

Notice to Members

DECEMBER 2003

SUGGESTED ROUTING

Finance
Legal and Compliance
Operations
Senior Management
Systems

KEY TOPICS

Late Payments

ACTION REQUIRED

NASDAQ Announces New Service Termination Policy Effective January 1, 2004

Background

Effective January 1, 2004, The Nasdaq Stock Market, Inc. (NASDAQ) will implement a new service termination policy for members, issuers, and other market participants that are not current in their payments to NASDAQ for any services, including transaction, data, listing, or other services. Under the new policy, NASDAQ will terminate services for any firm that is more than 90 days delinquent in its payments to NASDAQ.

Any firm that is 90 days delinquent on January 1, 2004, or becomes 90 days delinquent between January 1 and January 31, 2004, will have a transition period until February 16, 2004, to become current and resolve any billing disputes with NASDAQ. If a firm is not delinquent in all accounts—e.g., the firm is current in paying for transaction services but delinquent in paying for data services—then NASDAQ will, to the extent possible, terminate only those services for which the firm is more than 90 days delinquent. The 90-day period is measured from the date of the invoice.

NASDAQ is implementing this policy to ensure that it applies its SEC-approved fee schedules in a fair and even-handed manner, consistent with NASDAQ's obligations under Section 15A of the Securities Exchange Act of 1934, as amended. NASDAQ continues to reserve its rights to terminate services as otherwise permitted under any applicable contracts or NASD rules.

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Questions/Further Information

Questions regarding this policy may be directed to Mary Dunbar, Office of General Counsel, NASDAQ, at (202) 912-3033; Peter Geraghty, Office of General Counsel, NASDAQ, at (202) 912-3036; or John Yetter, Office of General Counsel, NASDAQ, at (202) 912-3039.

Questions regarding an invoice or overdue payment to NASDAQ may be directed to NASDAQ Finance at (800) 955-3898.