

NASDAQ strives to provide fair executions for investors through an open and transparent process that creates a single price for Initial Public Offerings (IPOs) based on supply and demand.

The NASDAQ IPO Cross is designed to:

- Provide fair executions at a single price that maximizes volume and is reflective of supply and demand in the market.
- Maximize transparency at IPO opens by disseminating timely imbalance information to investors.
- Create an open process in which all investors have the ability to enter orders and participate in price discovery.

## Timeline of the IPO Cross

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**Quote-only:** Pre-open quoting, order entry and information dissemination begins.

- NASDAQ begins accepting quote and order entry.
- Indicative clearing price and imbalance information dissemination begins.
- Entered orders can be canceled.
- No executions occur before the IPO resumption.
- Quote-only period is planned to be 15 minutes for IPOs plus a short random period to prevent gaming (initially set to 15 seconds).

**IPO Commencement time:** The execution occurs.

- The IPO Cross process begins, the NASDAQ Official Opening Price is disseminated\* and a bulk execution is sent to the tape.
- Price is set by volume.
- No circuit breaker on execution price.
- After the cross, regular trading begins.

**NASDAQ may extend quote-only period, if necessary, due to:**

- Market Order Imbalance (automatic extension)
- Legitimate underwriter request (manual extension)
- Volatility during the quote-only period will result in a 5-minute automatic extension for IPOs. The extension is triggered by a movement of 10% or 50 cents (whichever is greater) based on the price immediately prior to the cross and the dissemination 15-seconds prior to the cross.

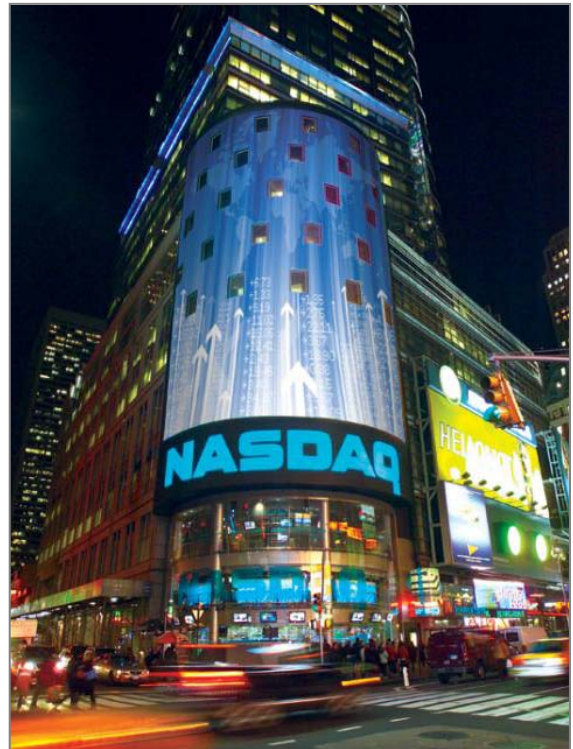
\*If no cross occurs, we will use the legacy NASDAQ Official Opening Price (NOOP) calculation. If a stock is halted and resumed in the same day, no NOOP will be calculated.

## Order Types for the New IPO Cross

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Regular Hours Orders, Quotes and Extended Hours Orders:

- Executable from IPO time to 4:00 p.m., ET, including during the cross.
  - Includes Day, GTC, MKT, IOC, Quotes, X and IOX orders.
  - Quotes, DAY, GTC and X orders will be displayed during the quote-only period and will be included in the cross.
  - MKT, IOC and IOX orders will be queued until the cross but will be reflected in the information dissemination.
- No special auction specific order types
- Only automatic execution eligible trading interest will participate in IPO opens.



## Indicative Clearing Price Information Dissemination

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IPO imbalance information will be disseminated beginning with the quote-only period on the Net Order Imbalance Indicator (NOII), which is available via the NASDAQ OMX Trader<sup>®</sup> website and NASDAQ TotalView<sup>®</sup>. Information includes:

### Indicative Clearing Price

- Price at which the opening book would clear based on current quotes and orders.
- This will be populated through the Current Reference Price, Near Price and Far Price.

### Paired Shares

- Number of shares matched for execution at the Indicative Clearing Price.

### Imbalance

- Imbalance and side of executable shares above/below the Indicative Clearing Price.

### Dissemination Frequency

- Every five seconds.

## Execution Priority and Algorithm for the IPO Cross

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### Execution Priority

- Price/time with reserve size after displayed size at each price.

### Execution Algorithm

- Maximize number of shares executed.

### Tiebreakers

- Minimize the distance from the issue price.

## Additional Information

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For more information, contact your NASDAQ OMX Transaction Services, U.S. Sales Representative at +1 800 846 0477 or [sales@nasdaqomx.com](mailto:sales@nasdaqomx.com).