

# EQUITY KILL SWITCH

## Frequently Asked Questions

### Q. What is the Nasdaq Kill Switch?

The Nasdaq Kill Switch is a tool offered by Nasdaq that enables a participant to establish a level of Risk Exposure, to receive notifications as the value of executed orders approaches the Risk Exposure level and to have order entry ports disabled and open orders administratively cancelled when the value of executions exceeds the Risk Exposure level.

### Q. Is the Kill Switch Functionality available on all three Nasdaq Equity Markets?

Yes. Kill Switch functionality is available on the Nasdaq Stock Market, BX and PSX. The rules governing Kill Switch are [NASDAQ Rule 6130](#), [BX Rule 4764](#) and [PSX Rule 3316](#).

### Q. How does the Kill Switch work?

The system computes the total value of all executions in a trading day and compares this total value against the value set by the firm. The value set by the firm is referred to as the Net Notional Risk Exposure (NNRE). When the total value of executions exceeds certain percentages an email notification is sent to the firm. When the total value of executions exceeds the NNRE, the system disables order entry ports and cancels open orders for the firm. Orders that are routed away to other exchanges are not included in the NNRE calculation.

### Q. What granularity is offered for the Kill Switch?

Kill Switch operates on an MPID level.

### Q. Are all trades included for the total execution value for an MPID?

Trades in test symbols and orders routed away to other exchanges are not included in the total execution value. If a trade is cancelled or corrected, the original trade is not subtracted from the total execution value.

### Q. Are all orders cancelled by the Kill Switch?

All open orders are cancelled on the PSX and BX equity markets. On the Nasdaq Stock Market cross orders during the late period are not cancelled. The ruled cited above gives more detail on which orders are not cancelled. Orders that are routed away to other exchanges are not cancelled by the Kill Switch application.

### Q. Is the Kill Switch a post trade or pre trade process?

Kill Switch is a post trade, best efforts process. When the NNRE for an MPID has been exceeded the system disables order entry ports and cancels open orders for the MPID.

### Q. Does the Kill Switch work across the three Nasdaq equity markets?

No. Each of the three Nasdaq equity markets has a separate calculation for an MPID. Trades on the Nasdaq Stock Market do not get calculated towards the NNRE for PSX or BX for an MPID.

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**Q. Once the Kill Switch has been triggered, how does an MPID get reset?**

Once a Kill Switch is triggered, a call must be made to the Nasdaq Trade desk at **+1 212 231 5180** in order for the NNRE for an MPID to be reset.

**Q. How does a firm set their NNRE?**

NNREs for an MPID are set using the Nasdaq Infocenter front end. NNRE values can be set intraday.

**Q. At what levels of NNRE are notification sent to a firm? Is this configurable?**

Notifications are sent to a firm when 50, 75, 85, 90 and 95% of the NNRE value are exceeded by an MPID. These levels are not configurable.

**Q. Can I use the Nasdaq Infocenter front end to trigger the Kill Switch?**

For an MPID, the Nasdaq Infocenter front end shows the NNRE and the current total execution value for the firm. If a firm sets their NNRE to be below the current total execution value, the Kill Switch is triggered.

**Q. How does a firm sign up for the Kill Switch?**

Firms can sign up for the kill switch by contacting [Nasdaq Subscriber Services](#) or by filling out the [Front End Request form](#).