

Frequently Asked Questions

How to Become a Member of NASDAQ OMX BX

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The NASDAQ OMX Group, Inc. launched NASDAQ OMX BXSM (BXSM) on January 16, 2009, to operate a second quote in the U.S. equity space using the Boston equities SRO license.

These Frequently Asked Questions (FAQs) address membership in BX. For trading and connectivity information, please see the [Trading and Connectivity FAQs](#).

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I. How to Become a BX Member

Q: My firm was a member of the Boston Stock Exchange and is a member of The NASDAQ Stock Market[®]. What does my firm need to do to be a BX member?

Your firm must sign the NASDAQ OMX BX Membership Agreement.

Q: My firm was not a member of the Boston Stock Exchange, but is a NASDAQ Exchange member. What will I have to do if I want to be a BX member?

All firms that want to use BX trading systems must be registered as members of BX. In order to minimize the effort required to become a BX member, current NASDAQ[®] members can elect to complete a short form application and do not have to submit to a lengthy membership application process. Your firm also must sign the NASDAQ OMX BX Membership Agreement.

Q: My firm was not a member of the Boston Stock Exchange, but is a FINRA member. What will I have to do if I want to be a BX member?

All firms that want to use BX trading systems must be registered as members of BX. In order to minimize the effort required to become a BX member, current FINRA members can elect to complete a short form application and do not have to submit to a lengthy membership application process. If the firm has not already signed an Agreement to participate in NASDAQ-administered services, such as the FINRA/NASDAQ Trade Reporting Facility[™] or TRACE, the firm will need to sign the [NASDAQ OMX U.S. Services Agreement](#). Your firm also must sign the NASDAQ OMX BX Membership Agreement.

Q: My firm was a member of the Boston Stock Exchange but is not a member of The NASDAQ Stock Market. What does my firm need to do to be a BX member?

Your firm must sign the NASDAQ OMX U.S. Services Agreement and NASDAQ OMX BX Membership Agreement.

Q: Why do I need to become a BX member?

U.S. Broker-dealers that want to operate as order-entry firms, market makers, or ECNs in BX must register as BX members to be able to use BX trading systems and other BX services.

Q: If I do not become a BX member, can I still send orders to a market maker for execution?

If your firm is an order-gathering firm that ships order flow to a wholesale market maker, your firm does not have to become a BX member. However, if your firm does not become a BX member, it cannot independently access quotes or enter orders; it is only able to do so through a BX member.

Q: Are my firm's registered persons also eligible for registration with BX?

Yes, BX will continue to recognize the registration categories previously recognized by BSE (other than any categories associated solely with floor trading).

Q: What is the short form application process for NASDAQ and/or FINRA members?

The membership application process for NASDAQ and/or FINRA member firms seeking membership in BX is simple. NASDAQ members must complete a short Membership Application and Agreement and sign two copies of the NASDAQ OMX U.S. Services Agreement. If the applicant previously signed the NASDAQ OMX U.S. Services Agreement, it is not necessary to sign it again, and the applicant must only submit the Membership Application and Agreement. These documents can be found on the [BX Membership page](#) of the NASDAQ OMX Trader[®] website. Firms must return the Application and Agreement and one copy of the Services Agreement to the address indicated on the application.

Q: If a firm wants to become a BX member through this process, can it also change its business practices at the same time?

No, a firm may become a BX member through the short-form process only in the same status as it is registered as a NASDAQ and/or FINRA member.

Q: Who from my firm should sign the Membership Agreement? Who should sign the NASDAQ OMX U.S. Services Agreement?

Any person authorized to execute agreements on behalf of the firm can sign the Membership Agreement. An authorized officer of the firm can sign the Services Agreement.

Q: What happens after a NASDAQ and/or FINRA Member submits a short form application?

The firm will receive an email acknowledging that its application was received. Then, acting on behalf of BX, FINRA will review the completed Membership Application and Agreement. As part of this review, FINRA will contact the relevant FINRA District Office to determine:

- Whether the firm is an approved NASDAQ or FINRA member
- Whether the firm operates pursuant to a NASDAQ and/or FINRA Membership Agreement
- What restrictions, if any, are applicable to the firm
- The activities the firm has been approved to conduct
- Whether any of the firm's associated persons are statutorily disqualified

Following completion of this review, BX will notify the firm of approval.

Once approved, a firm that is currently an approved member of NASDAQ or FINRA and associated persons of the firm who are not statutorily disqualified will become BX members and associated persons of a BX member, respectively. Firms that are approved and register as BX members will be required to amend their Form BD and submit U4s as required.

Q: How long does the membership process take?

NASDAQ OMX expects that from the time a completed short form application is received by BX to the time BX sends its approval letter to the firm is approximately three to four weeks. It is important to note that this time estimate is based on receipt of a properly completed and executed Membership Agreement.

Q: How do I submit my BX application materials?

Application forms are available [online](#). You may submit your signed BX application materials in one of the following manners:

- Email: Membership@nasdaqomx.com

- U.S. Mail:
 - NASDAQ OMX BX
 - Membership Department
 - Attention: Deborah Siluk
 - 1735 K Street, NW
 - Washington, DC 20006-1506

- Fax: +1 301 978 8510

Q: How can I revise a previously-submitted short form Application and Agreement?

Firms must submit an updated Application and Agreement if pertinent information has changed, such as the firm's address or the name of the designated executive representative. Please email updates to BX Membership Application Processing at Membership@nasdaqomx.com.

Q: Can a firm be rejected for BX Membership?

Yes. If a firm's current restrictions as a NASDAQ member do not permit the firm to perform the functions allowed or required under BX rules, BX can refuse to admit that entity to BX membership.

Q: How can a firm check on the status of its application?

Send an email to Membership@nasdaqomx.com.

Q: Can a firm change its mind and withdraw its application?

Yes: Firms have the option of withdrawing any submitted membership Application prior to approval by sending a request in writing to:

NASDAQ OMX BX
Membership Department
Attention: Deborah Siluk
1735 K Street, NW
Washington, DC 20006-1506

Q: Can a firm change its mind after approval and withdraw from membership in BX?

Yes.

Q: How can a firm know when its membership application has been approved ?

The firm will receive an approval letter from a senior BX officer.

Q: If a firm is denied membership, can it appeal?

Yes. A firm will be able appeal in accordance with procedures to be detailed in the revised membership rules.

Q: How long does an appeal take?

The time periods provided for the various steps to be taken could take several months.

Q: What if a NASDAQ member does not want to become a member of BX?

Firms are not required to become members of BX. However, to use BX trading systems, a broker-dealer must register as a BX member.

Q: How can a new broker-dealer that is applying to become a NASDAQ member also become a BX member?

The firm can apply simultaneously for membership in both exchanges, and the applications will be processed together.

Q: Can a firm be a subscriber to BX data products if it is not a BX member?

Yes. Visit our [NASDAQ OMX Global Data Products page](#) for information about data distribution products.

Q: When my firm becomes a BX member, what impact will this have on my firm's registered representatives?

When a firm registers as a BX member, certain categories of registered persons at that firm must also be registered in CRD as meeting BX registration status.

- Series 4 (Options Principal)
- Series 7 (General Securities Representative)
- Series 9/10 (General Securities Sales Supervisor)
- Series 24 (General Securities Principal)
- Series 27 (Financial and Operations Principal)

- Series 42 (Options Representative)

Firms that are approved and register as BX members will be required to amend their Form BD and submit U4s for each registered representative in the above categories in CRD. The registration requirement may be subject to certain exceptions under the revised membership rules for persons not doing business with the public.

II. Fees

Q: Is there a fee to apply for BX Membership?

The application fee for a new BX membership is \$2,000 and is non-refundable.

Q: What are the ongoing membership fees for BX members ?

There will be an annual membership fee of \$3,000. Firms will be required to pay the annual membership fee through the FINRA CRD renewal process. Members will also be required to pay a monthly trading rights fee of \$500.

The fees for Registered Reps will be waived until October 1, 2009. After October 1st, the initial and transfer/re-licensing fees for registered representatives will revert back to the Boston Stock Exchange fees. The initial fee will be \$60 and the transfer/re-licensing fee will be \$40. The annual renewal fee for 2010 (assessed in December 2009) will be \$0.

III. Service Bureaus

Q: My firm is currently a Service Bureau with NASDAQ. What agreements need to be in place so my customers can trade on BX?

Your customer needs to be a BX member to trade on BX. In addition, your customer (BX Member) must fill out a **BX Port Request Form** also indicating that they are requesting to be added to your existing BX Service Bureau port. Please have them list the port.

IV. Additional Information

For additional information and timely news on BX membership or NASDAQ OMX operations, visit

<http://www.nasdaqtrader.com/membership>.

- General membership questions can be directed by phone to NASDAQ Membership at +1 215 496 5322, to Transaction Services, U.S. Market Sales at +1 800 846 0477 or to FINRA by email at **NQXMbrPro@finra.org**.
- Questions regarding the completion, processing and status of Exchange Membership agreements and forms can be directed to NASDAQ Membership at **membership@nasdaqomx.com** or FINRA at **NQXMbrPro@finra.org**.