

**THE NASDAQ STOCK MARKET LLC  
NASDAQ PHLX LLC  
NASDAQ BX, INC.  
NASDAQ ISE, LLC  
NASDAQ MRX, LLC  
NASDAQ GEMX, LLC**

**CORPORATE GOVERNANCE GUIDELINES FOR THE BOARDS OF DIRECTORS**

**APPROVED: September 26, 2018**

**I. Purpose**

The Nasdaq Stock Market LLC (“Nasdaq Exchange”), Nasdaq PHLX LLC (“PHLX”), Nasdaq BX, Inc. (“BX”), Nasdaq ISE, LLC (“ISE”), Nasdaq MRX, LLC (“MRX”) and Nasdaq GEMX, LLC (“GEMX”) (each an “Exchange” and collectively “Exchanges”) Boards of Directors (each a “Board” and collectively “Boards”) have developed corporate governance policies and practices to help fulfill their responsibilities to members of the Exchanges. These governance policies and practices are memorialized in these guidelines.

The purpose of these Corporate Governance Guidelines (“Guidelines”) is to assist the Boards in the exercise of their responsibilities and to provide a concise description of the corporate governance obligations, principles and practices of the Boards. The Guidelines, in conjunction with each Exchange’s Certificate of Incorporation, Limited Liability Company Agreement, By-Laws, Rules and Committee Charters, form the framework for the governance of the Exchanges and help assure that the Boards will have the necessary information, authority and practices in place to review and evaluate the Exchanges’ business operations and risks, and to make decisions independent of management.

The Boards are committed to upholding the highest legal and ethical conduct in fulfilling their responsibilities. The applicable Exchange’s Board members, officers and employees are expected to act ethically at all times.

Since the operations of the Boards are a dynamic process, these Guidelines are reviewed periodically and are subject to such future refinement or changes as the Boards may find necessary or advisable.

**II. Mission of the Boards**

The Board of each Exchange is vested with all powers necessary for the management and administration of the Exchange’s regulatory and business operations. Each Board has a function independent of management and is not responsible for the day-to-day affairs of the Exchanges; however, it does have the responsibility to oversee management and be informed, investigate and act as necessary to promote the Exchange’s regulatory obligations and business objectives. As required by applicable law, the commitment of the directors is to the Exchanges and includes regulatory obligations.

Each Board reviews reports by management on the Exchange's performance, its plans and business prospects, as well as issues facing the Exchanges during its regularly scheduled meetings and any special meetings. Board members are expected to prepare for, attend and participate in all scheduled Board and applicable Committee meetings.

Board members are expected to comply with the Nasdaq Global Code of Ethics as well as the Code of Conduct for the Exchanges' Boards of Directors ("Board Code"). The Board Code was adopted by the Nasdaq Board to reflect a commitment to the highest standards of ethical and business conduct and to comply with the Listing Rules of Nasdaq Exchanges. Although these Listing Rules are not directly applicable to the Exchanges, which are not themselves public companies, it has been determined by the Boards that compliance with these requirements sets an appropriately high standard of conduct. Each Board member is expected to become familiar with and abide by the specific ethical standards set forth in the Nasdaq Global Code of Ethics and the Board Code of Conduct, as well as any interpretations and procedures issued thereunder. Board members are encouraged to consult with the Nasdaq Office of General Counsel if there is any doubt as to whether a particular transaction or course of conduct complies with or is subject to the Board Code.

### **III. Board Composition**

#### ***A. Independence of Non-Employee Directors***

The Board of the Exchanges' ultimate parent, Nasdaq, Inc. ("Nasdaq" or "HoldCo"), is comprised of a majority of directors who qualify as independent directors under the Nasdaq Exchange's Listing Rules. Nasdaq Audit Committee members have additional independence requirements pursuant to SEC and Nasdaq Exchange Listing Rules. Although the composition of the Boards and Committees of the Exchanges are not governed by the same SEC and Nasdaq Exchange Listing Rules as those of Nasdaq, the Exchanges' By-Laws require them to maintain independent directors and, in doing so, the Exchanges adhere to the same independence standards set forth in the Nasdaq Exchange's Listing Rules.

Annually, the Corporate Secretary collects from each current director and director nominee a completed questionnaire and other relevant information to serve as the basis for a determination of the director's and nominee's assignment into particular classifications of director based on their employment and affiliations. Board members notify the Corporate Secretary of changes throughout the year to the information contained in the Board questionnaire. In particular, if a Board member changes his or her present job responsibilities, the Board member updates his or her Board questionnaire so that the Exchanges may ascertain whether the Board member's classification has changed. Each director's relationship with the Exchanges is reviewed annually, and only those directors who meet the relevant definition will be considered independent directors.

#### ***B. Director Classification***

There are three general classifications for directors of the Nasdaq Exchange, PHLX, BX, ISE, MRX and GEMX: (1) Industry Director, (2) Non-Industry Director, and (3) Staff Director. Non-Industry Directors are further classified as either Public Directors or Issuer Representatives. In addition, there is a special category of Member Representative Directors, who are elected to represent broker-dealers that are

members of the applicable Exchange. In most cases, Member Representative Directors will also be classified as Industry Directors. Director Classifications are specifically defined in the By-Laws located on our investor relations website at [ir.nasdaq.com](http://ir.nasdaq.com).

**C. *Size and Composition Requirements***

The size of each Board shall be determined by the applicable Exchange's sole LLC member/sole stockholder, which is Nasdaq for the Nasdaq Exchange, PHLX and BX, and International Securities Exchange Holdings, Inc. ("ISEH") for ISE, GEMX and MRX. ISEH is a wholly-owned indirect subsidiary of Nasdaq.

Each Board is required to achieve a balance of director classifications (i.e., Industry versus Non-Industry, or a majority of Public Directors) as specified more precisely in its respective By-Laws. The appropriate body periodically reviews and evaluates the appropriate size of each Board.

**D. *Non-Executive Chairman***

Each Board is led by a Non-Executive Chairman. Annually each Board elects a Non-Executive Chairman. The Non-Executive Chairman's duties are as follows: presides at all meetings of the Board; leads the Chairman's Session and Executive Sessions at the Board meetings; reviews and approves the meeting agendas to assure there is sufficient time for discussion of all agenda items; and has the authority to call meetings of both the independent directors and the member directors.

**E. *Board Member Annual Election/Board Terms/Retirement Age***

Each Board member is subject to election on an annual basis. There are no term limits for serving on the Boards and no mandatory retirement age.

**F. *Change in Job Responsibility***

A Board member who experiences a significant change of circumstances in his/her principal business or profession that could diminish his/her effectiveness as a Board member is expected to offer his/her resignation to the Chairman of the applicable Board. Nasdaq's Nominating & Governance Committee shall assess the appropriateness of the Board member resignation and recommend to the applicable Board the action to be taken with respect to the resignation.

**G. *Other Board Memberships***

Board members may serve on boards or committees of other organizations, except to the extent limited by the Code of Conduct for the Board. Board members are requested to inform the Corporate Secretary of their Board affiliations.

**H. Director Compensation**

Every other year, the HoldCo Management Compensation Committee reviews the Board compensation in relation to comparable organizations and provides recommendations of changes to the HoldCo Board regarding director compensation. Any changes in compensation are reviewed and approved by the Nasdaq Management Compensation Committee.

**IV. Selection of the Board**

**A. Board Election Process**

Directors of the Nasdaq Exchange, PHLX, BX, ISE, MRX and GEMX Boards, other than Member Representative Directors, are elected by Nasdaq or ISEH as the applicable Exchange's sole LLC Member/sole stockholder, from those persons nominated by the applicable Exchange's Nominating Committee, which has the authority to identify and nominate candidates for vacancies on the Board of Directors. For each Exchange, Nominating Committee members are appointed annually by the Boards and may be removed by majority vote of the Board.

Nasdaq Exchange, PHLX, BX, ISE, MRX and GEMX Member Representative Directors are elected from those persons properly nominated to stand for election. Each Exchange's By-Laws delegate the nomination process to the applicable Member Nominating Committee, which has the authority to identify and nominate candidates for Member Representative Director vacancies on the Exchange's Board of Directors. For each Exchange, Member Nominating Committee members must be employed by a member firm, are appointed annually by the Board, and may be removed by majority vote of the Board.

Under certain circumstances, Exchange members may also nominate Member Representative Directors candidates. If such alternative candidates are nominated, the Member Representative Directors are selected by direct election by Exchange members; otherwise, the candidates nominated by the Member Nominating Committee are automatically selected.

**B. Board Membership Criteria**

Each Exchange's Nominating Committee and Member Nominating Committee (together, "Nominating Committees") review the skills and characteristics required of Board members in light of the current composition of the applicable Boards. Nominees for directors shall be considered on the basis of, among other things, knowledge, experience, skills, expertise, integrity, diversity, analytical ability, understanding of the securities industry, all in the context of the perceived needs of the Boards. Nominees should also be willing to devote adequate time and effort to Board responsibilities.

The Nominating Committees shall be responsible for assessing the appropriate balance of criteria for the applicable Board.

**C. *Nomination of New Directors***

For each Exchange, the Nominating Committee generates a list of possible candidates for nomination to the Board. The Nominating Committee considers possible candidates suggested by Board and Committee members, industry groups, shareholders, senior management, or individuals personally known to the members. In addition to submitting suggested nominees to the Nominating Committee, a member of the Exchange may nominate a person for election as a Member Representative Director through the annual balloting process, provided the member follows the procedures specified in the Exchange's By-Laws.

**D. *Board Vacancies***

If a Board has a vacancy due to death, disability, disqualification, removal, or resignation, the Board shall fill the vacancy by electing by majority vote a replacement director from a list of nominees provided by the appropriate Nominating Committee. No replacement is required for certain vacancies if the remaining term is less than six months.

**E. *Composition Requirements of Nominating Committees***

As set forth in each Exchange's By-Laws, the Nominating Committee must have no fewer than six and no more than nine members. Non-Industry members must equal or exceed the number of Industry members. If the Nominating Committee has six members, at least two shall be Public Committee members. If the Nominating Committee has seven or more members, at least three shall be Public Committee members. No more than three of the Nominating Committee members and no more than two Industry Committee members may be current members of the Board. A Nominating Committee member may not simultaneously serve on the Nominating Committee and the Board, unless such member is in his or her final year of service on the Board, and following that year, that member may not stand for election to the Board until such time as he or she is no longer a member of the Nominating Committee. Each member of the Nominating Committee must satisfy independent director standards under the Nasdaq Exchange's Listing Rules. No officer or employee of an Exchange can serve as a member of the Nominating Committee in any voting or non-voting capacity.

Each Exchange's Member Nominating Committees consists of no fewer than three and no more than six members. All members of a Member Nominating Committee must be associated persons of a member of the applicable Exchange.

**V. *Authority and Responsibilities of the Board***

**A. *Board Responsibilities and Functions***

Board members are responsible for the oversight of management and must exercise their business judgment on an informed basis, in good faith, and with the honest belief that the action taken will serve the best interests of the Exchanges and their members. Board members are also responsible for

ensuring that the Exchanges comply with self-regulatory obligations to protect investors, maintain fair and orderly markets, and advance the public interest. Board members are expected to:

- attend Board and Committee Meetings;
- participate effectively in all Board and Committee deliberations;
- observe strict confidentiality of all matters presented to the Boards or their appropriate Committees;
- raise possible conflict of interest issues to the appropriate staff for prompt resolution;
- further the Exchanges' mission and stated positions in outside forums consistent with the applicable confidentiality duties; and
- act in the best interests of the Exchanges, consistent with their fiduciary duty.

#### ***B. Code of Ethics***

The Nasdaq Global Code of Ethics, applicable to the Boards, all employees including the principal executive officer, principal financial officer and the controller, principal accounting officer and contractors, embodies the company's fundamental operating principles and expectations of business conduct and is supported by the Nasdaq Ethics and Employee Compliance Program. There is a separate Nasdaq Code of Conduct for the Boards which contains provisions specifically applicable to directors. The Program is designed to meet or exceed available standards, including those promulgated by the U.S. and European regulators in the jurisdictions in which we operate. Pillars of the program include structural elements, such as policies, risk assessment, training and communications and key risk areas, including anti-bribery and corruption, data privacy and antitrust and competition. The Program is administered within the Office of General Counsel and implemented by cross-functional teams representing all areas of the company. Oversight is provided by the Global Compliance Council.

The Boards are committed to upholding the highest legal and ethical conduct in fulfilling their responsibilities. Each Board expects Exchange Board members, officers and employees to act ethically at all times and to certify annually their commitment to the policies and procedures set forth in the Board of Directors Code of Conduct Policy, the Nasdaq Global Code of Ethics and associated policies. These policies are located under the corporate governance tab on the investor relations site on [ir.nasdaq.com](http://ir.nasdaq.com).

The Nasdaq Board, with the assistance of the Nasdaq Audit Committee, oversees the Nasdaq Ethics and Employee Compliance Program.

#### ***C. Board Interaction With Investors, Analysts, Press and Customers***

If public comment from the Board is appropriate, these comments should, in most circumstances, come from the Chairman or Chief Executive Officer ("CEO"). Board members should not disclose Board

information and should observe the confidentiality guidelines set in place, including Nasdaq's Public Disclosure Policy designed to ensure compliance with Regulation FD. Sensitive, non- public policy and proprietary information should not to be disclosed. These types of information may include financial information, proposed mergers and acquisitions, and other significant changes in assets, changes in directors or senior management, events regarding Nasdaq's securities, investigations in progress, significant data breaches or cybersecurity risks or incidents, deliberations and contemplated actions of the Board, and information on new products, customer relations and systems developments. If the media contacts a Board member, in most circumstances, the Board member should refer the inquiry to Nasdaq Corporate Communications Department.

***D. Assessing the Board's Performance***

Annually, the Board performs a self-assessment. The self-assessment is led by the Board Chair. The results of the assessment are used to determine if the Board and Regulatory Oversight Committees are functioning effectively, and the Board members are contributing to the Board.

The Board discusses the assessment results and approves an annual action plan to address identified improvements.

**VI. Operation of the Board**

Board meetings are scheduled in advance, although special meetings may be called as necessary. The meetings are usually held at the Nasdaq headquarters in New York, New York or telephonically.

***A. Meeting Order and Agenda***

The Chairman establishes the rules of order and procedures of the meeting to ensure the meeting is conducted in an orderly fashion. The Chairman also controls the order of issues to be presented to the applicable Board. The Chairman retains the right, if necessary, to rule out of order any remark or discussion.

Each Board is responsible for the Board meeting agenda. Board members are urged to make suggestions for agenda items or meeting materials to the Board Chairman and Chief Executive Officer. The Board Chairman and Chief Executive Officer establish an agenda for the Board meetings to be held during the year. Each director may suggest additional items for each meeting agenda.

Information important to the business matters at the Board meeting is distributed in advance of the Board meeting. As a general rule, materials are distributed in advance so that the Board meeting time may be focused on discussions and analysis, rather than an exchange of information. Confidential matters may be discussed at the Board meeting without materials being distributed in advance of the meeting.

***B. Attendance and Participation***

Board members should attend and participate regularly in Board and Committee meetings consistent with the general fiduciary standards and governance needs of the Exchanges.

***C. Selection of Agenda Items and Board Meeting Materials***

The Chairman, with input from the Chief Executive Officer and Corporate Secretary, will establish an agenda for each Board meeting. Each Board member is free to and invited to suggest the inclusion of items on the Board meeting agenda. Board members are requested to provide suggested agenda items to the Corporate Secretary in advance of the Board meeting. Board materials are distributed to each Board on a timely basis and in advance of the Board meeting.

***D. Board Presentations by Managers***

Board meetings generally include presentations by managers to give such managers exposure to the Boards and assist the Boards in exercising their business judgment.

***E. Member Communication with Directors***

Exchange members may communicate with the applicable Board by sending correspondence to the Corporate Secretary who forwards all correspondence to the appropriate Board member. In accordance with SEC Rules and the Sarbanes-Oxley Act of 2002, concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of Nasdaq's internal audit department and Office of General Counsel. Such concerns are handled in accordance with procedures established by the Nasdaq Audit Committee with respect to such matters.



***F. Chairman and Executive Sessions of Board***

The Chairman and the independent directors meet in a separate meeting with the CEO and Corporate Secretary (“Chairman’s Sessions”) at every regularly scheduled Board meeting. The independent directors are invited to meet without management (“Executive Sessions”) at every Board meeting, but no less than at the regularly scheduled Board meetings. The Chairman shall assume the responsibility for chairing the meetings of independent directors. The Chairman, or his or her designee, shall report to the CEO and Corporate Secretary any actions taken during an Executive Session.

***G. Committee of the Board***

Committees are appointed by the Boards to facilitate and assist in the execution of each Board’s responsibilities.

Annually the Board appoints a Regulatory Oversight Committee pursuant to the By-Laws. The Regulatory Oversight Committee Charter is located on the Nasdaq investor relations website at [ir.nasdaq.com](http://ir.nasdaq.com).

***H. Assignment and Rotation of Board Committee Members***

Annually, each Board reviews and approves members of the Board Committees. Board members may indicate their Committee preference; however, the selection process will be subject to the compositional requirements for the Committees and to the Board’s view as to the most appropriate persons to serve on the Committee, taking into account all factors that it deems relevant including any independence and other criteria required by securities law or the Board of Directors.

***I. Operation of Board Committees***

The Committee Chairman establishes the rules of order and procedures of the meeting to ensure the meeting is conducted in an orderly fashion. The Committee Chairman controls the meeting agenda and the order of issues to be presented to the Board. The Committee Chairman retains the right, if necessary, to rule out of order any remark or discussion that does not comply with Committee procedures. The Committee Chairman may make additional meeting rules as appropriate or advisable.

***J. Selection of Board Committee Agenda and Committee Materials***

The Committee is responsible for the Committee meeting agenda. Committee members are urged to make suggestions for agenda items or meeting materials to the Committee Chairman, Chief Executive Officer and Corporate Secretary.

The Chairman of the Committee, with input from the Chairman, Chief Executive Officer, Corporate Secretary, or staff liaison, will establish a meeting agenda for each Committee. Information important to the business matters at the Committee meeting is distributed in advance of the meeting. As a general rule, materials are distributed in advance so that the Committee meeting time may be focused on

discussions and analysis, rather than an exchange of information. Confidential matters may be discussed at the Committee meeting without materials being distributed in advance of the meeting.

***K. Executive Sessions of the Committees of the Board***

The Committee Chairman has separate meetings for the independent members (“Executive Sessions”) at every regularly scheduled Committee meeting. In addition to executive committee sessions, the Regulatory Oversight Committee may have separate meetings with management, the independent auditors, and other third parties as deemed necessary.

**VI. Leadership Development of the Board and Senior Management**

***A. Director Orientation/Onboarding***

Annually, all directors receive an orientation and reference manual providing a business overview and summarizing the director duties and responsibilities.

The orientation program also includes a review of the corporate expectations in terms of a director’s times and attendance at Board meetings, and a review of the director’s fiduciary duties.

New directors attend an orientation/onboarding program that includes meetings with senior management. The General Counsel and Corporate Secretary are responsible for providing materials and briefing sessions for all Board members on subjects that will assist them in discharging their duties.

***B. Director Continuing Education***

Directors are encouraged to participate in continuing education programs in order to maintain the necessary level of expertise to perform their responsibilities as directors.

***C. Evaluation of Senior Management***

Each Board evaluates the Exchanges’ Chief Executive Officer and Chief Regulatory Officer(s) on an annual basis. The Non-Executive Board Chair communicates this evaluation to the Nasdaq CEO. The evaluation is based on objective criteria including performance of the corporation, accomplishment of long-term strategic objectives and development of senior management.