



NASDAQ Announces Intention to Withdraw from ITS Plan

August 8, 2005

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New York, August 8, 2005 □ The Nasdaq Stock Market, Inc. (NASDAQ: NDAQ) today announced its intention to withdraw from the Intermarket Trading System (ITS) Plan in 2006 upon implementation of Regulation NMS. NASDAQ's withdrawal from the ITS plan has been approved by its Board of Directors and will be filed with the Securities and Exchange Commission for approval.

As a result of the market structure changes brought about by Regulation NMS, the 25-year-old Intermarket Trading System can now be replaced with a more efficient, technologically advanced inter-market linkage. Through the acquisition of BRUT LLC in 2004, NASDAQ implemented a high-speed, low-cost linkage system that interconnects other U.S. exchanges and is specifically designed to accommodate the trading activity of the future.

"Regulation NMS enables NASDAQ to select a more effective, high-speed private linkage over the older, less-flexible ITS Plan. This announcement represents a critical step forward in modernizing the trading of U.S. equities," said Chris Concannon, Executive Vice President, NASDAQ Transaction Services.

"Today, the markets are witnessing a shift in trading activity away from the traditional exchange floors and towards automated trading alternatives like NASDAQ. Our withdrawal from the ITS plan reflects our strong belief that the trend of trading NYSE-listed stocks on electronic venues will continue to accelerate in 2005 and throughout 2006. By relying on our own private linkage, NASDAQ is positioning itself to capture additional liquidity in NYSE-listed securities," Concannon, added.

After only four months of operation, NASDAQ's new exchange listed product, which combines NASDAQ's electronic matching facilities and the BRUT smart-routing technology, has grown to approximately 5% of NYSE-listed trading, growing NASDAQ's overall executed and trade reported market share of NYSE-listed securities to 19%.

The ITS Plan is the industry plan created in 1978 that governs trading on the ITS system. The Intermarket Trading System is a network system that links nine US markets: the New York (NYSE), American (AMEX), Boston (BSE), Chicago (MSE), Cincinnati (CSE), Pacific (PSE) and Philadelphia (PHLX) stock exchanges, the Chicago Board Options Exchange (CBOE), and the NASDAQ. The ITS Plan requires unanimous approval of all nine exchanges for changes to the rules governing the system.

About NASDAQ

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