

# THE NASDAQ INVESTOR SUPPORT PROGRAM (ISP)

The NASDAQ Investor Support Program (ISP) is a rebate program designed to attract retail and institutional order flow while rewarding firms that exceed certain liquidity provision and execution requirements on The NASDAQ Stock Market® (NASDAQ®). Qualifying firms receive a rebate, which is applied to their standard rate, for each qualifying share of liquidity added to NASDAQ.

## PARTICIPATION

- > A firm may opt-in to the ISP at no cost and with no commitment by contacting NASDAQ OMX Subscriber Services at +1 212 231 5180 and identifying which ports it will designate as ISP ports.
- > Participating firms must certify their Baseline volume, including the amount of Indirect Order Flow that they sent to NASDAQ. NASDAQ may request certification regarding compliance with other parts of the ISP program on a monthly basis.
- > If a firm opts into the program but does not qualify for a given month, the firm simply does not receive the ISP rebate that month.

- Any firm with no August 2010 or August 2011 Baseline will be deemed to have added an average of 35,000,000 shares per day during that month for purposes of calculating the firm's August baseline.

## REBATE TIERS

In order to qualify for a monthly per share rebate, firms must meet all of the following criteria on a monthly basis:

- > Maintain, for orders entered via designated ISP ports, a ratio of orders-to-orders executed of less than 10 to 1 (counting only liquidity-providing orders).
- > Equal or exceed the firm's "Baseline" volume of liquidity added on NASDAQ across **all** of the firm's ports. The firm's Baseline is a percentage of monthly consolidated volume calculated by dividing the total number of shares of liquidity the firm added on NASDAQ in August 2010 or August 2011 by total consolidated volume in August 2010 or August 2011, whichever is lower.
  - A firm's August Baseline will include the orders that it sent to NASDAQ directly **plus** the orders that it sent to NASDAQ indirectly via another party with little or no substantive intermediation by such other party (Indirect Order Flow).

ISP TIER	QUALIFICATIONS	ISP REBATE
1	<ul style="list-style-type: none"> <li>&gt; Meet baseline add volume</li> <li>&gt; Add 0.2% of consolidated through ISP ports</li> <li>&gt; More than 30% of added flow must come from ISP ports</li> </ul>	\$0.00005 paid on all displayed added shares (stocks priced \$1 or more)
2	<p><b>OPTION 1</b></p> <ul style="list-style-type: none"> <li>&gt; Exceed baseline participation ratio by 0.43% of consolidated volume</li> <li>&gt; Add 0.2% of consolidated through ISP ports</li> <li>&gt; More than 40% of added flow must come from ISP ports</li> </ul> <p><b>OPTION 2</b></p> <ul style="list-style-type: none"> <li>&gt; Exceed baseline participation ratio by 0.30% of consolidated volume</li> <li>&gt; Add 0.2% of consolidated through ISP ports</li> <li>&gt; More than 80% of added flow must come from ISP ports</li> <li>&gt; Have an "add to total volume ratio" of 70% or higher</li> <li>&gt; Add at least 100,000 Customer contracts on NOM per day on average</li> </ul>	\$0.000275 paid on all ISP shares, and \$0.00005 paid on all other displayed added shares (stocks priced \$1 or more)
3	<ul style="list-style-type: none"> <li>&gt; Equal or exceed baseline participation ratio by 0.86% of consolidated volume</li> <li>&gt; Add 0.2% of consolidated through ISP ports</li> <li>&gt; More than 40% of all added flow must come from ISP ports</li> </ul>	\$0.000375 paid on all ISP shares, and \$0.00005 paid on all other displayed added shares (stocks priced \$1 or more)



<sup>1</sup> Displayed added shares executed at or above \$1 are eligible for the ISP Rebates

## ORDERS-TO-ORDERS EXECUTED RATIO

**Numerator:** The number of total orders sent from a member to NASDAQ via the firm's ISP-designated ports

**Denominator:** The number of those orders that executed

- > Each order is credited with no more than one execution even if it results in multiple executions.
- > Certain orders are excluded from the denominator and numerator
  - Odd-lot Orders
  - Orders that execute but only remove liquidity or route and do not add liquidity
  - Pegged Orders
  - Immediate or Cancel Orders

### ISP Rebate Example

	BASELINE	OCTOBER – EXAMPLE 1 TIER 1
Total shares added by the firm	35 million shares per day	52.5 million shares per day <b>of which</b> 25 million added as displayed via ISP-designated port Added shares via ISP is 47.6%
Total consolidated volume	7 billion shares per day	7 billion shares per day
Shares Added as % of Total Consolidated Volume	0.5% (the baseline)	0.75%
0.20% of consolidated via ISP ports		Must be greater than 14,000,000
Rebate Calculation in addition to the firm's standard rebate		ISP Shares = 25 million shares (x) 21 trading days in October (x) \$0.00005 = <b>\$26,250</b>  + All Other Display Add Shares = 52.5 million shares – 25 million shares (x) 21 trading days in October (x) \$0.00005 = <b>\$28,875</b>  <b>Total = \$55,125</b>

#### More Information

For more information about the ISP, contact [Transaction Services U.S. Market Sales](#) at **+1 800 846 0477**.