



Information Circular: PACERS

To: Head Traders, Technical Contacts, Compliance Officers, Head of ETF Trading, Structured Products Traders

From: William Slattery, Director, NASDAQ Listing Qualifications Department

DATE: March 29, 2007

The NASDAQ Stock Market LLC ("NASDAQ") began operating as a national securities exchange for trading non-NASDAQ listed securities on February 12, 2007. As a result, certain Premium Mandatory Callable Equity-Linked Securities ("PACERS") listed on the American Stock Exchange, which previously traded through our systems on an over-the-counter basis, are now being by NASDAQ as an exchange on an unlisted trading privileges (UTP) basis. See Appendix A for a listing of PACERS that commenced trading on NASDAQ on a UTP basis on February 12, 2007.

Appendix A contains links to information circulars regarding the PACERS prepared by their listing market, the American Stock Exchange. NASDAQ members should consult these information circulars, which contain important information about the characteristics of the PACERS and the principal risks of an investment in the PACERS.

Trading in the PACERS on NASDAQ is subject to [NASDAQ equity trading rules](#). The PACERS will trade from 7:00 a.m. until 8:00 p.m. SEC Rule 10a-1 (the SEC short sale rule) applies to trading in the PACERS.

Trading of PACERS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in PACERS to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules.

Members also should review [NASD Notice to Members 03-71](#) for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

This Information Circular is not a statutory prospectus. NASDAQ members should consult the registration statement or prospectus for the PACERS for additional information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Office of General Counsel at 301.978.8400
- NASDAQ Market Sales at 800.846.0477

Appendix A – PACERS

Equity-Linked Notes	Symbol	CUSIP Number
PACERS Based Upon the Common Stock of Valero Energy Corp, due April 28, 2008	PCV	17308C510
PACERS Linked to the American Depository Receipts of Cemex SAB de C.V., due May 1, 2008	PXX	17308C254