Effective August 1, 2014, NASDAQ OMX PSX will transition to a Price Setter Pro Rata model. The new PSX model provides an incentive for greater displayed size while also encouraging participants to aggressively compete on price.

**PRICE SETTER PRO RATA MODEL**

Price Setting orders are guaranteed the greater of their pro rata allocation or 40% of the size of any incoming order. All other orders resting on the PSX book will be allocated the remainder of the incoming order based on their size relative to the total size resting on the book at that price. If an allocation calculation results in a mixed or odd lot, the allocation is rounded down. Any residual shares resulting from rounding will be allocated one round lot at a time to the orders resting on the book in size order.

**PRO RATA PRICE SETTER ALLOCATION EXAMPLE**

A price setter maintains price setter status as long as a better price has not been set and executed on PSX.

PSX will continue to offer many popular order types and routing functionality after the transition to Price Setter Pro Rata. Refer to the NASDAQ OMX ORDER TYPES AND MODIFIERS and ROUTING STRATEGIES guides for more information on order types and routing available on PSX.

**MORE INFORMATION**

WWW.NASDAQOMXTRADER.COM/PSX  |  U.S. MARKET SALES  |  +1 800 846 0477  |  SALES@NASDAQOMX.COM

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