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Robert Greifeld – President, Chief Executive Officer & Director
Lee Shavel – Chief Financial Officer & EVP-Corporate Strategy
Eric W. Noll – Executive Vice President-Transaction Services

Other Participants

Matthew S. Heinz – Analyst, Stifel, Nicolaus & Co., Inc.
Chris Harris – Analyst, Wells Fargo Securities LLC
Richard H. Repetto – Analyst, Sandler O'Neill & Partners LP
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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the NASDAQ OMX Second Quarter 2012 Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions] As a reminder, today's conference call is being recorded.

I'd now like to turn the conference over to your host, Mr. John Sweeney, Vice President of Investor Relations. Please go ahead, sir.

John Sweeney, Vice President-Investor Relations

Thank you, operator, and good morning, everyone. Thanks for joining us today to discuss NASDAQ OMX's second quarter 2012 earnings results. With me today are Bob Greifeld, our Chief Executive Officer; and Lee Shavel, our Chief Financial Officer. Ed Knight, General Counsel, joins us as well.

Following prepared remarks, we will open up to Q&A. You can access the results, the press release and the presentation on NASDAQ OMX's Investor website, nasdaqomx.com. We intend to use our website as a means of disclosing material non-public information and complying with disclosure obligations on SEC Regulation FD, and these disclosures will be included on the Events and Presentation section of the site.

Before I turn the call over to Bob, I'd like to remind you that certain statements in this prepared presentation and during the Q&A period may relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation and Reform Act of 1995. The actual results may differ materially from those projected in these forward-looking statements. Information concerning factors that could cause actual results to differ from forward-looking statements is contained in our press release and other periodic reports filed with the SEC.

And with that, I'll turn the call over to Bob.

Robert Greifeld, President, Chief Executive Officer & Director

Thank you, John. Your introduction will become longer than my comments soon enough.

For the second quarter of 2012, our non-GAAP exchange revenues were $413 million, down slightly compared to the $415 million in the prior-year quarter, but up 3% when you exclude the net impact of acquisitions and foreign currency charges. Our non-GAAP EPS was $0.64, up $0.02 compared to the prior-year quarter. This performance was achieved with a significant currency headwind. If exchange rates had held constant with prior-year levels, our non-GAAP EPS would have been $0.03 higher, tying our all-time record.

Given the weak trading volumes we are experiencing, this is a strong performance. We continue to see good growth on our non-transaction driven businesses, which are mainly recurring and subscription-based. These revenues totaled $291 million and were up 4% compared to the second quarter 2011. This growth was the result of 8% revenue growth in our global market data business. Access and Broker Services continue to perform well, up 12%, driven by our new technology introductions. Our transaction-based businesses, equity and option trading in the U.S. and Europe, saw relatively weak volumes, compounded by a weakening euro. Currency reduced our second quarter 2012 transaction revenues by $5 million year-over-year.

We did, however, continue to generate strong cash flow during the quarter. We have free cash flow of $185 million in the second quarter of 2012. We continue to be active in deploying that capital. In the second quarter, we bought back $125 million worth of shares, or 5.3 million shares at an average price of $23.37. In addition, we paid our first dividend of $0.13 per share in June, so we continue to make good progress with capital deployment. In the second quarter of 2012, Access and Broker Services revenues were $66 million, up $7 million, or 12%, compared to the prior year.

Our outperformance is driven by our unrelenting focus on innovation, which continues to deliver a pipeline of innovative new products which are helping to reduce our customers' infrastructure costs and meet their performance requirements. NASDAQ's ongoing investments in infrastructure technology have resulted in an ecosystem that attracts and retains members, brokers and participants.

Recent innovations include 40G connectivity. We have a very successful rollout of this product to our customer base and are experiencing continued solid uptake. 40G client connectivity provides customers at our data center the ability to access our U.S. markets through a single, ultra-low-latency connection. Network latency on 40G has been observed by our clients – be reduced by an average of two to seven microseconds roundtrip, compared to 10G. Our Super Cab offering provides customers at our data center with up to 17.3 kilowatts of power to operate and cool trading equipment within a single cabinet. This has many benefits for our customers; obviously, reduced cost but also reduced – connectivity, latency, enhanced cooling capability. And obviously has been very successful for us.

In Access Services, our pipeline is as full as – ever been. And you'll see us continue to introduce new products as we move forward. It is this focus that makes our Carteret data center a must for all our customers and allowed us to grow our Access Services Technology business at a double-digit rate, even in this difficult market environment.

Moving on to Market Technology, this business delivers technology and services to marketplaces, brokers and regulators throughout the world. Second quarter revenues were $44 million. Foreign currency negatively impacted the year-over-year comparison by about $5 million. During the quarter, we hosted our Technology of the Future conference, ToF, in Stockholm in June. And it was an extremely successful event. This was our largest Technology of the Future conference ever, with attendance up over 50% compared to the last conference. At the show, we certainly took our customers through our product roadmap and our expectations for the future. It is clear that we're seeing an acceleration in our Market Technology business. We're on track for a record year of new business wins and order take. In just the first six months of 2012, we achieved an order intake of $132 million. To put this in perspective, in 2011, we had a total order intake of $134 million for the full year. Our backlog has moved up to $529 million from $496 million in the first quarter of 2012.

In second quarter 2012, we really had significant contract extensions. These included Hong Kong Exchanges and Clearing, which has extended the support contract for a further five years. In addition, Hong Kong announced it will upgrade its derivatives trading and clearing technology to Genium INET. The Tokyo Commodities Exchange, TOCOM, also extended their contract for five more years. These extensions highlight how we are substantially improving our position in Japan and Asia. We also had contract extensions for the Abu Dhabi and the Egyptian exchanges, among others. In the quarter, probably most importantly, we had many exchanges that went live successfully with our technology. They included ICAP, the Kuwait Exchange and the Swiss Exchanges.

During the quarter, our SMARTS risk management system continued to be in demand from both regulators and brokers. In many qualitative and quantitative ways, the past quarter was our best quarter ever. On a constant currency basis, we are on track to achieve our market technology revenue guidance of $190 million to $200 million in 2012.

As we move forward to our listing business, important to note that during the second quarter, we signed 31 new listings, including 15 new initial public offerings. Of the 31, two were in the Nordics. In the second quarter 2012, we welcomed several notable switches from other exchanges, including Dow component Kraft, the largest exchange switch ever. Kraft became – began trading on NASDAQ in June. We're also pleased that Western Digital will come over to list on NASDAQ. Analog Devices started trading on NASDAQ in April. 2012 to-date, we have seen companies with a market capital of $122 billion switch to list with us. We're enjoying a record year for switches, and this is testimony to the strength and the attractiveness of our business model.

We are continuing to see some signs of optimism for the U.S. IPO market. Since June 27, there have been 11 IPOs in the U.S. Of those, NASDAQ has won eight. In addition, there are eight IPOs expected this week, five of which are planning to come to NASDAQ. So clearly, a very dramatic increase in activity post May 18. The JOBS Act also appears to be having an impact, as 50 companies have now filed with NASDAQ under these provision. That is out of a total of 79 emerging growth companies that have filed.

Our Corporate Solutions business continues to perform and grow. During the quarter, we're also happy to announce the acquisition of a 72% ownership in BWise for approximately $57 million. BWise is a leader in enterprise governance, risk management and compliance software that will be sold through our Corporate Solutions division. With these acquisitions, we now offer companies the ability to track, measure and manage key organizational risk, including the risk of non-compliance, with industry-leading governance management and compliance software and services.

I'd like to now highlight the continued and long-term success of our Global Index Group. Index licensing revenue increased by $2 million year-over-year to a record level of $15 million in the second quarter 2012. This increase was primarily driven by increased assets under management and increased demand related to NASDAQ OMX-linked products. During the quarter, we expanded into new asset class with the launch of the NASDAQ Commodity Index Family, consisting of 440 new indices. In addition, CBOE launched futures based on the NASDAQ-100 Volatility Index. We anticipate continued growth for this segment, and this is a high margin business, with incremental sales falling almost directly to the bottom line.

Moving to our transaction businesses, in total, these volume-based trading and clearing businesses comprise 30% of our total net revenues. In U.S. Cash Equities, net revenues were $33 million, down from the $36 million in the second quarter of 2011, with average daily volume of 6.8 billion shares, roughly in line with the first quarter but down from the 7.2 billion shares in the second quarter of last year. Our combined market share at 22.2% is relatively stable compared to last year, up 90 basis points versus the first quarter of 2012. Revenue capture of $0.34 per thousand shares traded was down slightly compared to the prior year, but up compared to the first quarter of 2012.

In Europe, our Cash Equity business declined by $4 million year-over-year, to $19 million. The weakening of the Swedish krona and the euro accounted for more than half of the year-on-year decline. In the U.S. derivatives market, revenues of $44 million were flat to the prior year. Lower industry volume and slightly lower market share were offset by an increase in revenue capture per contract. Our revenue capture was also benefited by the lower proportion of dividend trades in the second quarter.

We are seeing good progress with our BX Options launch. We initially started trading five names at the end of June, having increased to include all the Penny Pilot Options, or about 82% of the equity options market, as of July 17. Earlier results are in fact very encouraging. The number of market participants using BX Options is steadily increasing, with several market makers providing liquidity. BX Options has gained close to 1 percentage point of market share in the brief time it has been operational.

European derivatives trading clearing revenue of $26 million was down $5 million compared to the $31 million in the second quarter of 2011. Currency accounted for more than half of the decline. We recently announced our intention to partner with LCH. Clearnet to launch a new London-based trading venue called NLX. NLX will offer a range of short-term interest rate and long-term interest rate euro- and sterling-based listed derivatives products. We aim to enhance the competitive landscape by providing highly competitive execution and clearing fees and, most importantly, significant margin efficiencies. The platform is expected to be launched by the first quarter 2013, obviously, pending approval from the FSA.

One of the stars of our quarter was Global Market Data. This was 22% of our non-GAAP revenue, and our profit was higher. Revenue was about $90 million for the second quarter, up $7 million or 8% year-over-year. [ph] Ported (14:00) fees accounted for some of that growth.

Now, when we look at our U.S. tape plans, the revenue increased year-over-year, and part of that was due to an increase in market share. But most importantly, our U.S. proprietary data revenue increased $6 million to $38 million. The growth came from multiple sources, including Non-Display TotalView. Our Index data revenue also saw great growth, and NASDAQ Last Sale grew. In addition, what's important to note that NASDAQ Basic has continued to gain traction. A year ago, we had 8,900 users. At this point in time, we have 31,000. So clearly, great success. European data revenue was flat on a reported basis, but was up in fact, $2 million on a constant currency basis.

Before I turn the call over to Lee, I would like to make some comments on our proposed voluntary accommodation program that we filed with the SEC for qualifying members that were disadvantaged by the system problems arising in connection with the Facebook IPO on May 18. We have substantial legal and factual defenses to any litigation that has or could be brought in connection with this IPO. However, in recognition of the system issues on May 18, we have filed with the SEC an amendment to our existing accommodation rule. The filing is very detailed and over 70 pages in length and certainly represents our definitive statement on the situation. The proposal establishes a priority for accommodation of firms that passed funds through to their own customers. The proposal provides that all accommodation payments will be paid in cash, and adds a fourth category of orders eligible for accommodation payments. We do look forward to public comments and believe the proposal reflects the hard work that went into it. Implementation of the proposal is, of course, subject to SEC approval.

With that, I turn to the call over to Lee, who will now review the financials.

Lee Shavel, Chief Financial Officer & EVP-Corporate Strategy

Thanks, Bob. The following comments will focus on our non-GAAP results. Reconciliations of GAAP to non-GAAP results can be found in the attachments to our press release and in the presentation that's available on our website at ir.nasdaqomx.com.

Starting with revenues, non-GAAP net exchange revenues came in at $413 million, compared to $415 million in the second quarter of 2011. We saw a continued growth in our subscription and recurring revenues, which increased $10 million, or 4%, to $291 million. Trading revenues, which represent about 30% of the total, saw a decline of $12 million year-over-year. Currencies had a relatively large impact on this quarter, as we saw a 10% weakening year-over-year in the Swedish Krona and an 11% decline in the Euro relative to the Dollar. On a constant currency basis, total revenues would have been $15 million higher. Excluding the impact of foreign currency and acquisitions; in other words, on an organic basis, our non-GAAP net revenues increased 3% compared to the prior year.

We continued to experience relatively weak industry trading volumes in the second quarter, and these trends have continued so far into the third quarter of 2012. This is particularly relevant, as we had a very strong volume in the third quarter of last year, so we will face a more challenging comparison in the third quarter of 2012. However, we do expect our recurring revenue businesses to continue to grow as we move through the remainder of 2012.

Now turning to expenses. Second quarter 2012 non-GAAP operating expenses were $229 million, relatively flat to the first quarter of 2012. Non-GAAP operating expenses were up $1 million year-over-year. As I mentioned, currency had a relatively large impact this quarter. Had rates remained unchanged from the second quarter of last year, our EPS would have been $0.03 higher.

On slide 13, you can see that for 2012, we are reducing our core expense guidance by $10 million, to $870 million to $890 million, as a result of the impact of foreign exchange and the fact that we are slightly ahead on our cost reduction plan. Adding the expected expense from our recent acquisitions of BWise and NOS of $25 million for the year, and maintaining new initiative spending of $40 million to $50 million, we expect 2012 total operating expenses to be in the range of $935 million to $965 million.

Our cost reduction plan remains on track, and we continue to expect cost savings on a constant currency basis of $25 million in 2012, and anticipate that we will exit the year on target for annualized run rate cost savings of $50 million in 2013 and beyond. This cost guidance does not include the restructuring charges associated with the cost reduction plan, estimated to be $35 million, and it does not include the impact of our proposed voluntary accommodation program and related expenses.

Continuing down the income statement, our non-GAAP operating income in the second quarter of 2012 was $184 million, down $3 million over prior-year results. Excluding the impact of the weakening exchange rates, non-GAAP operating income was up $2 million. Non-GAAP operating margin came in at 45%, flat compared to the prior-year period.

Net interest expense was $22 million in the second quarter of 2012, a decrease of $6 million from the second quarter of 2011 due to refinancing of our credit facility in 2011, the repurchase of $335 million of the 2.5% convertible notes, and debt pay-down. The non-GAAP effective tax rate for the quarter was 32%. We expect the tax rate to continue to be in the range of 32% to 34% in 2012.

Our non-GAAP net income was $111 million, or $0.64 per diluted share, compared to $112 million, or $0.62, in the second quarter of 2011. I think it's important to understand that the $0.02 increase year-over-year consisted of several components. First of all, a $0.04 increase from organic growth, again, on a constant currency basis and excluding acquisitions. In addition, a $0.04 benefit from debt refinancing and repurchases, offset by a $0.03 reduction from new investments in our [ph] gift (20:35) program and acquisitions, and the $0.03 negative foreign currency impact that I described before. The organic growth was driven by the strengthening of our subscription and recurring revenue businesses, which offset weakness in our trading business.

In the second quarter of 2012, we recorded non-cash intangible impairment charges totaling $28 million, primarily related to technology assets in market technology and market services that have been substantially upgraded. We also recognized restructuring charges totaling $17 million associated with our cost reduction plan, including severance costs of $9 million related to workforce reductions and $5 million of facility-related charges.

Moving on to the balance sheet, on slide 16 we are showing our debt structure and our debt maturities. We extended our debt maturities when we refinanced in 2011, so now the first sizeable maturity will be in 2015. Overall, we have a manageable and well-spaced debt maturity schedule, a relatively low leverage, strong cash flow generation, and spaced debt maturities gives the company considerable latitude for our ongoing capital deployment initiatives.

On slide 17, we show our track record of cash flow generation and cash flow utilization since 2009. As you can see, NASDAQ OMX has generated $1.6 billion in free cash flow, excluding Section 31 fees, from 2009 to the first quarter of this year. In the second quarter of 2012, we estimate free cash flow, excluding Section 31 fees, to be approximately up $100 million, in comparison to $129 million in the first quarter of 2012, which is typically seasonally higher due to annual listing fee payments.

And we have put that cash flow to good use in four areas. Capital return; we've allocated the largest amount of that cash flow to shareholders through repurchases of approximately $947 million of our outstanding stock. Including second quarter purchases, since 2009, we have bought back $1.1 billion of our stock, or 49.1 million shares, at an average price of $21.85. These repurchases have collectively reduced our share base by almost 22% in the last three and a half years alone. And we think this represents an excellent return of capital to our shareholders.

We have refinanced and restructured our debt, with a reduction of almost $500 million, substantially reducing our leverage and our interest burden. And we've invested over $200 million, net of dispositions, acquiring a variety of attractive assets, including BWise, FTEN, SMARTS, Glide Technologies, Nord Pool and RapiData. Not included in the $200 million above is our previously mentioned acquisition of a majority stake in BWise for $57 million in the second quarter. We believe that these bolt-in acquisitions allow us to broaden our existing business and enhance our ability to grow profitably over time. And each of the acquisitions leverages our existing resources and expertise to create value and optimize returns.

And finally the dividend, which is the newest leg to our capital deployment story. We paid our first quarterly dividend of $0.13 per share in June. This quarterly dividend currently represents a yield of 2.3%. So as you can see, we continue to have a balanced approach to capital deployment, with dividends, share repurchases, acquisitions and deleveraging all playing an important role. The underpinning of our capital deployment strategy is a robust Return On Invested Capital framework. We continue to see attractive value-creating opportunities for internal investment and acquisitions.

As we demonstrated in the quarter, we can favorably adjust our share repurchase efforts when we see opportunities in our valuation, and we are happy to join the club of dividend-paying stocks. But let me assure you that, for each and every one of these initiatives, we need to be fully convinced that they will deliver an adequate return for our shareholders as we put that capital to work.

Thank you for your attention. And I will now turn it back over to John.

John Sweeney, Vice President-Investor Relations

All right operator, we'll now take some questions, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Matthew Heinz of Stifel, Nicolaus. Please go ahead.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Hi. Good morning.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: How we doing, Matthew?

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: I'm doing well, how are you?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Good.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: You talked a little bit at the beginning about the strength you're seeing in the Market Technology backlog and some of the new contracts you've won this year, and kind of reiterated the guidance on a constant currency basis.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yes.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: I think that's the first time you brought that kind of wording into the equation on Market Tech. I'm just wondering --

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: You noticed that.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: How much has the currency impact been year-to-date? And I guess I'd just like to get a better understanding of how you're [ph] primming (25:26) that up versus kind of the $180 million annualized pace you're running at so far this year.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Sure. The, one is – I'll just start with what we see as the positive. I said it during the prepared part of the call. Really it was remarkable, one, the number of customers that went live with new software this quarter and did so quite successfully. Then two is the extension we had from some of our main customers over a five-year period of time, which is also wonderful. The order performance in the first half of the year has been truly outstanding.

That being said, we are feeling the currency impact. And we also are feeling some impact from some slowdown in some of the implementations from our customers. That was why we gave a relatively cautious outlook going forward.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yeah. And Matt, just to address your other question, the currency impacted the year-over-year comparison by $5 million, as Bob mentioned in his remarks. So, that gives you some sense as to how much of that is FX and obviously, that's – for the remainder for the year, unless interest rates change, that's expected to continue to be an influence.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Okay. That's great. Thanks. And then just secondly, you brought down the expense midpoint, on the core basis, down about $10 million. Looks like you're accelerating forward some of those expense saves. I'm just wondering what areas you're seeing those opportunities to kind of trim out some costs.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Sure. I think that it's – clearly, the reduction is a combination, both of the foreign exchange benefit that we've realized, but I think we're very pleased with the level of cost reductions that we've seen, across both head-count and technology and facility opportunities that we're pursuing.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Okay. Thanks very much, guys.

Operator: Our next question comes from Chris Harris of Wells Fargo Securities. Please go ahead.

<Q – Chris Harris – Wells Fargo Securities LLC>: Thanks. Morning, guys.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: How you doing, Chris?

<Q – Chris Harris – Wells Fargo Securities LLC>: A-okay. A few questions on the Facebook accommodation plan, if you guys can answer them. [ph] You've (27:43) got the plan now filed with the SEC. Just wondering what kind of timing you guys are thinking about with respect to getting approval on the plan, and then whether or not you have any flexibility, now that the plan has actually been submitted, to make alterations as necessary.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: The first thing I would say is, we expect it to show up in the Federal Register within the week, and that will commence a 21-day period for comments.

<A>: We expect.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: We expect a 21-day period for comments. So, you're looking – that's kind of the start of the process, and obviously the commission will go through their machinations.

With respect to the plan, as I said in my prepared comments, it's a long explanation that we've given and we definitely direct you to that. That's our definitive word on the topic. And we've spent a long period of time, consideration of it. So I would have to say that the plan you see is the plan that were submitted. And yeah, we're comfortable with that.

I'd also highlight the fact that, in the Facebook situation, it's not pleasant really for anybody involved with it, but when you see this accommodation plan that's been filed, I would definitely highlight the absence of negative comments with respect to the plan from the members who are directly impacted by it. And we don't have an expectation we're going to get a lot of positive comments on it, but the absence of negative comments, I think, is seen as a relative positive. And I think us in the industry are getting ready to move forward from this issue.

<Q – Chris Harris – Wells Fargo Securities LLC>: Okay, Bob. You had mentioned NASDAQ having significant legal defenses in the case that there are any litigation that results from this. Are – is NASDAQ setting aside any kind of litigation reserve at this point, or do you foresee this situation really having any impact on your capital return plans, based on the activity in the first quarter? It seems like no, but maybe you can comment a little bit on that.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, the answer remains no. So, we're not putting aside any reserves, and our capital return plan will continue unaffected by what happened on May 18.

<Q – Chris Harris – Wells Fargo Securities LLC>: Okay, great. Then real quick on the business, just wondering if you could talk a little bit about the opportunity with NLX. Just wondering if you guys can maybe expand on how you plan to add value there, and how you plan to potentially take share for some of the incumbents in London.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: All right. That's a great question. So, we certainly look at it as a three-legged stool, in terms of our approach. One, you start with our technology; we'll bring a different level of technology sophistication to that marketplace. Two is we are certainly partnering with a large number of the players in that marketplace who are clamoring for some sort of alternative to the monopoly power structure that exists in the world today. And probably the third, and most importantly, and it ties back to the other two, is that we are strong advocates in the NLX effort for horizontal clearing, we're partnering with LCH. I think that has broad support from the community, and we'll allow these members to continue with the relationship they have with LCH today and then, obviously, lever that through our superior technology. So, I would say the reception from the community is stronger than we could have expected, and working hard.

<Q – Chris Harris – Wells Fargo Securities LLC>: Okay.

Operator: Our next question comes from Rich Repetto of Sandler O'Neill. Please go ahead.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Rich, you there?

<Q – Richard Repetto – Sandler O'Neill & Partners LP>: Yeah. Can you hear me?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah, now we can.

<Q – Richard Repetto – Sandler O'Neill & Partners LP>: Sorry, sorry. First, hello, Bob. Hello, Lee. And congrats on the strong fundamental performance here in the quarter.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: I thank you, Rich.

<Q – Richard Repetto – Sandler O'Neill & Partners LP>: I guess the first question, not to get to the trading businesses, but the RPCs [Reference Price Cross Order] in the trading – they were mixed. U.S. was flat, but the Options really increased the RPC. You talked about – a little bit about that, but Europe was down equities and derivatives. Can you talk about the trends in RPC in the business going forward?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, certainly a highlight was that our U.S. Options business, I think, one, chose their customers carefully and chose their pricing plan carefully, and it showed. So we're happy about that. We're seeing relative weakness in Europe, and we don't have any optimistic forecast for the third or fourth quarter that will change in some fundamental way. So, it's definitely – Rich, as you know, we're just living through these times. We're obviously proud of the diversification we put into the business and the fact that we're firing on other cylinders. And we certainly think the Nordics are a relative strength in Europe at this point in time, but not immune to the greater global forces in Europe and the rest of the world.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: And Rich, just to give you some color on the revenue per contracts from a European context. In Nordic equities, our revenue capture was pretty much stable to actually improved. It was $0.11 per million traded, versus $0.10 in the prior-year quarter. Now, on the commodities side, obviously, it's a mix of both equity options, energy options and fixed income. And there are elements of seasonality, particularly in the Power business, that cause that to bounce around. But I would say Equity Options was essentially flat to slightly down, a little bit of seasonal deterioration on the Power side. And on the fixed income side, the revenue per capture was down year-over-year, but actually strengthened from the first quarter here. So, it's a blend of a couple, but I would describe the revenue capture, certainly on the equities, as stable; and on the derivatives side, as stable to slightly down.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: I think when you look at – the weakness is driven more by volume than by capture, Rich.

<Q – Richard Repetto – Sandler O'Neill & Partners LP>: Understood. Understood. And Bob, you've been highlighting the growth in the non-transaction businesses. And by our calculations, grew 2.5% just quarter-to-quarter. And you talked a little bit about the margins. I guess – I don't know whether you can look at it this simplified, but can you give us a feel for – if you continue to see this growth, just on the non-transaction business, like what's the incremental margin on that side of the business?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, I would say this. I'd direct you to two things. One is, we expect our Corporate Solutions business and our Market Tech business, independent of revenue achievement in the second half of the year, to have expanding margins. So that will help. I think the margins you see in Access Services will hold relatively constant. And the margin in Data will also be relatively constant. So we have – two parts of our business should see expanding margin in the second half of the year. And the others should keep their high margins, but not necessarily expand them.

<Q – Richard Repetto – Sandler O'Neill & Partners LP>: Okay. And then lastly, the accommodation plan, it looks – I hear your cautious comments, and sounds like one big market-maker's – looks to go along. I guess the question is, the $62 million -- if it gets approved and paid out, how does that affect the cash, or the use of the cash? And Lee did a detailed job last quarter talking about how you use cash and look at it. And I know you – I don't believe the IDCG-LCH deal has closed. That looks like a big freeing up of capital. Is that the way we should look at it, as the timing might offset each other with those two things?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, I believe – I'll let Lee take the first part of the question. But I believe the timing will be that IDCG will happen before the SEC makes final judgment on the accommodation policy. So, soon after the Olympics, but certainly not before, I believe there's a LCH board meeting, where it's our expectation that we'll come to finality with IDCG. So, some time in and around mid-August. And with respect to the SEC and the accommodation policy, I would think it's a long shot for the third quarter, possible but a long shot, but more likely fourth quarter.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yeah. And Richard, two things: one, when we look at our cash flow for capital deployment, we start fundamentally with, what are we generating on an operating basis each quarter, and that's what we utilize to support the $50 million to $75 million that we anticipate utilizing for share repurchases. Under the accommodation plan, if that's paid out in cash, there are, I think, a number of additional cash flow drivers that have produced cash, one being potentially IDCG, but also, as we've mentioned, the release of capital through the implementation of our Nordic clearing house has generated some additional cash into our existing balances. So, the bottom line is that the ultimate payout on the accommodation policy is not going to influence our capital return plans, along the lines of what we've described to folks for expectations here.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: I'd also highlight, as you probably know, Rich, we do have the $10 million from the error account. So, the net number is not $62 million.

<Q – Richard Repetto – Sandler O'Neill & Partners LP>: Understood. Very helpful. Thanks, guys.

Operator: Our next question comes from Niamh Alexander of KBW. Please go ahead.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Hi. Thanks for taking my questions. Can you help me update on where we are with this potential Consolidated Audit Trail or whatnot from the SEC to kind of try and better understand the order types, because there were some really big numbers put out there initially that the industry would likely have to fund. But then I saw, they recently licensed some pretty intense data from a third-party firm. Is that something we should be building in, in terms of expenses to fund, or – where are you with that?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: No. To us, there's two separate topics here. Neither one of them will have any real impact on our operation. With respect to the Consolidated Audit Trail, which is now not going to be real-time, we'll be working with that. And that will, I think, in its end state, look something like the shared data plan, which is on a cost-plus type basis, or cost recovery. So, we'll give you more details, but it's not going to be in any way, shape or form material. And when I say material, that's probably overstating it. It's something that really should be a pass-through for us.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay, fine. Thanks, Bob. And then, I guess to go back to the Facebook issue, we've read through the filing, but help me understand – how do we make sure that there couldn't be – this is – it looks to me like this is applying to kind of have an exception to this $3 million cap that we'd all initially discussed. Just specific to the Facebook issue, but should we think about you maybe having to keep a bit more capital if there is another – how are rating agencies thinking about it as well? Is this something you've discussed with them as you've submitted? Are they comfortable with it that you don't – necessarily to keep more capital for future potential issues that might go beyond the $3 million next time?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Sure. Well one, Niamh, I would certainly direct you to think about it in the context of a long period of time, right. So, we've been in the technology business now for, I guess, 40 years. And in the 40 years, NASDAQ has probably had two to three issues that have arisen in a Facebook-type scenario. So, we need to get better so that it happens only once in 30 years, as opposed to two or three times. And that's what we're working on. We're getting the results of the IBM study next week. And we've obviously done our own set of soul searching. And we'll change and improve certain things here as a result of what's transpired.

So one, this will not happen on a regular basis, and we certainly will work hard to make sure it's 20 or 30 years from now before it happens again. But I definitely will direct you to the fact that this is entirely voluntary on our part, as I said in my comments. We have our legal protections. We are on a voluntary basis. We're choosing to do this. And we don't expect, and nor do the rating agencies expect this to be part of our core business. It has not been. It will not be going forward. And Lee, do you...

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yeah. And we have had conversations with the rating agencies, really briefing them on the situation. I would say the rating agencies, I think, fundamentally focused on the stability of our business and the strength of our cash flows as the basis for their ratings. And they understand the nature of the accommodation payment. And I can't speak for them, but we've certainly – are of the view that it's not a material financial impact to our business.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay. Fair enough. Thanks. And then if I could, just the last one on your capital usage. The repurchase is a bit more than we'd expected during the quarter, so strong activity there, but you're still guiding to the $50 million to $75 million run rate, is that fair? And then secondly, on the use of capital for that deal, how much revenue should we attach to that kind of increased initiative spend as a result of that capital spend?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: So, Niamh, on the first one, yes, we were more opportunistic, given the – where the stock price was during the quarter but, as we'd indicated before, we were giving general guidance based upon the cash flow that we're generating, and we may modify that so that we have the flexibility to operate opportunistically. On your question, you're asking – the question on our new initiative spending of the $40 million to $50 million that we intend to continue to reinvest in the business?

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Yes, please. Lee, if you could just help me understand the revenue attached to that, because you've kind of added another deal in there as well?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Well, just to be clear, the BWise acquisition is not included in the new initiative spending that we present in our presentation, Niamh. That's separate. So, we expect that transaction, as all of our acquisitions, to be accretive in the first 12 months. And from a revenue standpoint, we don't disclose that individually for the acquisitions.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay. So, the guidance of $935 million to – shoot, I've got the numbers in front of me, but that's – and then we add the $25 million to that as well. So, $935 million to $965 million plus $25 million. Is that how we should think about this?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: That's right. Right. Because we want everyone to focus on the management of our core expenses, separate from our new initiative spending and from the acquisitions. So, the $25 million reflects what we expect our 2012 expenses will be related to the BWise and the NOS acquisition.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay. Cool. Thanks.

Operator: Our next question comes from Chris Allen of Evercore. Please go ahead.

<Q – Chris Allen – Evercore Partners (Securities)>: Morning, guys. Nice quarter.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Thank you, Chris.

<Q – Chris Allen – Evercore Partners (Securities)>: I guess, just following up a little bit on that last question in terms of BWise and NOS. And I realize you guys don't give revenues related to those deals, but on a standalone basis, before you purchased both of these, were they profitable businesses, before we think about financing costs and things like that?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yes.

<Q – Chris Allen – Evercore Partners (Securities)>: Great. Thanks a lot. And then, just going back to the capital, if I recall correctly you had $150 million left in the buyback after last quarter, and obviously now you have $25 million. I'm not sure if those numbers are correct, but if they are, any thoughts about increasing the buyback plan moving forward?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: On the buyback program, based upon what we see in terms of free cash flow generation, and as I've described before, we look at what opportunities we have internally to invest that capital or through acquisitions. And if we believe we can generate higher returns from those activities, then we're going to allocate capital in that direction. At this point, I would just reaffirm that we expect, on a quarterly basis, to utilize approximately $50 million to $75 million from – on our buybacks. That will vary based upon where we see opportunities to buy back the stock, and also in terms of cash flow that is freed up in other parts of the business. But I would, from an expectation standpoint, continue to utilize that $50 million to $75 million basis.

<Q – Chris Allen – Evercore Partners (Securities)>: Great. Thanks.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: And I want to make one clarification on NOS. NOS is obviously Nordic derivatives, focusing on freight and also seafood. And they're being integrated into our Nordic operations. So, them as a standalone operation, which is not how they operated from day one, based upon the acquisition, was not profitable, but it will be basically immediately accretative [sic] to our shareholders based upon the synergies.

<Q – Chris Allen – Evercore Partners (Securities)>: Great. Thanks. And then, Bob, you gave some good color before on Market Technology. I'm just trying to think about some of the growth opportunities in other areas, maybe like Index and Data Services. If you could provide any catalyst in how you're thinking about these businesses, [ph] that would (46:09) be great.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Sure. Great. Love to. So, just let me go back to Market Technology for a second. Clearly, we're doing well in our core business, but I do also want to highlight that, with SMARTS, we went into the broker side of the equation. And that's worked out very well for us. So, when you look at the growth in the SMARTS business, it's been selling to broker-dealers, and we expect that to continue.

The Index business, we have not spent that much time on it in these type of calls. They've been just a steady good performer for us, at a very high margin. Going back about 18 months ago, we ramped up the investment in that business. We have seen some first early signs of the progress from those investments. And we've started to migrate to our new technology platform. That deployment will be done in and around the end of the year. And that will put us in a position to be a broad-based competitor in the Index world. And when you look at our history here, we really have been leveraging NASDAQ OMX, and what NASDAQ OMX is, to get into the Index business. So, this is a way for us to approach it very generically and holistically. And we're obviously very excited to have the technology platforms available. And we have a couple different paths that we'll proceed once that technology is there. And what's interesting is, we're bringing a higher level of performance to the world – Indexing world – than has previously been available.

So, in a couple of different ways, we can go with a – you can see that we can lever that technology, get into a tick-by-tick world, and introduce products associated with that. We also have the ability to really unleash the IP capability within this organization as we come out with new products. And you see some examples of that just in this quarter with the Commodity Index. So, we're excited about that. This team has a lot of capability. We're ready to launch on to that.

On the Data side, you've seen us make a minor acquisition early this year that's getting integrated in with machine-readable data. You have seen us make a number of different product line extensions. And this is, like the Index business, a very strong business, very high margin, lot drops to the bottom line. And we're definitely hyper-focused on it. NASDAQ Basic is a wonderful success story. And the good news is, we're just beginning. We expect that terminal count to increase quite dramatically. So, when you look at the Data business, a lot of future in front of it, and we've changed our mindset to get away from thinking about data that comes out of our licensed entities, the exchanges we own and operate and think about data on a holistic fashion, and you'll see us make a number of moves in that area. So, certainly Technology, Data and Indexing will be major sources of our growth in the time to come.

<Q – Chris Allen – Evercore Partners (Securities)>: Great. Thanks a lot, guys.

Operator: Our next question comes from Michael Carrier of Deutsche Bank. Please go ahead.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Thanks, guys. Maybe – three of the items that drove the stronger revenues in the quarter, so if I look at Market Data, Access Services and then just on the U.S. derivatives, the RPC. Just on either of those, is there anything unusual this quarter that you'd say it was more of a one-time event versus, we could expect that to be steady going forward? I just, it was obviously a big revenue number, and so I just want to make sure there wasn't anything that stood out.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: No. I would say, when you look at the U.S. Options business, if the revenue per contract was to decline, we think it'd be associated with increased market share. There's a push and a pull there. So clearly, we optimized for the capture this quarter. There could be other quarters where we optimize for share. So, I think that comes and goes. What were your other two categories?

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Just on the Access Services and in the Market Data.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: No. Access Services, really, the only slightly negative comment I'll make is that, obviously, with reduced volumes, our team has to get that much more creative, and the creativity has to be about, how I can help reduce my customers' overall cost? So it has a little different feel than selling cabinets, because they want to handle increased volume. So the team has done, I think, a phenomenal job addressing customer needs in this low-volume environment. So, we've been able to tack against the tide quite successfully.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Okay. That's good. And then, just on the expenses for the full year, and focusing more on the total, so if we just take that the midpoint, that would basically look at the next two quarters and you'd be around a $245 million run rate versus the $229 million. And so, I guess, when I think about that – the expense lift in the next two quarters, are there certain revenue lines that we would expect to see an equal increase? I know you guys give the full year of new initiatives' revenue and expense, but because it's – we're halfway in the year, it's just kind of tough to parse out what's already in the run rate versus what isn't. So, any help on that front?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Michael, I just want to understand the question. Based upon – you're saying you're focusing on the new initiative guidance in, I guess, the total – the current total expense guidance, are there going to be any associated revenue impacts associated with the expense guidance. Can I just ask you to clarify the question a bit?

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Yeah. I just – a lot of times when you give expense guidance, it's very easy for us to see that, meaning you give the full year. We know what it was for the first half. So, it's pretty clear where the expenses are going to go. On the revenue front, when there's kind of the core in terms of what we can forecast, versus any of these new initiatives which, it's a little bit tougher to find out what's already in the run rate for the year, versus what potentially could come on in the third and fourth quarter. It's just a little bit tougher to gauge any of the new revenues that would be coming on board as the expenses are moving higher. So, just any color on the revenue front that would go inside with that total expense guidance. So, whether it's the new initiatives, BWise, any help there?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Okay. What I would say, Michael, is that, on the new initiatives, what we focus on from – in that $40 million to $50 million – are initiatives that really are in development, and then they're identified in that revenue expense slide – on the page that we provide. And so, there really aren't substantial revenues, at this stage, for those initiatives on an in-development basis as opposed to a developed-and-launched basis. So, I wouldn't extrapolate, from the expense guidance, any substantial revenues at this point for the remainder of the year. Now, each of those initiatives is either originating or moving towards originating revenues, but that's typically not going to be expected in until usually -12 to 18 months over the course of the development of those projects. Hopefully that addresses your question.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Yeah, that's helpful. And, Bob, on the Investor Day, you guys talked about some new strategies going after – or trying to bring some of the dark pool volume back onto exchanges, just any update there? I know you guys said it was most likely a back half of this year, end of 2013 event, but just any update on that front?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah. I'd say one is on a positive note, and this is kind of unusual for me to be saying this, but NYSE's approval of their Retail Liquidity Program, we saw as positive. We have had, in draft, a – what we see as something that's a superior offering in front of the commission. We're working with them quite intensely, and I think it's a clearer path for us to get that approved now. And our technology people have been hard at work and we're planning to launch that soon after we get SEC approval. So, to the extent that the commission evidences some flexibility in terms of how they approach the market, it then is up to us to figure out how to take advantage of that. So, we do hope, for the back half of the year, to have that.

The other thing that's quite innovative that we've done is the algos. I think we've talked about that before. We've filed that where we now can – again, on the general theme that we want to do for our customers those things that do not provide for them differentiated advantage, where we can do that on a more cost- effective basis. So clearly algos, 10 years ago, were quite innovative, but now there are a number that are quite routine. So, we filed to be able to do some of these routine algos, take the cost structure away from our customers, clearly, which customers getting a relative advantage over having VWAP engine. So, in the light of the commission approving RLPs, if they can approve our retail auction program and our algo system, I think we'll do quite well.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Okay. Thanks a lot.

Operator: Our next question comes from Roger Freeman of Barclays. Please go ahead.

<Q – Roger Freeman – Barclays Capital, Inc.>: Hi. Good morning. One on Facebook, just two parts. One, Bob, you talked about the progress you made in the listings business with switches. Just curious, any change in the trajectory on switches that you were able to get even, if not disclosed yet, post-Facebook? And also on new listings, any impact that you can see from that end?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, I see two things. One, on new listings, as I said, since the market unfroze, I think it was June 27 was the date, we've won 8 of 11. So, would we have won 9 or 10 out of 11? I don't know. It's hard to prove that, but we're certainly not dissatisfied with 8 out 11. And as I said, we've got a number planned this week. I think it's eight, and we're going to win five or six of them. So, so far, so good, but it's obviously our job to be hypervigilant and be – intensive conversation with our customers. So, steady as she goes. On the switch side, it's been a record year so far and we're obviously in dialog with a number of different companies about their opportunity to enjoy the benefits of listing on NASDAQ. And I would say the same thing. We have see no visible impact from May 18 on these discussions.

<Q – Roger Freeman – Barclays Capital, Inc.>: Okay. Thanks; that's helpful. And then just the other one on Facebook. I presume that, for some of the firms that had some of the bigger issues, that this plan – you kind of previewed it and got some sign-off on it before you filed it?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: I don't want to go that far. But I would say that we've certainly been in discussion with our customers. Whoever wanted to talk to us, we were available to them 7 by 24. And the accommodation plan certainly, hopefully, reflects some of those conversations.

<Q – Roger Freeman – Barclays Capital, Inc.>: Okay. And then separately, lastly – if I missed this, my apologies. Can you give us an update on the Benchmark Order program? Was that launched in the second quarter? And if so, how is it doing?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: No, no. I was just talking about it. We filed it, and it has not yet been approved. It's been published for comment. I think they extended the comment period – Eric's here – till August.

<A>: Mid-August.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Mid-August. And so, we're cautiously optimistic that, coming out of the summer, we'll be able to launch that program.

<Q – Roger Freeman – Barclays Capital, Inc.>: Okay. Great. Thanks.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Great.

Operator: Our next question comes from Brian Bedell of the ISI Group. Please go ahead.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Hi, good morning, folks.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: How you doing, Brian?

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Good, good. How are you? Just to follow on on the U.S. Equities business. The market share's down a little bit in the first couple weeks of July, I know it's only a couple of weeks, so it's not a big data point as of yet. But I just want to be clear that a lot of the plans that Eric talked about in Investor Day are yet to be implemented, and maybe just get your take on how much you think they'll influence market share maybe later this quarter and the fourth quarter.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah. One is – one of the plans we implemented was with PSX, which we believe is the right plan. It has cost us temporarily some market share as you look at the July numbers. Brian, I think that's probably what you're seeing.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Yes.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: So, this was expected. And we obviously have a different structure in place that has a different set of benefits to – sometimes, a different set of customers. So, we're working with them. So it's kind of a re-launch, in a way.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Okay.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: And so, we're excited about it. And we're working on with it. And as we talked in the last two calls, we have a, I think, quite innovative approach to retail auctions. We do want to see that approved by the commission. We're cautiously optimistic we could work through the process. So, if we come out of the summer with our retail auctions approved and our algos approved and continued hard work on PSX, the re-launch of PSX, we'll be in very good shape.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: In the fourth quarter, likely.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yes.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Yeah. Great, right. Okay, great. That's helpful. And then just a couple smaller questions on the level of audit fees in Market Data that you recouped this quarter, what was that number?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: I think it was $3 million.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Okay.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Okay. And then the sequential driver of Access fees going from, I think, $57 million to $66 million. What was the main driver of that?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: I just want to make sure – want to get the audit fees right. Ron is going to check on it. Okay. We'll make sure we didn't misstate on the audit fees. That might be too high of a number. Your second question though, Brian, was?

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Just on the sequential driver of the Asset fees, up from $57 million to $66 million?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Right.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: What was the main driver of that?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, it wasn't any one thing. It was a number of things, I talked about during the call-- certainly, the fact we have the 40G cabinets are out is a good thing. We have the higher capacity Super Cab, as we call it. So between 40G and the Super Cab, that was a big part of the drive.

Eric, you want to add to that?

<A – Eric Noll – The NASDAQ OMX Group, Inc.>: Yeah. Port demand was very high in order for people to get bandwidth. We have seen no diminution in cabinet sales, but what we have seen is a big pick-up on the peripherals around cabinets. So, lower latency connectivity, more ports, more power, cross-connects to other marketplaces. And it's pretty broadly spread across all of those different kinds of initiatives.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Okay, great. Great, that's helpful. And then, just – are the BWise acquisition, the NOS, are there any revenues associated in the 2Q revenue base on those acquisitions?

<A – Eric Noll – The NASDAQ OMX Group, Inc.>: Yes.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yes, there are. And they are generating revenues, but we aren't breaking that out at this point.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Great. Okay. Oh, and then just lastly on the commodity. When you – do you break out the European derivatives -- I think you've done that on a few other calls? What was the commodities revenue?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yeah. It's actually in the – on the page that's in the investor presentation, Brian.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Okay.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: It's on page 22. We have all of the revenue detail by quarter for each of the European derivatives components.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Great. Perfect. Thank you. Thanks so much for taking the questions.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: And, Brian, just follow-up. After much to-ing and fro-ing here – you can't see it, thank God. We stand by the $3 million number on the audit.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: [indiscernible] (1:02:43) Great. Thank you.

Operator: Our next question comes from Howard Chen of Credit Suisse. Please go ahead.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Hi, good morning, Bob. Good morning, Lee.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Good morning.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Good morning.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Lee, apologies for revisiting this, but I just want to make sure I'm hearing you clearly on the buyback. I think you have $25 million left to the current program. So, what's the reason why you haven't reloaded that authorization yet, and is it your expectation just renew that when you finally exhaust the $25 million?

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yes, Howard. We have an upcoming board meeting in which the reauthorization will be evaluated. It's obviously at the board's discretion, but I can't tell you we see anything that will impair, at this point, our expectation to continue to buy back stock as part of our capital return plan.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Okay. Great. Thanks for just clarifying that. And then, Bob, I believe a financial transaction tax is slated to come into effect in France in a week, and maybe some other Eurozone countries to possibly follow. I know you have little to no direct business in the country, and you've clearly expressed your views on a FTT in the past, but just what are – are you hearing anything from customers ahead of that event?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Well, what we're hearing is a lot of confusion. So, I was asking simple questions: well, what is it, how much is it? And I'm not getting the most definitive answers yet. So, the devil's in the details there; could be de minimis, where it doesn't matter so much. And we have obviously a Stamp duty in the UK and the markets have functioned. Or it could be punitive and definitely detrimental. So, I don't really know. We're paying attention to it. And obviously, we have in the Nordics an experience with a financial transaction tax back in the 1980s and that was – did not work. So, they have long memories there. So, I'm not so much worried about the Nordics, but we still do pay attention to it.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Great. Thanks for the thoughts.

Operator: Our next question comes from Patrick O'Shaughnessy of Raymond James. Please go ahead.

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: Hey, good morning, guys.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: How are you doing, Patrick?

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: Good. Good. My first question, your Nordic derivatives business, your energy trading and clearing franchise. I guess that's the UK power primarily, saw a little bit of a decline in the volumes that it traded and then – as well as the revenues. Can you kind of talk about the trends that you're seeing and why we should be optimistic that that can turn around going forward?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah. One is, I would say, the UK is our startup initiative, which is doing incredibly well, but is not driving the numbers at this point in time. With respect to the Nordic power and clearing, we do have a monopoly position there. We certainly believe in the underlying drivers of that economic growth. We have to deal with the right mix between the financial players and the natural players in the marketplace. And I would say that, as we looked at the second quarter, and really for the last year or so, there's been somewhat of an upheaval there in terms of how that dynamic works. We expect that will sort itself out and will get to a more normal growth pattern.

<A – Lee Shavel – The NASDAQ OMX Group, Inc.>: Yeah. I'd also just add, Patrick, you do have a seasonal effect where, obviously, trading tends to be higher in the colder months, which influences, I think, the year-over-year – or the results quarter-to-quarter, based upon that.

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: Got you. Thank you for the clarification there. And then my second question, if you can talk a little bit more about NYSE's RLP program proposal. Or I guess more broadly, some of the issues that it brings up. I think specifically, preferential treatment for self-directed retail investors and sub-penny pricing.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah. I would just say that, when you look at the actions of the commission right now, you'd probably say that there's more flexibility with respect to moving away from price/time and to put more wrinkles into the market structure. Whether we think that's the proper philosophical approach or underpinnings of the markets, at the end of the day don't matter. And to the extent that this is where the commission wants the rule filing to go, then that's where we'll go. And when you look at the different actions we'll take and those we'll take as a result of that, you'll see that happen. Could you have – speculate that in time that will be seen as a bad thing, and you want to go more to a flat market structure? I wouldn't be surprised if that happens. But today, we see differentiated market structures becoming more commonplace. And we will participate in that.

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: Yeah, that's helpful. Thank you.

Operator: Our next question comes from Jillian Miller of BMO Capital Markets. Please go ahead.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Hey. Morning, everyone.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: How we doing?

<Q – Jillian Miller – BMO Capital Markets (United States)>: Very well. So, I noticed that your market share of Index Options has been growing [ph] at select (67:41) since the beginning of the year and you're now doing – you have close to 4% of the total Index market versus 1% a year ago. I'm not sure if that's the Alpha Indexes starting to gain traction, I think you also launched MSCI contracts recently. So, just looking for some more color on what's driving the share gains there, and whether that's something that you think can continue.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah. One, I would say, it's not the Alpha Index, but I would say that Eric and his team are experimenting with a number of different things. Alpha has not been as successful as we want. But he has a number of things that are being successful that are small start-up efforts. So, Eric, why don't you...

<A – Eric Noll – The NASDAQ OMX Group, Inc.>: We launched two MSCI indices this year that – and we have – which have been successful launches. And then our – we've seen our percentage of Russell-related products grow as well. So, we're...

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: And why not brag about gold a little bit, Eric?

<A – Eric Noll – The NASDAQ OMX Group, Inc.>: Well, unrelated to the PHLX Options business, but on our NFX Options platform, we've had a successful launch of what we call our rolling spot gold contract, which replicates for investors the ability to hold 10 Troy ounces of gold. And it gives you the same financial impact. That has had an average daily volume on NFX now approaching 4,000 contracts a day from our launch earlier this year. It's not – certainly not accretive yet, certainly not financially material to the organization yet. But it does show what we see are positive signs of some innovation in the futures space for us. And we expect that effort to grow as we go forward.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Okay. Thanks and...

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: There are good things happening.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Yeah. Was – talking about innovation in the futures space, I know you guys have talked about launching some look-alike rate products on that NLX Futures exchange, or Futures venue, in London.

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yes.

<Q – Jillian Miller – BMO Capital Markets (United States)>: But I was just wondering if you're also thinking about proprietary products, or exclusively licensed products over there, and whether you have some ideas you could share with us along those lines, just what customers may be looking for that's new and innovative?

<A – Robert Greifeld – The NASDAQ OMX Group, Inc.>: Yeah. I would say this, I don't – we certainly have thoughts and plans there, but I think the key building blocks – I talked about the pillars – is, we need to get into the marketplace with better technology, better engagement with our customers, and then also represent a true horizontal option, where they can lever their relationships with LCH. So, we do those things well. There's going to be – there will be plenty of opportunity for both proprietary and, as you call it, look-alike products. And so, we're building that. We're launching first quarter. It's certainly exciting, and it represents a massive opportunity for us.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Okay. Thanks, guys.

Operator: I'd now like to turn the conference back over to Mr. Bob Greifeld for any closing remarks.

Robert Greifeld, President, Chief Executive Officer & Director

Great. Well, I thank you for your time today. And I certainly appreciate your questions and staying here. Obviously, the second quarter of 2010 (sic) [2012] (70:39) had the highs and the lows, and we do want to leave the conversation with the highs. $0.64 in a difficult trading environment is something that we see as a strong performance. As we said earlier, on a constant currency basis, that was equivalent to $0.67, which would equal our record for earnings. So given the times, we take that. Our franchises remain strong. I highlight again the switches and our IPO win rate. We're coming out of May 18, I think, as well as we could. I think we're in a position to move forward with our customers in the industry. I think the second – the accommodation policy we put forward will be the one that will allow us to move forward. So, we're looking to a very strong third and fourth quarter in light of the times that we have, and we appreciate your support and look forward to dealing with you and talking to you as the quarter unfolds. So, thank you for your time today.

Operator: Ladies and gentlemen, this does conclude today's conference. You may all disconnect, and have a wonderful day.