NASDAQ BENCHMARK ORDERS

The NASDAQ Stock Market (NASDAQ) recently announced its intention to offer Benchmark Orders — new order types designed to give NASDAQ members a way to implement Volume-Weighted Average Price (VWAP), Time-Weighted Average Price (TWAP), and Percent of Volume (POV) strategies directly through an Exchange.

THE VALUE PROPOSITION

Pending SEC approval, Benchmark Order strategies will be accessed through NASDAQ's RASH order routing system on a per-order basis. That means there is no additional commitment or connectivity necessary on the part of NASDAQ members to use the strategies and they may stop using them at any time.

Since Benchmark Orders will be accessed directly through RASH, NASDAQ will bring a new level of convenience to the provision of these trading strategies. It also means that NASDAQ will expand their availability to NASDAQ members who have not implemented these strategies through other means.

As with other routing strategies currently offered by NASDAQ, execution details will be available through online tools and supported by NASDAQ's Trade Desk. Additionally, members who make use of Benchmark Orders will receive daily Transaction Cost Analysis (TCA) reports to provide a complete view of the performance of their executions relative to theoretical benchmarks.

One of NASDAQ's core competencies is applying best in breed technology at scale in financial markets. Benchmark Orders will be no exception. Initial pricing is expected to be a highly competitive[1] and will cover the provision of the strategies, proactive technical support, and TCA reporting.

- CONVENIENT
- ACCESSIBLE
- LOW-COST
- EXCHANGE-BASED
- TRANSPARENT

NASDAQ's combination of neutrality, convenience, low-cost and low-touch introduces a compelling alternative that can be used by a broad set of market participants or complement the tools already being used by NASDAQ members.

[1] Fees and rebates assessed by market centers will be passed through to NASDAQ members.

More Information

For more information about NASDAQ Benchmark Orders, contact Transaction Services U.S. Market Sales at +1 800 846 0477 or sales@nasdaqomx.com.

NASDAQ OMX