

MIDPOINT LIQUIDITY

Available on The Nasdaq Stock Market[®], Nasdaq BXSM (BXSM) and Nasdaq PSXSM (PSXSM), midpoint orders are easily integrated into routing strategies to provide price improvement benefits to market participants. Using this order type, firms can access non-displayed liquidity on the exchange book without having to route to additional destinations.

Millions of dollars of price improvement goes unexecuted every month on Nasdaq in the form of untapped midpoint liquidity, particularly in a number of high volume securities. Stop settling for pennies per lot of price improvement – send your orders to Nasdaq to receive half the spread by executing at the midpoint.

AVAILABLE MIDPOINT LIQUIDITY ON NASDAQ

Nasdaq has midpoint liquidity for a large portion of the day in high volume securities. In the top 50 symbols (excluding sub-dollar symbols) based on consolidated volume for Q3 2014, Nasdaq had resting midpoint liquidity for 45% of the trading day. The average midpoint trade size was 219 shares across the top 50 symbols and 99% of non-IOC midpoint orders were for a round lot or more. The table below highlights the Nasdaq midpoint presence in symbols with the most time at the midpoint chosen from the 50 most active symbols by consolidated volume.

SYMBOL	AVERAGE TIME AT MIDPOINT	AVERAGE TRADE SIZE AT MIDPOINT	AVERAGE PERCENT OF NON-IOC MIDPOINT ORDERS FOR AT LEAST 100 SHARES
SIRI	79.3%	515	99.7%
EWJ	70.9%	495	99.3%
AMD	69.7%	317	99.4%
ZNGA	68.9%	307	99.6%
BAC	66.5%	312	99.6%
ABEV	65.5%	207	99.8%
XLF	62.3%	616	99.6%
NOK	62.2%	302	99.4%
F	61.5%	202	99.3%
RAD	60.9%	263	99.8%
CSCO	59.0%	212	99.4%
GE	58.7%	192	99.1%
EEM	57.8%	425	99.3%
GRPN	57.7%	191	99.6%
S	54.5%	233	99.1%
VALE	54.4%	223	98.9%
PFE	53.3%	199	98.9%
AA	52.6%	196	98.6%
INTC	51.9%	212	98.8%
EFA	51.3%	314	99.4%

Averages are volume weighted across days. Time at Midpoint is Time at Bid plus Time at Ask divided by two each day. Q3 2014 Nasdaq Global Equities

BENEFITS AND FEATURES

PRICE IMPROVEMENT

The price of the order is pegged to the midpoint of the National Best Bid and Offer (NBBO) in half-penny increments. Orders accessing the bid or offer will receive at least a half penny of price improvement.

ANONYMITY AND PRIORITY

Firms can anonymously post orders at the midpoint and float with the NBBO to gain price priority over displayed orders at the bid/offer and the opportunity to match with marketable order flow coming to the Nasdaq[®], BX or PSX book.

MANAGE MARKET IMPACT

Minimize market impact by never crossing the spread and control execution size with minimum quantity instructions.

MIDPOINT PEG FUNCTIONALITY

Firms may post their orders to the book as Midpoint Pegs or send as Immediate-or-Cancel midpoint orders to access liquidity at the midpoint. Resting Midpoint Peg orders are eligible to execute against market orders, limit orders, non-displayed orders and other midpoint orders.

No matter the spread, the Nasdaq Midpoint Peg will always price to the true midpoint of the NBBO.

EXAMPLES

FOR AN EVEN SPREAD

If the NBBO is \$10.02 to \$10.04

A Midpoint Peg buy order will price at **\$10.03** for a whole-penny midpoint.

FOR AN ODD SPREAD

If the NBBO is \$10.01 to \$10.02

A Midpoint Peg buy order will price at **\$10.015** for a sub-penny midpoint.

For more information on available liquidity on Nasdaq, subscribe to [Nasdaq ModelView](#).

SENDING MIDPOINT PEG ORDERS

Midpoint Peg Orders are accepted during market hours only and are the only peg orders available on OUCH and Flite. Refer to the tables below for information on entering Midpoint Peg Orders.

CURRENT AVAILABILITY

NASDAQ PROTOCOL	FIELD
INET FIX	Tag 18 = M
RASHPORT	Peg Type = M
QIX	Peg Type = M
OUCH	Display = M
FIX LITE	Tag 18= M

BX PROTOCOL	FIELD
INET FIX	Tag 18 = M
RASHPORT	Peg Type = M
OUCH	Display = M
FIX LITE	Tag 18 = M

PSX PROTOCOL	FIELD
INET FIX	Tag 18 = M
RASHPORT	Peg Type = M
OUCH	Display = M

MORE INFORMATION

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