

NASDAQ OMX PSX

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.

PLEASE NOTE: Within a given price level there are several priority levels. Each level must be fully executed before the next level is considered.

1	DISPLAY ROUND LOT (Price Setter Pro Rata)
2	DISPLAY ODD LOT (Largest to smallest)
3	NON-DISPLAY ROUND LOT (Pro Rata)
4	MAQ ALWAYS NON-DISPLAY (Smallest minimum acceptable quantity to largest)
5	NON-DISPLAY ODD LOT (Largest to smallest)

PLEASE NOTE: Although PSX plans to set all symbols to Price Setter Pro Rata on August 1, 2014, the proposed rule allows PSX to configure symbols as pro rata without the price setter incentive or as price/time. If PSX chooses to change the configuration of a symbol, ample notice will be given to members.

PRO RATA PRICE SETTER ALLOCATION EXAMPLE



PSX BOOK	<ul style="list-style-type: none"> ▶ ORDER #1 Buy 1,000 at \$10.00 (0#1 is the price setter) ▶ ORDER #2 Buy 4,000 at \$10.00
INCOMING ORDERS	<ul style="list-style-type: none"> ▶ ORDER #3 Sell 1,000 at \$10.00
EXECUTION OUTCOME	<ul style="list-style-type: none"> ▶ 0#3 SELLS 400 TO 0#1 + 40% price setter allocation is greater than the 20% pro rata allocation ▶ 0#3 sells 600 to 0#2 + 0#2 is due 800 shares based on pro rata, but because 0#1 received the price setter allocation, 0#2 received the 600 remaining shares

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