

SELF MATCH PREVENTION

Self Match Prevention is an optional feature available free of charge on The NASDAQ Stock Market® (NASDAQ®), NASDAQ OMX BXSM (BXSM) and NASDAQ OMX PSXSM (PSXSM) that prevents two orders with the same Market Participant Identifier (MPID) from executing against each other. NASDAQ OMX offers three versions of the functionality to allow participants to choose how orders are handled in the event of a self match situation.

<p>VERSION 1: DECREMENT</p> <ul style="list-style-type: none"> ▶ If the orders have the same share size, both orders will cancel back to the customer. ▶ If the orders are not equivalent in size, the smaller order will cancel back to the originating customer and the larger order will decrement by the size of the smaller order. The remaining shares of the larger order will remain on the book. 	<p>VERSION 2: CANCEL OLDEST</p> <p>Regardless of size, the full size of the order residing on the book will cancel back to the customer if the incoming order would execute against it. The incoming order will remain intact with no changes.</p>	<p>OPT-IN</p> <p>Firms may opt-in to any version of the Self Match Prevention functionality on a per MPID basis. Firms must complete the NASDAQ Port Request Form, BX Port Request Form and/or PSX Port Request Form for each MPID in order to opt-in to Self Match Prevention. Firms that have opted into the functionality will receive a value of "Q" in the Cancel Order Reason field per the INET FIX, RASH and OUCH protocol specifications.</p>
	<p>VERSION 3: CANCEL NEWEST</p> <p>Regardless of size, the full size of the order coming into the book will cancel back to the customer. The resting order will remain intact with no changes.</p>	

SELF MATCH PREVENTION EXAMPLES

Decrement

EXAMPLE 1 – ORDERS OF EQUIVALENT SIZE

If both orders are equivalent in size, all shares of both orders will be cancelled back to the customer.

MPID A BUY ORDERS		SELL ORDERS IN PRICE/TIME PRIORITY		ACTION
MPID	ORDER	ORDER	MPID	
MPID A	200 @ \$10.01	200 @ \$10.01	MPID A	Both orders cancel back to customer

EXAMPLE 2 – RESTING ORDER IS LARGER THAN THE INCOMING ORDER

If the resting order on the book is larger in size than the incoming order, then the incoming order will be cancelled back to the originating customer. The resting order will be decremented by the size of the smaller order and the remaining shares will post on the book.

MPID A BUY ORDERS		SELL ORDERS IN PRICE/TIME PRIORITY		ACTION
MPID	ORDER	ORDER	MPID	
MPID A	200 @ \$10.01	500 @ \$10.01	MPID A	All of the incoming order cancels back to the customer; 200 shares of the resting 500 share order cancel back to the customer
REMAINING ORDER				
		300 @ \$10.01	MPID A	

EXAMPLE 3 – INCOMING ORDER IS LARGER THAN THE RESTING ORDER

If the resting order on the book is smaller in size than the incoming order, then the resting order will be cancelled back to the originating customer. The incoming order will be decremented by the size of the smaller order and the remaining shares will post on the book.

MPID A BUY ORDERS		SELL ORDERS IN PRICE/TIME PRIORITY		ACTION
MPID	ORDER	ORDER	MPID	
MPID A	500 @ \$10.01	200 @ \$10.01	MPID A	200 shares of the incoming 500 share order cancel back to the customer; all of the resting order cancels back to the customer
REMAINING ORDER				
MPID A	300 @ \$10.01			

Cancel Oldest

MPID A enters a 1,000 share buy order on the NASDAQ book to execute at \$10.01. The shares will execute in the following manner:

MPID A BUY ORDERS		SELL ORDERS IN PRICE/TIME PRIORITY		ACTION
MPID	ORDER	ORDER	MPID	
MPID A	1,000 @ \$10.01	200 @ \$10.01	MPID B	Executes
		200 @ \$10.01	MPID C	Executes
REMAINING ORDER		INCOMING ORDER		Resting order cancels back with 600 unexecuted shares. Incoming order will remain intact.
MPID A	600 @ \$10.01	200 @ \$10.01	MPID A	

Cancel Newest

MPID A has a resting 1,000 share buy order on the NASDAQ book to execute at \$10.01. **MPID A** sends in a 200 share order to sell at \$10.01. The shares will execute in the following manner:

MPID A BUY ORDERS		SELL ORDERS IN PRICE/TIME PRIORITY		ACTION
MPID	ORDER	ORDER	MPID	
MPID A	1,000 @ \$10.01	200 @ \$10.01	MPID B	Incoming order of 200 shares is cancelled in full. The resting 1,000 share order remains intact on the NASDAQ book.

MORE INFORMATION

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