

price improvement if the buy (sell) order were to be greater than (less than) the closing price.

Imbalance Only ("IO") orders would supplement the liquidity provided by On Close orders and they would execute only within the closing cross against any imbalance in liquidity. IO order types would be required to be priced limit orders; SuperMontage would reject IO orders entered without a price. Like On Close orders, IO orders would not be displayed in the Nasdaq Order Display Facility or disseminated via any data feed. IO orders would be able to be entered until 3:59:59, but they would not be able to be cancelled or modified after 3:50:00 except to increase the number of shares or to increase (decrease) the buy (sell) limit price. IO sell orders would only execute at or above the 4:00:00 SuperMontage inside offer, and IO buy orders would only execute at or below the 4:00:00 SuperMontage inside bid.

The On Close and IO orders would constitute the "Nasdaq Closing Orders" which, as described below, would serve as the basis for the Closing Cross Order Imbalance Indicator.

Order Imbalance Indicator. At 3:50:00, Nasdaq would begin the closing auction calculation and would disseminate an order imbalance indicator on Nasdaq's proprietary data feed. Imbalance information would include several pieces of information regarding the closing cross: (1) The number of shares represented by MOC, LOC, and IO orders that paired at the current SuperMontage inside; (2) the MOC and LOC imbalance at the current SuperMontage best bid or offer, depending on the direction of the imbalance; (3) the buy/sell direction of that imbalance, and the current inside price; (4) an indicative clearing price range at which the Nasdaq Closing Cross would occur if the Nasdaq Closing Cross were to occur at that time; and (5) the percent by which that indicative price varies from the SuperMontage inside price. The indicative clearing price range would be bounded on the far side by the price at which the MOC, LOC, and IO orders would clear with only each other. It would be bounded on the near side by the price at which the Nasdaq Closing Orders and the SuperMontage continuous orders (excluding volume available only by order delivery) would clear. Where no

clearing price exists, Nasdaq would disseminate the phrase "market buy" or "market sell."

Nasdaq would disseminate the order imbalance indicator via the Nasdaq Total View data feed at no additional charge to subscribers. The indicator would be disseminated beginning at 3:50:00 and then at more frequent intervals as the time to market close decreases: every 30 seconds beginning at 3:50, every 15 seconds beginning at 3:55, every 5 seconds beginning at 3:58, and every second from 3:59 until market close.

For example, if the SuperMontage Book at 3:59:00 pm were to contain the following orders:

BUY ORDERS

Size	Price
4000	19.99
3000	19.98
2000	19.97
10000	19.96

SELL ORDERS

Size	Price
500	20.00
35000	20.01
3000	20.02
10000	20.04

And the Nasdaq Closing Orders at that time contains the following orders:

BUY ORDERS

Size	Price
3000	20.02
8000	Market
1000	19.99
4000	19.97
500	19.97

SELL ORDERS

Size	Price
5000	Market
3000	19.98
1000	20.00
1000	20.02
1000	19.98

Nasdaq would disseminate the following indicative closing information:

- 10,000 shares paired at \$20.00;
- 1,000 share buy imbalance;
- Indicative Price Range: \$20.01–20.02; and
- Variance from SuperMontage inside of less than 10 percent.

Nasdaq Closing Cross. The Nasdaq Closing Cross would begin at 4:00:00 and, thus, would not affect SuperMontage processing that exists today during normal market hours. The Nasdaq Closing Cross would conclude at approximately 4:00:05 at which time the closing executions would be reported to the consolidated tape for Nasdaq securities and after hours trading would commence just as it does today. The Nasdaq Closing Cross would be designed to accomplish three goals in decreasing priority: (1) Maximize the number of shares executed, (2) minimize the imbalance of on-close orders; and (3) minimize the distance from the 4:00:00 SuperMontage inside bid-ask midpoint.

If the Nasdaq Closing Cross price were to be selected and fewer than all Nasdaq Closing Orders and all continuous orders available for automatic execution in SuperMontage would be executed, the system would execute orders in the following priority:

(1) MOC orders, with time as the secondary priority;

(2) LOC orders, limit orders, IO orders, displayed quotes and reserve interest priced more aggressively than the Nasdaq Closing Cross price;

(3) LOC orders, displayed interest of limit orders, and displayed interest of quotes at the Nasdaq Closing Cross price with time as the secondary priority; and

(4) Reserve interest and IO orders at the Nasdaq Closing Cross price with time as the secondary priority.³

All executable orders would be executed at the Nasdaq Closing Cross price and reported to the consolidated tape with SIZE as the contra party. The Nasdaq Closing Cross price and the associated paired volume would then be disseminated via the UTP Trade Data Feed ("UTDF") as the NOCP.

For example, if the continuous SuperMontage and Nasdaq Closing Orders were to contain the following orders:

³ Short sale orders that participate in the Nasdaq Closing Cross would be required to comply with the applicable Nasdaq short sale rule.