

# Market Regulation Committee

2009

Leonard J. Amoruso (Member Rep),  
Chair  
General Counsel  
Knight Capital Group, Inc.

Kip Carevic (Member Rep)  
Chief Compliance Officer  
Raymond, James & Associates

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Managing Director  
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Alan Marshall (NI)  
Vice President & Head Trader  
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Lisa Fairfax (NI)  
University of Maryland  
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Betsy P. Lefler (Member Rep)  
Managing Director,  
Deputy Director of Compliance  
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Dr. Michael S. Pagano (NI)  
Villanova School of Business  
Villanova University

Peter Geraghty (Member Rep)  
Associate General Counsel  
Friedman, Billings & Ramsey & Co.,  
Inc.

Holly Stark (NI)  
Efficient Frontiers

**I** = Industry **NI** = Non-Industry

## Market Regulation Committee Charter

**Purpose:** The primary function of the Market Regulation Committee (the "Committee") is to provide advice and guidance to the Board of Directors ("Board") of The NASDAQ Stock Market LLC and NASDAQ OMX BX ("Exchange Boards") on regulatory proposals and industry initiatives relating to quotations, execution, trade reporting, and trading practices;

### **Goals and Objectives:**

The Committee shall:

Advise the Board in its administration of program and systems for surveillance and enforcement of rules governing Nasdaq and NASDAQ OMX BX Members' conduct and trading activities in the national securities exchange operated by the Company; provide a pool of attorney panelists for hearing panels under Nasdaq and NASDAQ OMX BX Rules; participate in the training of hearing panelists on issues relating to quotations, executions, trade reporting and trading practices; and review and recommend to the Nasdaq Review Council.

The Market Regulation Committee will not have any involvement in deciding whether or not to institute disciplinary proceedings.

**Composition:** The Committee will have broad representation that is equally balanced between Industry and Non-Industry Committee members. The Committee members shall include broad representation of participants in The Nasdaq Stock Market, NASDAQ OMX BX & NASDAQ OMX PHLX, including investors, market makers, integrated retail firms and order entry firms. As a condition precedent to serving on the Committee, a member must complete a confidentiality agreement in the form provided by NASDAQ, NASDAQ OMX BX, and NASDAQ OMX PHLX. The members of the Committee shall be approved by the Board annually, and shall serve a minimum term of three years. The President in consultation with the Chair may extend the term of a Committee member in one-year increments up to a maximum term of six continuous years. The Committee Chair(s) is selected by the President.

**Meetings:** The Committee shall meet at least five times annually, or more frequently as circumstances dictate. Meetings may be held in person at locations to be determined by NASDAQ, NASDAQ OMX BX, NASDAQ OMX PHLX or via conference call. Committee members must attend Committee meetings in person or by telephone and may not send substitute attendees to meetings.

### **Responsibilities and Duties:**

At all meetings of the Committee, a quorum for the transaction of business shall consist of a majority of the Committee, including not less than 50 percent of the Non-Industry committee members. If a least 50 percent of the Non-Industry Committee members are (i) present at or (ii) have filed a waiver of attendance for a meeting after receiving an agenda prior to such meeting, the requirement that not less than 50 percent of the Non-Industry committee members be present to constitute the quorum shall be waived.

Thus, the composition of the Market Regulation Committee must be equally balanced between Industry members (members with certain specified affiliations with broker-dealers and/or NASDAQ, NASDAQ OMX BX, NASDAQ OMX PHLX and their affiliates) and Non-Industry members. At least 50 percent of Non-Industry committee members must be present or waive attendance at all meetings. In order to determine the appropriate composition of the Market Regulation Committee, annually the Secretary of the Corporation shall collect from each Committee nominee such information as is reasonably necessary to determine the Committee nominee's classification as an Industry or Non-Industry member of the Committee. As a condition precedent to serving on the Committee, a member must complete a confidentiality agreement in the form provided by NASDAQ, NASDAQ OMX BX, and NASDAQ OMX PHLX.