

THE NASDAQ IPO CROSS

NASDAQ® strives to provide fair executions for investors through an open and transparent process that creates a single price for Initial Public Offerings (IPOs) based on supply and demand.

The NASDAQ IPO Cross is designed to:

- Provide fair executions at a single price that maximizes volume and is reflective of supply and demand in the market.
- Maximize transparency at IPO opens by disseminating timely imbalance information to investors.
- Create an open process in which all investors have the ability to enter orders and participate in price discovery.

THE IPO CROSS TIMELINE

System Start-Up: NASDAQ will accept certain orders in IPO securities beginning at system start-up.

- Orders with a Time-in-Force of DAY submitted via RASH or FIX ports may be entered prior to the quoting period.
- These orders will be held in an un-displayed state until the quoting period begins, at which point they will be acknowledged by the system.
- Orders may be canceled during this time.

Quote-Only: Pre-open quoting, regular order entry and information dissemination begins.

- NASDAQ begins accepting quotes and all order entry.
- Indicative clearing price and imbalance information dissemination begins.
- Entered orders can be canceled at any time.
- Quote-only period is 15 minutes for IPOs, plus a short random period to prevent gaming.

IPO Commencement: Execution occurs.

- The IPO Cross process begins, the NASDAQ Official Opening Price (NOOP) is disseminated and a bulk execution is sent to the tape.
- Price is set by volume.
- After the cross, regular trading begins.



NASDAQ may extend quote-only period, if necessary, due to:

- Market Order Imbalance (automatic extension)
- Legitimate underwriter request (manual extension)
- Volatility during the quote-only period will result in a 5-minute automatic extension for IPOs. The extension is triggered by a movement of 10% or 50 cents (whichever is greater) based on the price immediately prior to the cross and the dissemination 15 seconds prior to the cross.

ORDER TYPES FOR THE IPO CROSS

Orders accepted prior to the Quoting Period:

- > Orders may be entered using FIX or Rash.
- > Orders will be held for acknowledgement until the beginning of the quoting period.
- > Time-in-Force of DAY only.
- > Limit or Market orders are accepted, but market orders submitted before 9:30 a.m. ET must be marked with an on-open flag (tag 9355) of "0".
- > No additional special handling instructions (e.g., pegging, min qty, discretion) are permitted.

Fair executions for investors through an open and transparent process

Orders accepted during the Quoting Period:

- > Executable from the IPO cross until specified TIF instruction.
 - Limit or Market orders
 - Includes Day, GTC, IOC, Extended Hours Orders, and Quotes.
 - Displayed quotes and orders will be shown during the quote-only period.
 - Market, IOC and non-displayed orders will not be shown during the quoting period, but will be reflected in the information dissemination.
- > No special auction specific order types.
- > No special CrossTradeFlag instructions are required.

INDICATIVE CLEARING PRICE INFORMATION DISSEMINATION

IPO imbalance information will be disseminated every five seconds beginning with the quote-only period on the Net Order Imbalance Indicator (NOII), which is available via the NASDAQ OMX Trader® website and NASDAQ TotalView®. Information includes:

Indicative Clearing Price

- > Price at which the opening book would clear based on current quotes and orders.
 - This will be populated through the Current Reference Price, Near Price and Far Price.

Paired Shares

- > Number of shares matched for execution at the Indicative Clearing Price.

Imbalance

- > Imbalance shares and side will only be shown if there is no indicative price due to a market order imbalance.

EXECUTION PRIORITY AND ALGORITHM FOR THE IPO CROSS

Execution Priority

- > Price/time with non-display (including reserve) size after displayed size at each price.
- > IOC orders have displayed priority.

Execution Algorithm

- > Maximize number of shares executed.

Tiebreakers

- > Minimize the distance from the issue price.

More Information

For more information, contact your Transaction Services U.S. Market Sales Representative at +1 800 846 0477 or sales@nasdaq.com.