The Nasdaq Extended Trading Close

Frequently Asked Questions

1. **What is the Nasdaq Extended Trading Close?**
   
   Extended Trading Close (ETC) is an Order Type to provide an additional opportunity for participants to access liquidity in Nasdaq-listed securities at the Nasdaq closing cross price for a limited period of time after the closing cross concludes.

2. **How does Nasdaq ETC work?**
   
   Nasdaq will accept and execute eligible LOC and ETC orders that have offsetting interest immediately following the completion of the closing auction.

   Starting from 5 seconds after 4:00 PM E.T. (1:00 PM for half trading days), Nasdaq will disseminate information about any order imbalance that exists among orders on the ETC book, along with executed shares since the beginning of the ETC.

   During the ETC, orders will match continuously at the Nasdaq closing cross price. Orders in the ETC may be canceled or modified at any time.

   Matching in the ETC will be suspended for securities that trade or quote, in the post-market hours, at prices that deviate beyond the threshold $0.01 or 0.5% (whichever greater) and will not resume until trading or quoting fall back within the threshold.

   Matching could also be suspended if there’s an order resting on the Nasdaq continuous book that is at or more aggressive than the Nasdaq closing cross price.

   ETC concludes at 4:05 PM (1:05 PM for half trading days); all orders not (fully) executed in the ETC will be canceled.

3. **How does quoting and trading in the after-hours affect the ETC?**
   
   Nasdaq will suspend ETC matching of securities if at least one of following is true, and will resume ETC matching if none of following is true:
   
   - NBB of such securities moves higher than the Nasdaq Closing Cross by a defined threshold amount.
   - NBO of such securities moves lower than Nasdaq Closing Cross by a defined threshold amount.
   - Trading occurs at prices away from Nasdaq Closing Cross price by a defined threshold amount.
   - If there is a better priced order on the Nasdaq continuous book.

4. **How is the threshold determined?**
   
   The threshold is the greater of 0.5% or $0.01 of the Nasdaq closing cross price.
5. **What information about the ETC is disseminated?**

   Between 4:00:05 PM (1:00:05 PM for half trading days) and 4:05 PM, Nasdaq disseminates the following information every 5 seconds via the NOII message:
   - Symbol
   - Imbalance Side: The side of the imbalance
   - Imbalance Shares: The number of unmatched shares in the ETC
   - Paired Shares: The aggregate number of shares executed in the ETC, since the beginning of ETC
   - Cross Type: A
   - Refprice: Nasdaq closing cross price

6. **What Order Types are eligible for the ETC?**

   There are two order types eligible for ETC:
   - LOC orders with a DAY or IOC TIF, submitted via the FIX / RASHport protocols, will be rolled over to ETC if not fully executed in the Nasdaq Closing Cross, depending on the customer’s choice. Note: Customers will be defaulted to rollover, and will have the option to opt out at an MPID level.
   - Limit ETC orders may only be entered at the conclusion of the Nasdaq Closing Cross (i.e. beginning of ETC) and up until the ETC period

7. **When does ETC conclude?**

   ETC concludes promptly at 4:05 PM (1:05 PM on half trading days). Any orders that are not fully executed will be canceled back to customers.

8. **Will the ETC occur each trading day for all Nasdaq-listed securities?**

   If the Nasdaq Closing Cross concludes without a cross price (e.g. insufficient interest), an ETC will not occur for that particular day in the security. LOC orders for that security will not roll over and new ETC orders will be rejected.

9. **How do I enter an ETC order?**

   - Cross Type = A
   - Limit price at or more aggressive than the NOCP
   - TIF:
     - FIX: Tag 59 = E
     - OUCH: Value= 99996

10. **How is priority determined?**

    Time Only

11. **What Liquidity flag will ETC executions receive?**

    ETC executions will receive Liquidity Flag “i”

12. **Is Minimum Quantity supported by the ETC order type?**

    Yes
13. Do ETC orders with a Minimum Quantity constraint aggregate multiple contra-side orders to meet a Minimum Quantity?

ETC orders with a min quantity do not aggregate multiple contra-side orders to satisfy a minimum fill quantity. All min quantity orders will ensure each execution satisfies the min quantity on the order regardless of the firm setting.

14. Can an ETC order be non-display?

Yes ETC orders can be non-display, all ETC orders on entry will be converted to be hidden. With that said only ETC orders with minQty will not show up on the imbalance information on the NOII message.

15. What happens to orders on the ETC book when a suspension occurs?

ETC orders will remain on the book.

16. Does Nasdaq accept new ETC orders during a suspension?

Yes

17. What are the changes to NOII in a suspended state?

- ‘N’ in Imbalance Direction
- ‘0’ in Imbalance Qty

18. What happens when there isn’t a 4pm auction?

There will be no ETC session. ETC orders will be rejected and RASH LOCs will not roll over.

19. Does Nasdaq roll LOCs that have a cancel pending for the 4pm Close?

Orders that have a cancel pending during regular hours will not get rolled into the ETC cross.

20. Do LOCs in Short Sale Restricted securities roll over to the ETC Session?

If the security’s NOCP was the 4pm NBB, Nasdaq will not roll over short sell LOCs and will reject new short sell ETC orders.