional information?

- Please review [NASDAQ Rule 4611\(d\)](#) for more details.
- Refer to the [Sponsored Access page](#) on the NASDAQ Trader website.
- Contact [Subscriber Services](#) +1 212 231 5180.
- Contact [NASDAQ Market Sales](#) at +1 800 846 0477.

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