

NASDAQ's Pre-Trade Risk Management (PRM) provides member firms with the ability to set a wide range of order parameters in an effort to stabilize pre-trade protection. Using PRM, firms have increased controls on clients' and customers' overall trading and at the order level — including the opportunity to prevent potentially erroneous transactions.

Validate Ahead of the Match

NASDAQ® validates orders entered on PRM-enabled ports prior to allowing those orders into its Exchange Matching System. PRM rejects orders outside of the set parameters, providing clearly defined reject reasons. These alerts are sent on Execution and Order/Message Drop copy lines, available for FIX and RASHport.

PRM has several great benefits:

- **Speed.** PRM is fast — adding less than one millisecond of latency to order acknowledgement time.
- **Accuracy.** PRM functionality reads real-time Level II price information for UTP and CTA securities at the port level to ensure the most accurate information available.
- **Flexibility.** NASDAQ's PRM is flexible enough to manage everything from price protection on Retail or Agency orders to full control of Sponsored Access relationships.

Customize for Maximum Control

In addition to the global settings available on each module, the fully-configurable PRM allows managing firms to control risk at several levels, including:

- By price
- By order type(s)
- Open orders
- By security
- Per order
- Done trades
- Buy, sell or net

Highlighted PRM Features

Fat Finger Checks allow users to compare price instructions on incoming orders against the current composite displayed size and price at all relevant levels. Users can also set allowable percentages to move the market at four different price ranges in the pre-market, market and post-market sessions.

- Available on enhanced ports and as part of the PRM module

Order Checks provide users the ability to check orders against an array of manageable limits. Users can decide whether to allow trading in the pre- and post- market sessions; specify which order types, if any, are prohibited; and manage symbol lists — including restricted stock lists — by allowing or disallowing orders on a per security basis.

Aggregate Total Checks allow users to set limits for:

- Daily shares and/or value
- Buy, sell or on a net basis
- Executed trades, open orders or both to summarize total risk
- Settings available globally and on a per-security basis on each module

PRM NASDAQ Workstation Add-On lets one or more NASDAQ Workstation® or WeblinkACT 2.0 users view and set limits, receive real-time alerts for PRM rejects and view real-time updates on aggregate totals for trades, orders or combined risk.

- Users of Aggregate Total Checks can view alerts for trades and open orders side by side with set limits where applicable
- View user-based configurations for each module intra-day

Something for Everyone

At less than one millisecond added latency, Broker/Dealers and Market Makers will find NASDAQ's PRM valuable for virtually any business line or function in which they engage. Other typical users include:

- **Sponsored Access Brokers** – Firms are accountable for meeting regulatory obligations and ensuring proper trading behavior when sponsoring another firm into the NASDAQ Exchange. Firms can use PRM to prepare for and stay in control of these regulatory requirements.
- **Retail Brokers** – Fat Finger controls help prevent erroneous trades that can result from manual entry of order prices.
- **Agency Desks** – Use PRM to closely manage orders, prices and sizes entering the NASDAQ Exchange.

NASDAQ Pre-Trade Risk Management Pricing Information*

Enhanced (PRM) Port –“Fat Finger” Check Only (charge in addition to standard port charges)	\$100/month
PRM Module – Order Checks Only Modules can be defined by MPID across all PRM enhanced Ports, by MPID+each PRM enhanced Port or by MPID+Account across all PRM enhanced Ports	\$500/month
PRM Aggregate Order Checks Calculated and Managed on a Per Module Basis (charges capped at \$2,000/Module/Month)	\$0.025/eligible side
One Complimentary PRM Add-on to an existing NASDAQ Workstation or WeblinkACT 2.0	Free
Additional PRM Add-on to an existing NASDAQ Workstation or WeblinkACT 2.0	\$100/Workstation/Module added-on/Month

*Pending approval by the Securities and Exchange Commission (SEC)

Contact Information

To subscribe, contact NASDAQ Subscriber Services at 212.231.5180.

For more information about the NASDAQ Risk Management Suite, contact NASDAQ Market Sales at 800.846.0477.