

Market Maker PEG Order

The Nasdaq Stock Market, Nasdaq Texas and Nasdaq PSX offer a Market Maker Peg Order (MM Peg) type to help Market Makers meet their quoting obligations under Rule 4613(a). With functionality similar to Nasdaq's other pegged order types, the MM Peg allows Market Makers to maintain attributable quotes within the thresholds set forth in Rule 4613(a) even as market prices fluctuate.¹

Key Attributes

- Available to Market Makers on all three Nasdaq Equity markets
- Always displayed and attributable
- Must have a limit price
- One-sided
- Not routable
- Must be submitted through FIX, RASH or OUCH 5.0
- Automatically repriced with changes in market prices
- Upon execution, Market Makers must submit a new Market Maker Peg order to maintain their quote. The order will not be automatically re-entered by Nasdaq
- A new timestamp and orderID are created upon repricing
- When both the NBBO and last sale is unavailable, the order will be cancelled or rejected

Functionality

Pricing Upon Entry MM Peg orders are priced at the level required by Rule 4613(a) based on the then prevailing NBBO, or if unavailable, the SIP reported last sale.

Repricing Upon reaching the Defined Limit², the price of an MM Peg Order bid or offer will be adjusted by the system to the Designated Percentage away from the then current NBBO, or if unavailable, the last sale.

¹ A Market Maker is solely responsible for entering, monitoring, and resubmitting, as applicable, quotations that meet the requirements of Rule 4613 and all other Exchange rules and applicable securities laws.

² Defined Limit and Designated Percentage are defined in Rule 4613(a)

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Example

The National Best Bid (NBB) for an S&P 500 component is \$10.00. If a Member submits an MM Peg Order to buy with a limit price of \$9.85:

Nasdaq receives and prices the order.
NBB implies the Defined Limit of **4%** and **9.5%** away from NBB



priced at
\$9.20
(8% away from the NBB)

If the NBB ticks toward the order, to **\$9.99** the order is...



Not Repriced

If the NBB moves further toward the order, (within the Defined Limit of **4%**), to **\$9.50**, the order is...



Repriced to
\$8.74

If the NBB ticks away from the order, to **\$9.51** the order is...



Not Repriced

If the NBB moves further away from the order, (exceeding the Defined Limit of **9.5%**), to **\$9.66** the order is...



Repriced to
\$8.89

Example