

# TRF REVENUE SHARE PROGRAM

As a result of the implementation of Regulation NMS, NASDAQ® made conforming changes to the methodology used to calculate the Tapes A, B and C tape revenue sharing rebates from the FINRA/NASDAQ Trade Reporting Facility™ (TRF™).

## CALCULATION METHODOLOGY

- **The initial SIP pools are calculated:** SIP (Securities Information Processor) revenue generated by the sale of market data, minus expenses related to running each SIP as approved by each SIP committee. Tapes A and B are covered by the CTA Plan and Tape C is covered by the UTP Plan.
- **The pool is shared with plan members:** Exchanges and Self-Regulatory Organizations [SROs] that contribute data to each SIP. Reg NMS changed the way the plans allocate revenues to the SROs:
  1. **Issue weighting**  
The plans allocate a weighted pool of income per symbol based on the “Square-Root” formula of Reg NMS.
  2. **Quote vs. trade**  
Each SRO is allocated a portion of each issue’s income pool for quotes and trades. Quotes and trades in total per security are eligible for approximately 50% each of the symbol’s income allocation subject to the \$4.00 cap per eligible trade report.
    - Quotes are allocated value based on time and size at the inside market
    - Trades are allocated value based on the number of eligible trade reports and reported dollar volume
  3. **SRO Disbursement**  
Receives the total allocation due based on their total contribution to the formula for quotes and trades. TRF disbursements are discrete from related exchange disbursements, since these operate under separate SRO licenses (TRFs operate under FINRA’s SRO).
- **You receive your share:** Based on NASDAQ’s simple formula. Similar to the calculation method previously used by the UTP SIP and FINRA/NASDAQ TRF for sharing Tape C back to firms since the third quarter of 2006, NASDAQ calculates each firm’s allocation of the gross allocation it receives from each SIP in Tapes A, B and C based on an average of each firm’s percentage of total FINRA/NASDAQ TRF-eligible prints and percent of total FINRA/NASDAQ TRF shares in each security where NASDAQ receives revenue from the SIPs for Tapes A, B and UTP.
  1. **Pool per security**  
NASDAQ receives dollars from each SIP allocated on a per security basis for reports to the FINRA/NASDAQ TRF.
  2. **Your allocation per security**  
NASDAQ calculates each FINRA/NASDAQ TRF firm’s contribution as an average of eligible prints and shares in each security where NASDAQ receives revenue from the SIPs.
  3. **Quarterly Disbursement**  
NASDAQ shares up to 98% of all dollars it receives for eligible prints with FINRA/NASDAQ TRF contributing firms on a quarterly basis.

Note:TRFs DO NOT include a Quote element, so are therefore eligible to compete for only 50% of the pool compared to their pre-Reg NMS opportunity.

### More Information

For more information on the FINRA/NASDAQ TRF, contact Andrea Maglio at +1 203 926 3316. Refer to [www.nasdaqomx.com/pricing](http://www.nasdaqomx.com/pricing) for more information on the TRF Revenue Share Program.