

subparagraph shall prohibit the Association from taking such action as is necessary under the circumstances against a member and its associated persons for failure to contact Nasdaq [Market Operations] *MarketWatch* to obtain an excused withdrawal as required by subparagraphs (a) and (d) of this Rule.

(4) No change.

(5) A member acting as a manager (or in a similar capacity of a distribution subject to subparagraph (d)(1) of this rule shall submit a request a to Nasdaq [Market Operations] *MarketWatch* and the market Regulation Department of NASD Regulation, Inc. to rescind the excused withdrawal status or passive market making status of distribution participants and affiliated purchasers, which request shall include the date and time of the pricing of the offering, the offering price, and the time the offering terminated, and, if not in writing, shall be confirmed in writing no later than the close of business the day the offering terminates. The request by this subparagraph may be submitted on the Underwriting Activity Report.

(e) No change.

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4620. Voluntary Termination of Registration

(a) No change.

(b) Notwithstanding the above, a market maker that accidentally withdraws as a market maker may be reinstated if:

(1) The market maker notified [Market Operations] *MarketWatch* of the accidental withdrawal as soon as practicable under the circumstances, but within at least one hour of such withdrawal, and immediately thereafter provided written notification of the withdrawal and reinstatement request;

(2) through (3) No change

(c) Factors that the Association will consider in granting a reinstatement under paragraph (b) of this rule include, but are not limited to:

(1) through (4) No change

(5) the timeliness with which the market maker notified [Market Operations] *MarketWatch* of the error.

(d) No change.

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4624. Penalty Bids and Syndicate Covering Transactions

(a) and (b) No change

(c) Notwithstanding paragraph (a), a market maker may request that its quotation be identified as a penalty bid on Nasdaq by providing notice to Nasdaq [Market Operations] *MarketWatch*, which notice shall

include the date and time that the penalty bid identifier should be entered on Nasdaq and, if not in writing, shall be confirmed in writing no later than the close of business the day the penalty bid identifier is entered on Nasdaq.

(d) No change

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4625. Obligation To Provide Information

(a) A NASD member operating in or participating in the third market, The Nasdaq Stock Market, or other Nasdaq-operated system, shall provide information orally, in writing, or electronically (if such information is, or is required to be, maintained in electronic form) to the staff of Nasdaq when:

(1) Nasdaq *MarketWatch* staff makes an oral, written, or electronically communicated request for information relating to a specific NASD rule, SEC rule, or provision of a joint industry plan (e.g., ITS, UTP, CTA, and CQA) (as promulgated and amended from time-to-time) that Nasdaq *MarketWatch* is responsible for administering or to other duties and/or obligations imposed on Nasdaq *MarketWatch* by the Association under the Plan of Allocation and Delegation of Function by the NASD to Subsidiaries or otherwise; this shall include, but not be limited to, information relating to:

(A) A locked or crossed market; or

(B) A trade reported by a member or ECN to the Automated Transaction Confirmation Service ("ACT"); or

(C) Trading activity, rumors, or information that a member may possess that may assist in determining whether there is a basis to initiate a trading halt, pursuant to NASD Rule 4120 and IM-4120-1; or

(D) A quotation that appears not to be reasonably related to the prevailing market; or

(E) *A clearly erroneous transaction, pursuant to NASD Rule 11890; or*

(F) *A request for an excused withdrawal or reinstatement, pursuant to NASD Rules 4619, 4620, 5106 and 6350; or*

(G) *The resolution of a trade-through complaint, or other transaction, pursuant to NASD Rules 5262, 5265, and 11890; or*

(H) *A request to submit a stabilizing bid, pursuant to NASD Rules 4614 and 5106, or a request to have a quotation identified as a penalty bid on Nasdaq, pursuant to NASD Rule 4624.*

(2) Nasdaq Market Operations staff makes an oral, written, or electronically communicated request for information relating to a specific NASD rule, SEC rule, provision of a joint industry plan

(e.g., ITS, UTP, CTA, and CQA) (as promulgated and amended from time-to-time) that Nasdaq Market Operations is responsible for administering or to other duties and/or obligations imposed on Nasdaq Market Operations by the Association under the Plan of Allocation and Delegation of Function by the NASD to Subsidiaries or otherwise; this shall include, but not be limited to, information relating to:

(A)[a clearly erroneous transaction, pursuant to NASD Rule 11890;

(B)] a request to reconsider a determination to withhold a primary market maker designation, pursuant to NASD Rule 4612; or

[(C) a request for an excused withdrawal or reinstatement, pursuant to NASD Rules 4619, 4620, 4730, 5106 and 6350;

(D) the resolution of a trade-through complaint, pursuant to NASD Rules 5262, 5265, and 11890;

(E)](B) an ACT input error; or

[(F)](C) an equipment failure [; or

(G) a request to submit a stabilizing bid, pursuant to NASD Rules 4614 and 5106, or a request to have a quotation identified as a penalty bid on Nasdaq, pursuant to NASD Rule 4624].

(b) No change

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5106. Requirements Applicable to Market Makers

(a) No change

(b) Market Maker Obligations.

The following requirements and procedures govern a broker/dealer's participation in Nasdaq International as a Service market maker.

(1) Registration.

(A) through (C) No change.

(D) A Service market maker may become registered in a newly qualified security by telephoning [Market Operations] *MarketWatch*. If registration is requested within five (5) business days after the issue becomes qualified, registration shall take effect at the time the request is entered.

(E) and (F) No change.

(2) No change

(3) Character of Quotations

(A) through (C) No change

(D) If a Service market maker's ability to enter or update quotations is impaired, the market maker shall immediately contact [Market Operations] *MarketWatch* to request the withdrawal of its quotations.

(E) through (H) No change.

(4) Withdrawal of Quotations

(A) A Service market maker that wishes to withdraw its quotations in a