

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-32651

The NASDAQ OMX Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

52-1165937
(I.R.S. Employer
Identification No.)

One Liberty Plaza, New York, New York
(Address of Principal Executive Offices)

10006
(Zip Code)

+1 212 401 8700
(Registrant's telephone number, including area code)

No changes
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 25, 2014
Common Stock, \$.01 par value per share	168,736,034 shares

The NASDAQ OMX Group, Inc.
Form 10-Q
For the Quarterly Period Ended June 30, 2014

INDEX

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements (unaudited)	2
	Condensed Consolidated Balance Sheets—June 30, 2014 and December 31, 2013	2
	Condensed Consolidated Statements of Income—Three and Six Months Ended June 30, 2014 and 2013	3
	Condensed Consolidated Statements of Comprehensive Income—Three and Six Months Ended June 30, 2014 and 2013	4
	Condensed Consolidated Statements of Cash Flows—Six Months Ended June 30, 2014 and 2013	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	53
Item 4.	Controls and Procedures	55

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	56
Item 1A..	Risk Factors	56
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	56
Item 3.	Defaults Upon Senior Securities	58
Item 4.	Mine Safety Disclosures	58
Item 5.	Other Information	58
Item 6.	Exhibits	58

	SIGNATURES	59
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About This Form 10-Q

Throughout this Form 10-Q, unless otherwise specified:

- “NASDAQ OMX,” “we,” “us” and “our” refer to The NASDAQ OMX Group, Inc.
- “The NASDAQ Stock Market” and “NASDAQ” refer to the registered national securities exchange operated by The NASDAQ Stock Market LLC.
- “NASDAQ OMX Nordic” refers to collectively, NASDAQ OMX Clearing AB, NASDAQ OMX Stockholm, NASDAQ OMX Copenhagen, NASDAQ OMX Helsinki and NASDAQ OMX Iceland.
- “NASDAQ OMX Baltic” refers to collectively, NASDAQ OMX Tallinn, NASDAQ OMX Riga and NASDAQ OMX Vilnius.
- “NASDAQ OMX Nordic Clearing” refers to collectively, the clearing operations conducted through NASDAQ OMX Nordic and NASDAQ OMX Commodities.

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“FINRA” and “Trade Reporting Facility” are registered trademarks of the Financial Industry Regulatory Authority, or FINRA.

All other trademarks and servicemarks used herein are the property of their respective owners.

* * * * *

This Quarterly Report on Form 10-Q includes market share and industry data that we obtained from industry publications and surveys, reports of governmental agencies and internal company surveys. Industry publications and surveys generally state that the information they contain has been obtained from sources believed to be reliable, but we cannot assure you that this information is accurate or complete. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on the most currently available market data. For market comparison purposes, The NASDAQ Stock Market data in this Quarterly Report on Form 10-Q for initial public offerings, or IPOs, is based on data generated internally by us, which includes best efforts underwritings and closed-end funds; therefore, the data may not be comparable to other publicly-available IPO data. Data in this Quarterly Report on Form 10-Q for new listings of equity securities on The NASDAQ Stock Market is based on data generated internally by us, which includes best efforts underwritings, issuers that switched from other listing venues, closed-end funds and exchange traded funds, or ETFs. Data in this Quarterly Report on Form 10-Q for IPOs and new listings of equity securities on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic also is based on data generated internally by us. IPOs and new listings data is presented as of period end. While we are not aware of any misstatements regarding industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors. We refer you to the “Risk Factors” section in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, the “Risk Factors” section in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 that was filed with the U.S. Securities and Exchange Commission, or SEC, on May 9, 2014 and the “Risk Factors” section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 that was filed with the SEC on February 24, 2014.

Forward-Looking Statements

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Quarterly Report on Form 10-Q contains these types of statements. Words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words or terms of similar substance used in connection with any discussion of future expectations as to industry and regulatory developments or business initiatives and strategies, future operating results or financial performance identify forward-looking statements. These include, among others, statements relating to:

- our 2014 outlook;
- the scope, nature or impact of acquisitions, divestitures, investments or other transactional activities;
- the integration of acquired businesses, including accounting decisions relating thereto;
- the effective dates for, and expected benefits of, ongoing initiatives, including strategic, technology, de-leveraging and capital return initiatives;
- the impact of pricing changes;
- tax matters;
- the cost and availability of liquidity; and
- any litigation or regulatory or government investigation or action to which we are or could become a party.

Forward-looking statements involve risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following:

- our operating results may be lower than expected;
- loss of significant trading and clearing volume, market share, listed companies or other customers;
- economic, political and market conditions and fluctuations, including interest rate and foreign currency risk, inherent in U.S. and international operations;
- government and industry regulation;
- our ability to keep up with rapid technological advances;
- our ability to successfully integrate acquired businesses, including the fact that such integration may be more difficult, time consuming or costly than expected, and our ability to realize synergies from business combinations and acquisitions;
- covenants in our credit facilities, indentures and other agreements governing our indebtedness which may restrict the operation of our business; and
- adverse changes that may occur in the securities markets generally.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the uncertainty and any risk related to forward-looking statements that we make. These risk factors are discussed under the caption "Part II. Item 1A. Risk Factors," in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 that was filed with the SEC on May 9, 2014 and more fully described in the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 that was filed with the SEC on February 24, 2014. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. You should carefully read this entire Quarterly Report on Form 10-Q, including "Part 1. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the condensed consolidated financial statements and the related notes. Except as required by the federal securities laws, we undertake no obligation to update any forward-looking statement, release publicly any revisions to any forward-looking statements or report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART 1—FINANCIAL INFORMATION
Item 1. Financial Statements.
The NASDAQ OMX Group, Inc.
Condensed Consolidated Balance Sheets
(in millions, except share and par value amounts)

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 314	\$ 398
Restricted cash	39	84
Financial investments, at fair value	203	189
Receivables, net	395	393
Deferred tax assets	22	12
Default funds and margin deposits	2,579	1,961
Other current assets	166	126
Total current assets	3,718	3,163
Property and equipment, net	280	268
Non-current deferred tax assets	482	404
Goodwill	6,068	6,186
Intangible assets, net	2,313	2,386
Other non-current assets	255	170
Total assets	<u>\$ 13,116</u>	<u>\$ 12,577</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 188	\$ 228
Sections 31 fees payable to SEC	154	82
Accrued personnel costs	100	154
Deferred revenue	230	151
Other current liabilities	135	141
Deferred tax liabilities	38	38
Default funds and margin deposits	2,579	1,961
Current portion of debt obligations	-	45
Total current liabilities	3,424	2,800
Debt obligations	2,408	2,589
Non-current deferred tax liabilities	697	708
Non-current deferred revenue	232	143
Other non-current liabilities	148	153
Total liabilities	<u>6,909</u>	<u>6,393</u>
Commitments and contingencies		
Equity		
NASDAQ OMX stockholders' equity:		
Common stock, \$0.01 par value, 300,000,000 shares authorized, shares issued: 216,640,867 at June 30, 2014 and 214,419,155 at December 31, 2013; shares outstanding: 168,588,156 at June 30, 2014 and 169,357,084 at December 31, 2013	2	2
Preferred stock, 30,000,000 shares authorized, series A convertible preferred stock: shares issued: none at June 30, 2014 and 1,600,000 at December 31, 2013; shares outstanding: none at June 30, 2014 and December 31, 2013	-	-
Additional paid-in capital	4,328	4,278
Common stock in treasury, at cost: 48,052,711 shares at June 30, 2014 and 45,062,071 shares at December 31, 2013	(1,117)	(1,005)
Accumulated other comprehensive loss	(142)	(67)
Retained earnings	3,134	2,976
Total NASDAQ OMX stockholders' equity	6,205	6,184
Noncontrolling interests	2	-
Total equity	6,207	6,184
Total liabilities and equity	<u>\$ 13,116</u>	<u>\$ 12,577</u>

See accompanying notes to condensed consolidated financial statements.

The NASDAQ OMX Group, Inc.

Condensed Consolidated Statements of Income
(Unaudited)
(in millions, except per share amounts)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:				
Market Services	\$ 544	\$ 553	\$ 1,126	\$ 1,060
Listing Services	60	58	117	113
Information Services	123	107	246	212
Technology Solutions	138	96	273	172
Total revenues	<u>865</u>	<u>814</u>	<u>1,762</u>	<u>1,557</u>
Cost of revenues:				
Transaction rebates	(252)	(276)	(536)	(518)
Brokerage, clearance and exchange fees	(90)	(87)	(174)	(170)
Total cost of revenues	<u>(342)</u>	<u>(363)</u>	<u>(710)</u>	<u>(688)</u>
Revenues less transaction rebates, brokerage, clearance and exchange fees	<u>523</u>	<u>451</u>	<u>1,052</u>	<u>869</u>
Operating expenses:				
Compensation and benefits	145	126	303	243
Marketing and advertising	9	8	18	15
Depreciation and amortization	35	28	69	55
Professional and contract services	42	35	81	64
Computer operations and data communications	23	20	45	35
Occupancy	24	23	49	46
Regulatory	7	8	14	16
Merger and strategic initiatives	14	25	42	33
General, administrative and other	33	19	56	42
Restructuring charges	-	-	-	9
Voluntary accommodation program	-	-	-	62
Total operating expenses	<u>332</u>	<u>292</u>	<u>677</u>	<u>620</u>
Operating income	<u>191</u>	<u>159</u>	<u>375</u>	<u>249</u>
Interest income	1	2	3	5
Interest expense	(30)	(26)	(59)	(50)
Asset impairment charges	-	-	-	(10)
Income before income taxes	<u>162</u>	<u>135</u>	<u>319</u>	<u>194</u>
Income tax provision	61	47	114	64
Net income	<u>101</u>	<u>88</u>	<u>205</u>	<u>130</u>
Net (income) loss attributable to noncontrolling interests	-	-	-	-
Net income attributable to NASDAQ OMX	<u>\$ 101</u>	<u>\$ 88</u>	<u>\$ 205</u>	<u>\$ 130</u>
Per share information:				
Basic earnings per share	<u>\$ 0.60</u>	<u>\$ 0.53</u>	<u>\$ 1.21</u>	<u>\$ 0.78</u>
Diluted earnings per share	<u>\$ 0.59</u>	<u>\$ 0.52</u>	<u>\$ 1.18</u>	<u>\$ 0.77</u>
Cash dividends declared per common share	<u>\$ -</u>	<u>\$ 0.13</u>	<u>\$ 0.28</u>	<u>\$ 0.26</u>

See accompanying notes to condensed consolidated financial statements.

The NASDAQ OMX Group, Inc.

**Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(in millions)**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net income	\$ 101	\$ 88	\$ 205	\$ 130
Other comprehensive income (loss):				
Net unrealized holding gains on available-for-sale investment securities:	-	14	-	15
Foreign currency translation gains (losses):				
Net foreign currency translation losses	(124)	(110)	(137)	(152)
Income tax benefit	54	176	62	183
Total	(70)	66	(75)	31
Total other comprehensive income (loss), net of tax	(70)	80	(75)	46
Comprehensive income	31	168	130	176
Comprehensive (income) loss attributable to noncontrolling interests	-	-	-	-
Comprehensive income attributable to NASDAQ OMX	\$ 31	\$ 168	\$ 130	\$ 176

See accompanying notes to condensed consolidated financial statements.

The NASDAQ OMX Group, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in millions)

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 205	\$ 130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69	55
Share-based compensation	30	18
Excess tax benefits related to share-based compensation	(6)	(13)
Deferred income taxes	(21)	(28)
Non-cash merger and strategic initiatives	20	-
Non-cash restructuring charges	-	1
Asset impairment charges	-	10
Other reconciling items included in net income	18	1
Net change in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	(10)	(22)
Other assets	(10)	(61)
Accounts payable and accrued expenses	(36)	83
Section 31 fees payable to SEC	72	48
Accrued personnel costs	(54)	(30)
Deferred revenue	99	47
Other liabilities	7	16
Net cash provided by operating activities	383	255
Cash flows from investing activities:		
Purchases of trading securities	(201)	(187)
Proceeds from sales and redemptions of trading securities	200	250
Purchases of available-for-sale investment securities	(17)	-
Purchase of equity and cost method investments	-	(39)
Acquisitions of businesses	-	(1,121)
Purchases of property and equipment	(66)	(45)
Other investment activities	(10)	-
Net cash used in investing activities	(94)	(1,142)
Cash flows from financing activities:		
Payments of debt obligations	(754)	(23)
Proceeds from debt obligations	519	825
Cash paid for repurchase of common stock	(93)	(10)
Cash dividends	(47)	(43)
Proceeds received from employee stock activity	18	19
Payments related to employee shares withheld for taxes	(23)	(4)
Excess tax benefits related to share-based compensation	6	13
Other financing activities	1	-
Net cash provided by (used in) financing activities	(373)	777
Effect of exchange rate changes on cash and cash equivalents	-	(8)
Net decrease in cash and cash equivalents	(84)	(118)
Cash and cash equivalents at beginning of period	398	497
Cash and cash equivalents at end of period	\$ 314	\$ 379
Supplemental Disclosure Cash Flow Information		
Cash paid for:		
Interest	\$ 76	\$ 40
Income taxes, net of refund	\$ 103	\$ 100
Non-cash investing activities:		
Cost method investment	\$ 75	-
Acquisition of eSpeed contingent future issuance of NASDAQ OMX common stock	\$ -	\$ 484

See accompanying notes to condensed consolidated financial statements.

The NASDAQ OMX Group, Inc.
Notes to Condensed Consolidated Financial Statements

1. Organization and Nature of Operations

We are a leading global exchange group that delivers trading, clearing, exchange technology, regulatory, securities listing, and public company services across six continents. Our global offerings are diverse and include trading and clearing across multiple asset classes, access services, market data products, financial indexes, capital formation solutions, financial services, corporate solutions and market technology products and services. Our technology powers markets across the globe, supporting derivatives trading, clearing and settlement, cash equity trading, fixed income trading and many other functions.

In the U.S., we operate The NASDAQ Stock Market, a registered national securities exchange. The NASDAQ Stock Market is the largest single cash equities securities market in the U.S. in terms of listed companies and in the world in terms of share value traded. As of June 30, 2014, The NASDAQ Stock Market was home to 2,709 listed companies with a combined market capitalization of approximately \$7.6 trillion. In addition, in the U.S. we operate two additional cash equities trading markets, three options markets and an electronic platform for trading of U.S. Treasuries. In March 2014, we launched NASDAQ Private Market, or NPM, a marketplace for private growth companies.

In Europe, we operate exchanges in Stockholm (Sweden), Copenhagen (Denmark), Helsinki (Finland), and Iceland, as well as the clearing operations of NASDAQ OMX Clearing AB, as NASDAQ OMX Nordic. We also operate exchanges in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania) as NASDAQ OMX Baltic. Collectively, NASDAQ OMX Nordic and NASDAQ OMX Baltic offer trading in cash equities, bonds, structured products and ETFs, as well as trading and clearing of derivatives and clearing of resale and repurchase agreements. Through NASDAQ OMX First North, our Nordic and Baltic operations also offer alternative marketplaces for smaller companies. As of June 30, 2014, the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, together with NASDAQ OMX First North, were home to 782 listed companies with a combined market capitalization of approximately \$1.3 trillion. We also operate NASDAQ OMX Armenia.

In addition, NASDAQ OMX Commodities operates a power derivatives exchange regulated in Norway and a European carbon exchange. In the U.K., we operate NASDAQ OMX NLX, a London-based market for trading of listed short-term and long-term European (Euro and Sterling denominated) interest rate derivative products.

In some of the countries where we operate exchanges, we also provide investment firm, clearing, settlement and central depository services.

2. Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The condensed consolidated financial statements include the accounts of NASDAQ OMX, its wholly-owned subsidiaries and other entities in which NASDAQ OMX has a controlling financial interest. The accompanying unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation.

As permitted under U.S. GAAP, certain footnotes or other financial information can be condensed or omitted in the interim condensed consolidated financial statements. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in NASDAQ OMX's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Certain prior period amounts have been reclassified to conform to the current period presentation.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

We have evaluated subsequent events through the issuance date of this Quarterly Report on Form 10-Q.

Tax Matters

We use the asset and liability method to determine income taxes on all transactions recorded in the condensed consolidated financial statements. Deferred tax assets and liabilities are determined based on differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities (i.e., temporary differences) and are measured at the enacted rates that will be in effect when these differences are realized. If necessary, a valuation allowance is established to reduce deferred tax assets to the amount that is more likely than not to be realized.

In order to recognize and measure our unrecognized tax benefits, management determines whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the recognition thresholds, the position is measured to determine the amount of benefit to be recognized in the condensed consolidated financial statements. Interest and/or penalties related to income tax matters are recognized in income tax expense.

As shown in the Condensed Consolidated Statements of Comprehensive Income, the income tax benefit in the second quarter and first six months of 2013 was impacted due to an assertion made by NASDAQ OMX to permanently reinvest the earnings of certain foreign subsidiaries. As a result of this assertion, adjustments were made to our deferred tax balances relating to cumulative translation adjustments pertaining to these subsidiaries.

NASDAQ OMX and its eligible subsidiaries file a consolidated U.S. federal income tax return and applicable state and local income tax returns and non-U.S. income tax returns. Federal income tax returns for the years 2007 through 2010 are currently under audit by the Internal Revenue Service and we are subject to examination for 2011 and 2012. Several state tax returns are currently under examination by the respective tax authorities for the years 2005 through 2012. Non-U.S. tax returns are subject to examination by the respective tax authorities for the years 2006 through 2012. We anticipate that the amount of unrecognized tax benefits at June 30, 2014 will significantly decrease in the next twelve months as we expect to settle certain tax audits. The final outcome of such audits cannot yet be determined. We anticipate that such adjustments will not have a material impact on our consolidated financial position or results of operations.

In the fourth quarter of 2010, we received an appeal from the Finnish Tax Authority challenging certain interest expense deductions claimed by NASDAQ OMX in Finland for the year 2008. The appeal also demanded certain penalties be paid with regard to the company's tax return filing position. In October 2012, the Finnish Appeals Board disagreed with the company's tax return filing position for years 2009 through 2011, even though the tax return position with respect to this deduction was previously reviewed and approved by the Finnish Tax Authority. In June 2014, the Finnish Administrative Court also disagreed with the company's tax return filing position. Through June 30, 2014, we have recorded tax benefits of \$21 million associated with this filing position. Of this amount we have paid \$12 million to the Finnish tax authorities. We have also paid \$11 million in interest and penalties. In 2014, we will pay \$9 million, which represents the benefit taken in 2013 and the first six months of 2014. We expect the Finnish Supreme Administrative Court to agree with our position, which would result in an expected refund to NASDAQ OMX of \$32 million.

From 2009 through 2012, we recorded tax benefits associated with certain interest expense incurred in Sweden. Our position is supported by a 2011 ruling we received from the Swedish Supreme Administrative Court. However, under new legislation effective January 1, 2013, limitations are imposed on certain forms of interest expense. Because this legislation is unclear with regard to our ability to continue to claim such interest deductions, NASDAQ OMX filed an application for an advance tax ruling with the Swedish Tax Council for Advance Tax Rulings. In June 2014, we received an unfavorable ruling from the Swedish Tax Council for Advance Tax Rulings. We will appeal this ruling to the Swedish Supreme Administrative Court. We expect to receive a favorable decision from the Swedish Supreme Administrative Court. Since January 1, 2013, we have recorded tax benefits of \$24 million, or \$0.14 per diluted share, related to this matter. We expect to record recurring quarterly tax benefits of \$4 million to \$5 million with respect to this issue for the foreseeable future.

In December 2012, the Swedish Tax Agency approved our 2010 amended value added tax, or VAT, tax return and we received a cash refund for the amount claimed. In 2013, we filed VAT tax returns for 2011 and 2012 and utilized the same approach which was approved for the 2010 filing. However, even though the VAT return position was previously reviewed and approved by the Swedish Tax Agency, we were informed by the Swedish Tax Agency that our VAT refund claims for 2011 and 2012 are not valid. However, they will not seek reimbursement of the 2010 refund. We have appealed the finding by the Swedish Tax Agency to the Administrative Court. For the period January 1, 2011 through June 30, 2014, we have recorded benefits of \$16 million associated with this position.

Recently Announced Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2014-09, "Revenue from Contracts with Customers (Topic 606)," which supercedes the revenue recognition guidance in Accounting Standards Codification, or ASC, 605, "Revenue Recognition." The new revenue recognition standard sets forth a five-step revenue recognition model to determine when and how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration it expects to receive in exchange for those goods or services. The standard also requires more detailed disclosures. The standard provides alternative methods of initial adoption and is effective for us on January 1, 2017. Early adoption is not permitted. We are currently assessing the impact that this standard will have on our consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. Under the new guidance, only disposals representing a strategic shift in operations that have or will have a major effect on an entity's operations and financial results should be presented as discontinued operations. This guidance is effective for us on January 1,

2015. Early adoption is permitted provided that the disposal was not previously disclosed. We will prospectively apply this new standard to applicable transactions.

3. Restructuring Charges

During the first quarter of 2012, we performed a comprehensive review of our processes, organizations and systems in a company-wide effort to improve performance, cut costs, and reduce spending. This restructuring program was completed in the first quarter of 2013.

The following table presents a summary of restructuring charges in the Condensed Consolidated Statements of Income for the six months ended June 30, 2013:

	Six Months Ended June 30,	
	2013	
	(in millions)	
Severance	\$	6
Facilities-related		1
Asset impairments		1
Other		1
Total restructuring charges	\$	9

During the first six months of 2013, we recognized restructuring charges totaling \$9 million, including severance costs of \$6 million related to workforce reductions of 31 positions across our organization, \$1 million for facilities-related charges related to lease rent accruals for facilities we no longer occupy due to facilities consolidation, \$1 million for asset impairments, primarily consisting of fixed assets and capitalized software that have been retired, and \$1 million of other charges.

Restructuring Reserve

Severance

The accrued severance balance was \$3 million at December 31, 2013 and is included in other current liabilities in the Condensed Consolidated Balance Sheets. The accrued severance balance as of December 31, 2013 was paid during the first quarter of 2014.

Facilities-related

Facilities-related reserves are calculated using a present value of future minimum lease payments, offset by an estimate for future sublease income. The facilities-related reserve balance was \$1 million at December 31, 2013. The majority of the facilities-related reserve balance as of December 31, 2013 was utilized during the first quarter of 2014.

4. Acquisitions

We completed the following acquisitions in 2014 and 2013. Financial results of each transaction are included in our Condensed Consolidated Statements of Income from the dates of each acquisition.

2014 Acquisition

On March 31, 2014, we completed the acquisition of the remaining 28% ownership interest in B Wise Beheer B.V. and its subsidiaries, or B Wise, a Netherlands-based service provider that offers enterprise governance, risk management and compliance software and services to help companies track, measure and manage key organizational risks. B Wise is part of our Market Technology business within our Technology Solutions segment.

2013 Acquisitions

	Purchase Consideration	Total Net Assets (Liabilities) Acquired	Purchased Intangible Assets	Goodwill
	(in millions)			
eSpeed	\$ 1,239	\$ 5	\$ 715	\$ 519
TR Corporate Solutions businesses	366	(37)	91	312

Acquisition of eSpeed for Trading of U.S. Treasuries

On June 28, 2013, we acquired from BGC Partners, Inc. and certain of its affiliates, or BGC, certain assets and assumed certain liabilities, including 100% of the equity interests in eSpeed Technology Services, L.P., eSpeed Technology Services Holdings, LLC, Kleos Managed Services, L.P. and Kleos Managed Services Holdings, LLC; the eSpeed brand name; various assets comprising the fully electronic portion of BGC's benchmark U.S. Treasury brokerage, market data and co-location service businesses, or eSpeed, for \$1.2 billion. We acquired net assets, at fair value, totaling \$5 million and purchased intangible assets of \$715 million, which consisted of \$578 million for the eSpeed trade name, \$121 million in customer relationships and \$16 million in technology. The eSpeed businesses are part of our Market Services and Information Services segments.

The purchase price consisted of \$755 million in cash and contingent future annual issuances of 992,247 shares of NASDAQ OMX common stock, which approximated certain tax benefits associated with the transaction of \$484 million. Such contingent future issuances of NASDAQ OMX common stock will be paid ratably through 2027 if NASDAQ OMX's total gross revenues equal or exceed \$25 million in each such year. The contingent future issuances of NASDAQ OMX common stock are subject to anti-dilution protections and acceleration upon certain events.

We finalized the allocation of the purchase price for eSpeed in the second quarter of 2014. There were no adjustments to the provisional values for this acquisition during the first six months of 2014.

Acquisition of the Investor Relations, Public Relations and Multimedia Solutions Businesses of Thomson Reuters

On May 31, 2013, we acquired from Thomson Reuters their Investor Relations, Public Relations and Multimedia Solutions businesses, or the TR Corporate Solutions businesses, which provide insight, analytics and communications solutions, for \$390 million (\$366 million cash paid plus \$24 million in working capital adjustments). We acquired net liabilities, at fair value, totaling \$37 million and purchased intangible assets of \$91 million, which consisted of \$89 million in customer relationships and \$2 million in technology. The TR Corporate Solutions businesses are part of our Corporate Solutions business within our Technology Solutions segment.

We finalized the allocation of the purchase price for the TR Corporate Solutions businesses in the second quarter of 2014. There were no adjustments to the provisional values for this acquisition during the first six months of 2014.

In the first quarter of 2014, we performed a review of our legacy Corporate Solutions' technology platforms in an effort to leverage our scale and expertise as well as improve the efficiencies that we deliver to our customers and reduce our costs. This review resulted in the consolidation and retirement of several technology platforms, resulting in a charge of \$18 million in the first quarter of 2014. In addition, other merger costs of \$19 million relating to our acquisition of the TR Corporate Solutions businesses were recorded in the first six months of 2014. These charges are included in merger and strategic initiatives expense in the Condensed Consolidated Statements of Income.

Formation of The NASDAQ Private Market Joint Venture

In March 2013, we formed a joint venture with SharesPost, Inc. creating NPM, a marketplace for private growth companies. We own a majority interest in NPM, combining NASDAQ OMX's resources, market and operating expertise with SharesPost's web-based platform. NPM launched in March 2014 and is part of our U.S. Listing Services business within our Listing Services segment.

We finalized the allocation of the purchase price for NPM in the first quarter of 2014. There were no adjustments to the provisional values for this acquisition during the first quarter of 2014.

EMCF and EuroCCP Merger

In December 2013, European Multilateral Clearing Facility N.V., or EMCF, merged with EuroCCP, creating EuroCCP N.V., a new combined clearinghouse. In connection with the merger, NASDAQ OMX purchased an additional ownership interest in EuroCCP N.V. for an immaterial amount. NASDAQ OMX previously had a 22% equity interest in EMCF and, upon completion of the merger, currently has a 25% equity interest in EuroCCP N.V. We account for our investment in EuroCCP N.V. under the equity method of accounting and this investment is part of our Market Services segment. See "Equity Method Investments," of Note 6, "Investments," for further discussion of our equity method investments.

Acquisition of Dutch Cash Equities and Equity Derivatives Trading Venue

In April 2013, we acquired a 25% equity interest in The Order Machine, or TOM, a Dutch cash equities and equity derivatives trading venue, for an immaterial amount. The terms of the transaction also provide us an option to acquire an additional 25.1% of the remaining shares at a future date. This transaction expanded our derivatives presence in Europe and this investment is part of our Market Services segment. We account for our investment in TOM under the equity method of accounting. See "Equity Method Investments," of Note 6, "Investments," for further discussion of our equity method investments.

Pro Forma Results and Acquisition-related Costs

Pro forma financial results for the acquisitions completed in 2013 have not been presented since these acquisitions, both individually and in the aggregate, were not material to our financial results.

Acquisition-related costs for the transactions described above were expensed as incurred and are included in merger and strategic initiatives expense in the Condensed Consolidated Statements of Income.

5. Goodwill and Purchased Intangible Assets

Goodwill

The following table presents the changes in goodwill by business segment during the six months ended June 30, 2014:

	Market Services	Listing Services	Information Services	Technology Solutions	Total
	(in millions)				
Balance at December 31, 2013	\$ 3,433	\$ 136	\$ 2,019	\$ 598	\$ 6,186
Goodwill acquired	-	-	-	-	-
Foreign currency translation adjustment	(66)	(1)	(39)	(12)	(118)
Balance at June 30, 2014	\$ 3,367	\$ 135	\$ 1,980	\$ 586	\$ 6,068

As of June 30, 2014, the amount of goodwill that is expected to be deductible for tax purposes in future periods is \$844 million, of which \$484 million is related to our acquisition of eSpeed and \$289 million is related to our acquisition of the TR Corporate Solutions businesses.

Goodwill represents the excess of the purchase price over the value assigned to the net tangible and identifiable intangible assets of a business acquired. Goodwill is allocated to our reporting units based on the assignment of the fair values of each reporting unit of the acquired company. We perform an annual goodwill impairment test during the fourth quarter of our fiscal year using carrying amounts as of October 1. Should certain events or indicators of impairment occur between annual impairment tests, we will perform the impairment test as those events or indicators occur. We assess goodwill impairment at the reporting unit level. There was no impairment of goodwill for the six months ended June 30, 2014 and 2013, however, events such as economic weakness or unexpected significant declines in operating results of a reporting unit may result in goodwill impairment charges in the future.

Purchased Intangible Assets

The following table presents details of our total purchased intangible assets, both finite- and indefinite-lived:

	June 30, 2014				December 31, 2013			
	Gross Amount	Accumulated Amortization	Net Amount	Weighted-Average Useful Life (in Years)	Gross Amount	Accumulated Amortization	Net Amount	Weighted-Average Useful Life (in Years)
	(in millions)				(in millions)			
Finite-Lived Intangible Assets								
Technology	\$ 37	\$ (14)	\$ 23	5	\$ 39	\$ (12)	\$ 27	5
Customer relationships	1,075	(325)	750	19	1,075	(292)	783	19
Other	6	(3)	3	8	5	(3)	2	8
Foreign currency translation adjustment	(12)	4	(8)		3	-	3	
Total finite-lived intangible assets	\$ 1,106	\$ (338)	\$ 768		\$ 1,122	\$ (307)	\$ 815	
Indefinite-Lived Intangible Assets								
Exchange and clearing registrations	\$ 790	\$ -	\$ 790		\$ 790	\$ -	\$ 790	
Trade names	756	-	756		756	-	756	
Licenses	51	-	51		51	-	51	
Foreign currency translation adjustment	(52)	-	(52)		(26)	-	(26)	

Total indefinite-lived intangible assets	\$ 1,545	\$ -	\$ 1,545	\$ 1,571	\$ -	\$ 1,571
Total intangible assets	\$ 2,651	\$ (338)	\$ 2,313	\$ 2,693	\$ (307)	\$ 2,386

Amortization expense for purchased finite-lived intangible assets was \$18 million for the three months ended June 30, 2014, \$13 million for the three months ended June 30, 2013, \$36 million for the six months ended June 30, 2014, and \$26 million for the six months ended June 30, 2013.

The estimated future amortization expense (excluding the impact of foreign currency translation adjustment) of purchased finite-lived intangible assets as of June 30, 2014 is as follows:

	(in millions)	
2014 ⁽¹⁾	\$	35
2015		69
2016		67
2017		65
2018		61
2019 and thereafter		479
Total	\$	776

⁽¹⁾ Represents the estimated amortization to be recognized for the remaining six months of 2014.

Intangible Asset Impairment Charges

In the first quarter of 2013, we recorded non-cash intangible asset impairment charges totaling \$10 million related to certain acquired intangible assets associated with customer relationships (\$7 million) and a certain trade name (\$3 million). These impairments resulted primarily from changes in the forecasted revenues associated with the acquired customer list of FTEN, Inc., or FTEN. The fair value of customer relationships was determined using the income approach, specifically the multi-period excess earnings method. The fair value of the trade name was determined using the income approach, specifically the relief from royalty method. These charges are recorded in asset impairment charges in the Condensed Consolidated Statements of Income for the six months ended June 30, 2013. These impairment charges related to our Market Services segment.

6. Investments

Trading Securities

Trading securities, which are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets, were \$186 million as of June 30, 2014 and \$189 million as of December 31, 2013. These securities are primarily comprised of Swedish government debt securities, of which \$172 million as of June 30, 2014 and \$167 million as of December 31, 2013, are assets utilized to meet regulatory capital requirements primarily for our clearing operations at NASDAQ OMX Nordic Clearing.

Available-for-Sale Investment Securities

Available-for-sale investment securities, which are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets, were \$17 million as of June 30, 2014. There were no available-for-sale investment securities as of December 31, 2013. These securities are primarily comprised of short-term commercial paper. For both the three and six months ended June 30, 2014, the unrealized holding gain/(loss) associated with these available-for-sale investment securities was immaterial.

Equity Method Investments

The carrying amounts of our equity method investments totaled \$28 million as of June 30, 2014 and \$30 million as of December 31, 2013 and are included in other non-current assets in the Condensed Consolidated Balance Sheets. At June 30, 2014 and December 31, 2013, our equity method investments consisted primarily of our equity interests in EuroCCP N.V. and TOM. See "EMCF and EuroCCP Merger," and "Acquisition of Dutch Cash Equities and Equity Derivatives Trading Venue," of Note 4, "Acquisitions," for further discussion.

Income recognized from our equity interest in the earnings and losses of these equity method investments was immaterial for both the three and six months ended June 30, 2014 and 2013.

Cost Method Investments

The carrying amounts of our cost method investments totaled \$144 million as of June 30, 2014 and are included in other non-current assets in the Condensed Consolidated Balance Sheets. As of June 30, 2014, our cost method investments represent our 5%

ownership interest in Borsa Istanbul and our 5% ownership in LCH Clearent Group Limited, or LCH. As of December 31, 2013, our cost method investment totaled \$65 million and consisted of our 5% ownership interest in LCH. We account for these investments as cost method investments as we do not control and do not exercise significant influence over Borsa Istanbul or LCH and there is no readily determinable fair value of these shares since they are not publicly traded.

The Borsa Istanbul shares, which were issued to us in the first quarter of 2014, are part of the consideration to be received under a market technology agreement. This investment has a cost basis of \$75 million which is guaranteed to us via a put option negotiated as part of the market technology agreement.

7. Deferred Revenue

Deferred revenue represents consideration received that is yet to be recognized as revenue. At June 30, 2014, we estimate that our deferred revenue, which is primarily Listing Services and Technology Solutions revenues, will be recognized in the following years:

	<u>Initial Listing Revenues</u>	<u>Listing of Additional Shares Revenues</u>	<u>Annual Renewal and Other Revenues</u>	<u>Technology Solutions Revenues⁽²⁾</u>	<u>Total</u>
(in millions)					
Fiscal year ended:					
2014 ⁽¹⁾	\$ 7	\$ 18	\$ 98	\$ 57	\$ 180
2015	12	29	2	41	84
2016	10	20	-	30	60
2017	8	11	-	32	51
2018	6	2	-	34	42
2019 and thereafter	5	-	-	40	45
	<u>\$ 48</u>	<u>\$ 80</u>	<u>\$ 100</u>	<u>\$ 234</u>	<u>\$ 462</u>

⁽¹⁾ Represents deferred revenue that is anticipated to be recognized over the remaining six months of 2014.

⁽²⁾ The timing of recognition of our deferred Technology Solutions revenues is primarily dependent upon the completion of customization and any significant modifications made pursuant to existing Market Technology contracts and the timing of Corporate Solutions subscription-based contracts. As such, as it relates to Market Technology revenues, the timing represents our best estimate.

The changes in our deferred revenue during the six months ended June 30, 2014 and 2013 are reflected in the following table.

	<u>Initial Listing Revenues</u>	<u>Listing of Additional Shares Revenues</u>	<u>Annual Renewal and Other Revenues</u>	<u>Technology Solutions Revenues⁽²⁾</u>	<u>Total</u>
(in millions)					
Balance at January 1, 2014	\$ 41	\$ 75	\$ 20	\$ 158	\$ 294
Additions ⁽¹⁾	13	25	201	320	559
Amortization ⁽¹⁾	(6)	(20)	(120)	(239)	(385)
Translation adjustment	-	-	(1)	(5)	(6)
Balance at June 30, 2014	<u>\$ 48</u>	<u>\$ 80</u>	<u>\$ 100</u>	<u>\$ 234</u>	<u>\$ 462</u>
Balance at January 1, 2013	\$ 36	\$ 78	\$ 32	\$ 149	\$ 295
Additions ⁽¹⁾	8	18	190	63	279
Amortization ⁽¹⁾	(7)	(20)	(118)	(57)	(202)
Translation adjustment	-	-	(6)	2	(4)
Balance at June 30, 2013	<u>\$ 37</u>	<u>\$ 76</u>	<u>\$ 98</u>	<u>\$ 157</u>	<u>\$ 368</u>

⁽¹⁾ The additions and amortization for initial listing revenues, listing of additional shares revenues and annual renewal and other revenues primarily reflect revenues from our U.S. listing services business. The additions to Technology Solutions revenues during the six months ended June 30, 2014 include \$75 million related to the Borsa Istanbul market technology agreement. See “Cost Method Investments,” of Note 6, “Investments,” for further discussion.

⁽²⁾ Technology Solutions deferred revenues primarily include revenues from our Market Technology delivered client contracts in the support phase charged during the period and our Corporate Solutions subscription based contracts, which are primarily billed quarterly in advance. For our Market Technology contracts, where customization and significant modifications to the software are made to meet the needs of our customers, total revenues, as well as costs incurred, are deferred until significant modifications are completed and delivered. Once delivered, deferred revenue and the related deferred costs are recognized over the post contract support period. For these Market Technology contracts, we have included the deferral of costs in other current assets and other non-current assets in the Condensed Consolidated Balance Sheets. The amortization of Technology Solutions

deferred revenue primarily includes revenues earned from Market Technology client contracts and Corporate Solutions subscription based contracts recognized during the period.

8. Debt Obligations

The following table presents the changes in the carrying amount of our debt obligations during the six months ended June 30, 2014:

	December 31, 2013	Additions	Payments, Accretion and Other	June 30, 2014
	(in millions)			
4.00% senior unsecured notes repaid June 18, 2014 ⁽¹⁾	\$ 400	\$ -	\$ (400)	\$ -
5.55% senior unsecured notes due January 15, 2020 (net of discount) ⁽¹⁾	598	-	1	599
5.25% senior unsecured notes due January 16, 2018 (net of discount) ⁽¹⁾	368	-	-	368
3.875% senior unsecured notes due June 7, 2021 (net of discount) ⁽¹⁾	824	-	(4)	820
4.25% senior unsecured notes due June 1, 2024 (net of discount) ⁽¹⁾	-	498	-	498
\$1.2 billion senior unsecured five-year credit facility⁽²⁾:				
\$450 million senior unsecured term loan facility credit agreement due September 19, 2016 (average interest rate of 1.53% for the period January 1, 2014 through June 30, 2014)	349	-	(226)	123
\$750 million revolving credit commitment due September 19, 2016 (average interest rate of 1.34% for the period January 1, 2014 through June 30, 2014)	95	25	(120)	-
Total debt obligations	2,634	523	(749)	2,408
Less current portion	(45)	-	45	-
Total long-term debt obligations	\$ 2,589	\$ 523	\$ (704)	\$ 2,408

⁽¹⁾ See "Senior Unsecured Notes" below for further discussion.

⁽²⁾ See "2011 Credit Facility" below for further discussion.

Senior Unsecured Notes

4.00% and 5.55% Senior Unsecured Notes

In January 2010, NASDAQ OMX issued \$1 billion of senior unsecured notes, or the Notes. The Notes were issued at a discount in two separate series consisting of \$400 million aggregate principal amount of 4.00% senior notes due 2015, or the 2015 Notes, and \$600 million aggregate principal amount of 5.55% senior notes due 2020, or the 2020 Notes. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amounts. We repaid the outstanding balance on the 2015 Notes in June 2014. See "Early Extinguishment of 2015 Notes" below for further discussion.

Early Extinguishment of 2015 Notes

In May 2014, NASDAQ OMX issued \$500 million of 4.25% senior unsecured notes due June 1, 2024, or the 2024 Notes. For further discussion of the 2024 Notes see "4.25% Senior Unsecured Notes" below. In June 2014, we used the majority of the net proceeds from the 2024 Notes, along with cash on hand, to repay in full and terminate our 2015 Notes and repay a portion of the term loan under our senior credit facility. See "4.25% Senior Unsecured Notes" and "2011 Credit Facility" below for further discussion. In connection with the early extinguishment of the 2015 Notes, we recorded a pre-tax charge of \$9 million which is included in general, administrative and other expense in the Condensed Consolidated Statements of Income for the three and six months ended June 30, 2014.

2020 Notes

As of June 30, 2014, the balance of \$599 million for the 2020 Notes reflects the aggregate principal amount, less the unamortized debt discount. The unamortized debt discount will be accreted through interest expense over the life of the 2020 Notes.

The 2020 Notes pay interest semiannually at a rate of 5.55% per annum until January 15, 2020. The 2020 Notes are general unsecured obligations of ours and rank equally with all of our existing and future unsubordinated obligations. The 2020 Notes are not

guaranteed by any of our subsidiaries and were issued under indentures that, among other things, limit our ability to consolidate, merge or sell all or substantially all of our assets, create liens, and enter into sale and leaseback transactions.

Debt Issuance Costs

We incurred debt issuance and other costs of \$5 million in connection with the issuance of the 2020 Notes. These costs, which are capitalized and included in other non-current assets in the Condensed Consolidated Balance Sheets, are being amortized over the life of this debt obligation. Amortization expense, which is recorded as additional interest expense for these costs, was immaterial for both the three and six months ended June 30, 2014 and 2013.

5.25% Senior Unsecured Notes

In December 2010, NASDAQ OMX issued \$370 million of 5.25% senior unsecured notes due January 16, 2018, or the 2018 Notes. The 2018 Notes were issued at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of June 30, 2014, the balance of \$368 million reflects the aggregate principal amount, less the unamortized debt discount. The unamortized debt discount will be accreted through interest expense over the life of the 2018 Notes.

The 2018 Notes pay interest semiannually at a rate of 5.25% per annum until January 16, 2018 and such rate may vary with NASDAQ OMX's debt rating up to a rate not to exceed 7.25%. The 2018 Notes are general unsecured obligations of ours and rank equally with all of our existing and future unsubordinated obligations. They are not guaranteed by any of our subsidiaries. The 2018 Notes were issued under indentures that among other things, limit our ability to consolidate, merge or sell all or substantially all of our assets, create liens, and enter into sale and leaseback transactions. In addition, upon a change of control triggering event (as defined in the indenture), the terms require us to repurchase all or part of each holder's notes for cash equal to 101% of the aggregate principal amount purchased plus accrued and unpaid interest, if any.

Debt Issuance Costs

We incurred debt issuance and other costs of \$3 million in connection with the issuance of the 2018 Notes. These costs, which are capitalized and included in other non-current assets in the Condensed Consolidated Balance Sheets, are being amortized over the life of this debt obligation. Amortization expense, which is recorded as additional interest expense for these costs, was immaterial for both the three and six months ended June 30, 2014 and 2013.

3.875% Senior Unsecured Notes

In June 2013, NASDAQ OMX issued €600 million aggregate principal amount of 3.875% senior unsecured notes due June 2021, or the 2021 Notes, at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of June 30, 2014, the balance of \$820 million reflects the aggregate principal amount, less the unamortized debt discount. The unamortized debt discount will be accreted through interest expense over the life of the 2021 Notes.

The 2021 Notes pay interest annually at a rate of 3.875% per annum until June 7, 2021 and such rate may vary with NASDAQ OMX's debt rating up to a rate not to exceed 5.875%. The 2021 Notes are general unsecured obligations of ours and rank equally with all of our existing and future unsubordinated obligations. They are not guaranteed by any of our subsidiaries. The 2021 Notes were issued under indentures that among other things, limit our ability to consolidate, merge or sell all or substantially all of our assets, create liens, and enter into sale and leaseback transactions. In addition, upon a change of control triggering event (as defined in the indenture), the terms require us to repurchase all or part of each holder's notes for cash equal to 101% of the aggregate principal amount purchased plus accrued and unpaid interest, if any.

The 2021 Notes have been designated as a hedge of our net investment in certain foreign subsidiaries to mitigate the foreign exchange risk associated with certain investments in these subsidiaries. The decrease in the carrying amount of \$4 million for the six months ended June 30, 2014 reflects the translation of the 2021 Notes into U.S. dollars and is recorded in accumulated other comprehensive loss.

We used the majority of the net proceeds from the offering of the 2021 Notes to fund the cash consideration payable by us for the acquisition of eSpeed and related expenses. We used the remaining proceeds for general corporate purposes. See "Acquisition of eSpeed for Trading of U.S. Treasuries," of Note 4, "Acquisitions," for further discussion of our acquisition of eSpeed.

Debt Issuance Costs

We incurred debt issuance and other costs of \$7 million in connection with the issuance of the 2021 Notes. These costs, which are capitalized and included in other non-current assets in the Condensed Consolidated Balance Sheets, are being amortized over the life of this debt obligation. Amortization expense, which is recorded as additional interest expense for these costs, was immaterial for both the three and six months ended June 30, 2014 and 2013.

4.25% Senior Unsecured Notes

As discussed above in “Early Extinguishment of 2015 Notes,” in May 2014, NASDAQ OMX issued the 2024 Notes. The 2024 Notes were issued at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of June 30, 2014, the balance of \$498 million reflects the aggregate principal amount, less the unamortized debt discount. The unamortized debt discount will be accreted through interest expense over the life of the 2024 Notes.

The 2024 Notes pay interest semiannually at a rate of 4.25% per annum until June 1, 2024 and such rate may vary with NASDAQ OMX’s debt rating up to a rate not to exceed 6.25%. The 2024 Notes are general unsecured obligations of ours and rank equally with all of our existing and future unsubordinated obligations. They are not guaranteed by any of our subsidiaries. The 2024 Notes were issued under indentures that among other things, limit our ability to consolidate, merge or sell all or substantially all of our assets, create liens, and enter into sale and leaseback transactions. In addition, upon a change of control triggering event (as defined in the indenture), the terms require us to repurchase all or part of each holder’s notes for cash equal to 101% of the aggregate principal amount purchased plus accrued and unpaid interest, if any.

We used the majority of the net proceeds from the offering of the 2024 Notes, along with cash on hand, to repay in full and terminate our 2015 Notes and repay a portion of the term loan under our senior credit facility. See “Early Extinguishment of 2015 Notes” above and “2011 Credit Facility” below for further discussion.

Debt Issuance Costs

We incurred debt issuance and other costs of \$4 million in connection with the issuance of the 2024 Notes. These costs, which are capitalized and included in other non-current assets in the Condensed Consolidated Balance Sheets, are being amortized over the life of this debt obligation. Amortization expense, which is recorded as additional interest expense for these costs, was immaterial for both the three and six months ended June 30, 2014.

Credit Facilities

2011 Credit Facility

In September 2011, NASDAQ OMX entered into a \$1.2 billion senior unsecured five-year credit facility which matures on September 19, 2016, or the 2011 Credit Facility. The 2011 Credit Facility consists of a \$450 million funded term loan, or the 2016 Term Loan, and a \$750 million revolving credit commitment (including a swingline facility and letter of credit facility). NASDAQ OMX applied the \$450 million in proceeds from the 2016 Term Loan to repay in full the remaining \$450 million principal amount outstanding on our former credit facility. Under the 2011 Credit Facility, we are required to pay quarterly principal payments equal to 2.50% of the original aggregate principal amount borrowed under the 2016 Term Loan. In the first six months of 2014, we made payments of \$226 million consisting of a required quarterly principal payment of \$22 million and an optional prepayment of \$204 million on our 2016 Term Loan, reflecting all mandatory principal payments required until maturity in September 2016. We utilized cash on hand and borrowings from our 2024 Notes to pay the required payment and optional prepayment. See “4.25% Senior Unsecured Notes” above for further discussion.

In the first six months of 2014, we borrowed \$25 million under the revolving credit commitment and utilized the proceeds for general corporate purposes. During the first six months of 2014, we repaid the total amount drawn on the revolving credit commitment of \$120 million. As of June 30, 2014, availability under the revolving credit commitment was \$750 million.

The loans under the 2011 Credit Facility have a variable interest rate based on either the London Interbank Offered Rate, or LIBOR, or the Federal Funds Rate, plus an applicable margin that varies with NASDAQ OMX’s debt rating.

The 2011 Credit Facility contains financial and operating covenants. Financial covenants include an interest expense coverage ratio and a maximum leverage ratio. Operating covenants include limitations on NASDAQ OMX’s ability to incur additional indebtedness, grant liens on assets, enter into affiliate transactions and pay dividends. Our credit facilities allow us to pay cash dividends on our common stock as long as certain leverage ratios are maintained. The 2011 Credit Facility also contains customary affirmative covenants, including access to financial statements, notice of defaults and certain other material events, maintenance of business and insurance, and events of default, including cross-defaults to our material indebtedness.

NASDAQ OMX is permitted to repay borrowings under the 2011 Credit Facility at any time in whole or in part, without penalty. We are also required to repay loans outstanding under the 2011 Credit Facility with net cash proceeds from sales of property and assets of NASDAQ OMX and its subsidiaries (excluding inventory sales and other sales in the ordinary course of business) and casualty and condemnation proceeds, in each case subject to specified exceptions and thresholds.

Debt Issuance Costs

We incurred debt issuance and other costs of \$5 million in connection with the entry into the 2011 Credit Facility. These costs, which are capitalized and included in other non-current assets in the Condensed Consolidated Balance Sheets, are being amortized over the life of the 2011 Credit Facility. Amortization expense, which is recorded as additional interest expense for these costs, was immaterial for both the three and six months ended June 30, 2014 and 2013.

Other Credit Facilities

In addition to the revolving credit commitment under our 2011 Credit Facility discussed above, we have credit facilities related to our Nordic clearing operations in order to provide further liquidity and default protection. At June 30, 2014, these credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$317 million (\$227 million in available liquidity and \$90 million for default protection), none of which was utilized. At December 31, 2013, these facilities totaled \$312 million (\$219 million in available liquidity and \$93 million for default protection), of which \$11 million was utilized.

Debt Covenants

At June 30, 2014, we were in compliance with the covenants of all of our debt obligations.

9. Employee Benefits**U.S. Defined-Benefit Pension and Supplemental Executive Retirement Plans**

We maintain non-contributory, defined-benefit pension plans, non-qualified supplemental executive retirement plans, or SERPs, for certain senior executives and post-retirement benefit plans for eligible employees in the U.S., collectively referred to as the NASDAQ OMX Benefit Plans.

Our pension plans and SERPs are frozen. Future service and salary for all participants do not count toward an accrual of benefits under the pension plans and SERPs.

Components of Net Periodic Benefit Cost

The following table sets forth the components of net periodic pension, SERP and post-retirement benefits costs from the NASDAQ OMX Benefit Plans recognized in compensation and benefits expense in the Condensed Consolidated Statements of Income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in millions)			
Components of net periodic benefit cost				
Interest cost	\$ 1	\$ 1	\$ 3	\$ 3
Expected return on plan assets	(1)	(1)	(3)	(3)
Recognized net actuarial loss	-	1	1	2
Curtailment loss	-	1	-	1
Net periodic benefit cost	\$ -	\$ 2	\$ 1	\$ 3

Non-U.S. Benefit Plans

Most employees outside the U.S. are covered by local retirement plans or by applicable social laws. Benefits under social laws are generally expensed in the periods in which the costs are incurred. These costs are included in compensation and benefits expense in the Condensed Consolidated Statements of Income and were \$5 million for both the three months ended June 30, 2014 and 2013, and \$10 million for both the six months ended June 30, 2014 and 2013.

U.S. Defined Contribution Savings Plan

We sponsor a voluntary defined contribution savings plan, or 401(k) Plan, for U.S. employees. Employees are immediately eligible to make contributions to the plan and are also eligible for an employer contribution match at an amount equal to 100.0% of the first 6.0% of eligible employee contributions in 2014 and the first 4.0% of eligible employee contributions in 2013. Savings plan expense included in compensation and benefits expense in the Condensed Consolidated Statements of Income was \$2 million for the three months ended June 30, 2014, \$1 million for the three months ended June 30, 2013, \$5 million for the six months ended June 30, 2014, and \$3 million for the six months ended June 30, 2013.

We have a profit-sharing contribution feature to our 401(k) Plan which allows eligible U.S. employees to receive employer retirement contributions, or ERCs, when we meet our annual corporate goals. In addition, we have a supplemental ERC for select highly compensated employees whose ERCs are limited by the annual Internal Revenue Service compensation limit. ERC expense recorded in compensation and benefits expense in the Condensed Consolidated Statements of Income was \$1 million for the three months ended June 30, 2014, immaterial for the three months ended June 30, 2013, and \$1 million for both the six months ended June 30, 2014 and 2013.

In December 2013, we announced changes to the ERC program. In 2014, we reduced the basic ERC contribution for all plan participants and, effective January 1, 2015, the ERC plan will be discontinued and no future contributions will be made.

Employee Stock Purchase Plan

We have an employee stock purchase plan, or ESPP, under which approximately 2.9 million shares of our common stock have been reserved for future issuance as of June 30, 2014.

Our ESPP allows eligible U.S. and non-U.S. employees to purchase a limited number of shares of our common stock at six-month intervals, called offering periods, at 85.0% of the lower of the fair market value on the first or the last day of each offering period. The 15.0% discount given to our employees is included in compensation and benefits expense in the Condensed Consolidated Statements of Income and was \$1 million for the three months ended June 30, 2014, immaterial for the three months ended June 30, 2013, \$2 million for the six months ended June 30, 2014, and \$1 million for the six months ended June 30, 2013.

10. Share-Based Compensation

We have a share-based compensation program that provides our board of directors broad discretion in creating employee equity incentives. Share-based awards, or equity awards, granted under this program include stock options, restricted stock (consisting of restricted stock units), and performance share units, or PSUs. Grants of equity awards are designed to reward employees for their long-term contributions and provide incentives for them to remain with us. For accounting purposes, we consider PSUs to be a form of restricted stock.

Restricted stock is generally time-based and vests over three- to five-year periods beginning on the date of the grant. Stock options are also generally time-based and expire ten years from the grant date. Stock option and restricted stock awards granted prior to 2014 generally included performance-based accelerated vesting features based on achievement of specific levels of corporate performance. If NASDAQ OMX exceeded the applicable performance parameters, the grants vest on the third anniversary of the grant date, if NASDAQ OMX meets the applicable performance parameters, the grants vest on the fourth anniversary of the grant date, and if NASDAQ OMX does not meet the applicable performance parameters, the grants vest on the fifth anniversary of the grant date. Beginning in 2014, restricted stock awards granted vest 25% on the second anniversary of the grant date, 25% on the third anniversary of the grant date, and 50% on the fourth anniversary of the grant date.

PSUs are based on performance measures that impact the amount of shares that each recipient will receive upon vesting. PSUs are granted at the fair market value of our stock on the grant date and compensation cost is recognized over the performance period and, in certain cases, an additional vesting period. For each grant of PSUs, an employee may receive from 0% to 150% of the target amount granted, depending on the achievement of performance measures. We report the target number of PSUs granted, unless we have determined that it is more likely than not, based on the actual achievement of performance measures, that an employee will receive a different amount of shares underlying the PSUs, in which case we report the amount of shares the employee is likely to receive.

We also have a performance-based long-term incentive program for our chief executive officer, co-presidents, executive vice presidents and senior vice presidents that focuses on total shareholder return, or TSR. This program represents 100% of our chief executive officer's, co-presidents' and executive vice presidents' long-term stock-based compensation and 50% of our senior vice presidents' long-term stock-based compensation. Under the program, each individual receives PSUs with a three-year cumulative performance period that vest at the end of the performance period. Performance will be determined by comparing NASDAQ OMX's TSR to two peer groups, each weighted 50%. The first peer group consists of exchange companies, and the second peer group consists of all companies in the Standard & Poor's 500 Index, or S&P 500. NASDAQ OMX's relative performance ranking against each of these groups will determine the final number of shares delivered to each individual under the program. The payout under this program will be between 0% and 200% of the number of PSUs granted and will be determined by NASDAQ OMX's overall performance against both peer groups. However, if NASDAQ OMX's TSR is negative for the three-year performance period, regardless of TSR ranking, the payout will not exceed 100% of the number of PSUs granted. We estimate the fair value of PSU's granted under the TSR program using the Monte Carlo simulation model, as these awards contain a market condition. The following weighted-average assumptions were used to determine the weighted-average fair value of the PSU awards granted under the TSR program for the six months ended June 30, 2014:

	Six Months Ended June 30,	
	2014	
Weighted-average risk free interest rate		0.79%
Expected volatility ⁽¹⁾		29.1%
Weighted-average fair value at grant date	\$	43.13

⁽¹⁾ We use historic volatility for PSU awards issued under the TSR program, as implied volatility cannot be used when simulating multivariate prices for companies in the S&P 500.

Summary of 2014 Equity Awards

In March 2014, we granted restricted stock to most active employees. During the first six months of 2014, certain officers received grants of 812,985 PSUs. Of these PSUs granted, 548,524 units are subject to the performance measures and vesting schedules of the TSR program as discussed above, and the remaining 264,461 units are subject to a one-year performance period and generally vest ratably on an annual basis from December 31, 2015 through December 31, 2017. See “Summary of Restricted Stock and PSU Activity” below for further discussion.

During 2013, certain grants of PSUs with a one-year performance period exceeded the applicable performance parameters. As a result, an additional 64,330 units were considered granted in the first quarter of 2014.

Common Shares Available Under Our Equity Plan

As of June 30, 2014, we had approximately 7.2 million shares of common stock authorized for future issuance pursuant to NASDAQ OMX’s Equity Incentive Plan.

Summary of Share-Based Compensation Expense

The following table shows the total share-based compensation expense resulting from equity awards and the 15.0% discount for the ESPP for the three and six months ended June 30, 2014 and 2013 in the Condensed Consolidated Statements of Income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in millions)			
Share-based compensation expense before income taxes	\$ 16	\$ 9	\$ 30	\$ 18
Income tax benefit	(6)	(4)	(12)	(7)
Share-based compensation expense after income taxes	\$ 10	\$ 5	\$ 18	\$ 11

We estimated the fair value of stock option awards using the Black-Scholes valuation model. No stock option awards were granted during the three and six months ended June 30, 2014 or 2013.

Summary of Stock Option Activity

A summary of stock option activity for the six months ended June 30, 2014 is as follows:

	Number of Stock Options ⁽¹⁾	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			(in years)	(in millions)
Outstanding at January 1, 2014	4,926,522	\$ 25.21	4.97	\$ 73
Exercised	(694,914)	18.81		
Forfeited or expired	(29,005)	23.31		
Outstanding at June 30, 2014	4,202,603	\$ 26.29	4.41	\$ 53
Exercisable at June 30, 2014	4,188,474	\$ 26.31	4.40	\$ 52

⁽¹⁾ No stock option awards were granted during the three and six months ended June 30, 2014.

We received net cash proceeds of \$6 million from the exercise of 327,799 stock options for the three months ended June 30, 2014 and received net cash proceeds of \$13 million from the exercise of 694,914 stock options for the six months ended June 30, 2014. We received net cash proceeds of \$10 million from the exercise of 1,181,764 stock options for the three months ended June 30, 2013 and received net cash proceeds of \$15 million from the exercise of 1,559,189 stock options for the six months ended June 30, 2013. We present excess tax benefits from the exercise of stock options, if any, as financing cash flows.

The aggregate intrinsic value in the above table represents the total pre-tax intrinsic value (i.e., the difference between our closing stock price on June 30, 2014 of \$38.62 and the exercise price, times the number of shares) based on stock options with an exercise price less than NASDAQ OMX’s closing price of \$38.62 as of June 30, 2014, which would have been received by the option holders had the option holders exercised their stock options on that date. This amount can change based on the fair market value of our common stock. The total number of in-the-money stock options exercisable as of June 30, 2014 was 4.1 million.

As of June 30, 2013, 3.7 million outstanding stock options were exercisable and the weighted-average exercise price was \$24.88.

Total fair value of stock options vested was immaterial for both the three months ended June 30, 2014 and June 30, 2013, \$11 million for the six months ended June 30, 2014 and immaterial for the six months ended June 30, 2013. The total pre-tax intrinsic

value of stock options exercised was \$6 million for the three months ended June 30, 2014, \$27 million for the three months ended June 30, 2013, \$14 million for the six months ended June 30, 2014 and \$33 million for the six months ended June 30, 2013.

At June 30, 2014, total unrecognized compensation cost related to stock options is immaterial.

Summary of Restricted Stock and PSU Activity

The following table summarizes our restricted stock and PSU activity for the six months ended June 30, 2014:

	Restricted Stock		PSUs	
	Number of Awards	Weighted-Average Grant Date Fair Value	Number of Awards	Weighted-Average Grant Date Fair Value
Unvested balances at January 1, 2014	3,826,470	\$ 25.96	1,915,601	\$ 30.03
Granted	1,194,225 ⁽¹⁾	36.86	877,315 ⁽²⁾	40.53
Vested	(1,469,298)	23.06	(56,659)	25.28
Forfeited	(156,882)	28.53	(106,263)	30.16
Unvested balances at June 30, 2014	3,394,515	\$ 30.95	2,629,994	\$ 33.73

⁽¹⁾ Primarily reflects our company-wide equity grant issued in March 2014, as discussed above.

⁽²⁾ PSUs granted in 2014 reflect awards issued to certain officers, as described above.

At June 30, 2014, \$114 million of total unrecognized compensation cost related to restricted stock and PSUs is expected to be recognized over a weighted-average period of 1.8 years.

11. NASDAQ OMX Stockholders' Equity

Common Stock

At June 30, 2014, 300,000,000 shares of our common stock were authorized, 216,640,867 shares were issued and 168,588,156 shares were outstanding. The holders of common stock are entitled to one vote per share, except that our certificate of incorporation limits the ability of any person to vote in excess of 5.0% of the then-outstanding shares of NASDAQ OMX common stock. This limitation does not apply to persons exempted from this limitation by our board of directors prior to the time such person owns more than 5.0% of the then-outstanding shares of NASDAQ OMX common stock.

Common Stock in Treasury, at Cost

We account for the purchase of treasury stock under the cost method with the shares of stock repurchased reflected as a reduction to NASDAQ OMX stockholders' equity and included in common stock in treasury, at cost in the Condensed Consolidated Balance Sheets. When treasury shares are reissued, they are recorded at the average cost of the treasury shares acquired. We held 48,052,711 shares of common stock in treasury as of June 30, 2014 and 45,062,071 shares as of December 31, 2013.

Share Repurchase Program

In the third quarter of 2012, our board of directors authorized the repurchase of up to \$300 million of our outstanding common stock. These purchases may be made from time to time at prevailing market prices in open market purchases, privately-negotiated transactions, block purchase techniques or otherwise, as determined by our management. The purchases are funded from existing cash balances. The share repurchase program may be suspended, modified or discontinued at any time.

During the first six months of 2014, we repurchased 2,557,920 shares of our common stock at an average price of \$36.46, for an aggregate purchase price of \$93 million. During the first six months of 2013, we repurchased 321,000 shares of our common stock at an average price of \$31.12, for an aggregate purchase price of \$10 million. The shares repurchased under the share repurchase program are available for general corporate purposes. As of June 30, 2014, the remaining amount authorized for share repurchases under the program authorized in the third quarter of 2012 was \$122 million.

Other Repurchases of Common Stock

During the six months ended June 30, 2014, we repurchased 590,310 shares of our common stock in settlement of employee tax withholding obligations due upon the vesting of restricted stock.

Preferred Stock

Our certificate of incorporation authorizes the issuance of 30,000,000 shares of preferred stock, par value \$0.01 per share, issuable from time to time in one or more series. At June 30, 2014, there were no preferred shares issued or outstanding. At December 31, 2013, 1,600,000 shares of series A convertible preferred stock were issued and none were outstanding.

Cash Dividends on Common Stock

During the six months ended June 30, 2014, our board of directors declared the following cash dividends:

Declaration Date	Dividend Per Common Share	Record Date	Total Amount ⁽¹⁾	Payment Date
			(in millions)	
January 30, 2014	\$ 0.13	March 14, 2014	\$ 22	March 28, 2014
March 26, 2014	\$ 0.15	June 13, 2014	\$ 25	June 27, 2014

⁽¹⁾ These amounts were recorded in retained earnings in the Condensed Consolidated Balance Sheets at June 30, 2014.

In July 2014, the board of directors declared a regular quarterly cash dividend of \$0.15 per share on our outstanding common stock. The dividend is payable on September 26, 2014 to shareholders of record at the close of business on September 12, 2014. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the board of directors.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in millions, except share and per share amounts)			
Numerator:				
Net income attributable to common shareholders	\$ 101	\$ 88	\$ 205	\$ 130
Denominator:				
Weighted-average common shares outstanding for basic earnings per share	169,337,630	166,371,840	169,488,176	166,039,406
Weighted-average effect of dilutive securities:				
Employee equity awards	3,135,006	3,771,134	3,617,041	3,860,175
Weighted-average common shares outstanding for diluted earnings per share	172,472,636	170,142,974	173,105,217	169,899,581
Basic and diluted earnings per share:				
Basic earnings per share	\$ 0.60	\$ 0.53	\$ 1.21	\$ 0.78
Diluted earnings per share	\$ 0.59	\$ 0.52	\$ 1.18	\$ 0.77

Stock options to purchase 4,202,603 shares of common stock and 6,024,509 shares of restricted stock and PSUs were outstanding at June 30, 2014. For the three months ended June 30, 2014, we included 4,067,186 of the outstanding stock options and 5,346,554 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. For the six months ended June 30, 2014, we included 4,069,186 of the outstanding stock options and 4,697,456 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted average basis, as their inclusion was dilutive. The remaining stock options and shares of restricted stock and PSUs are antidilutive, and as such, they were properly excluded.

Stock options to purchase 5,878,593 shares of common stock and 4,769,644 shares of restricted stock and PSUs were outstanding at June 30, 2013. For the three months ended June 30, 2013, we included 4,617,257 of the outstanding stock options and 4,706,334 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. For the six months ended June 30, 2013, we included 4,617,257 of the outstanding stock options and 4,676,922 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. The remaining stock options and shares of restricted stock and PSUs are antidilutive, and as such, they were properly excluded.

13. Fair Value of Financial Instruments**Fair Value Measurement—Definition and Hierarchy**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants at the measurement date. Fair value measurement establishes a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect NASDAQ OMX's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1—Quoted prices for identical instruments in active markets.

[Table Of Contents](#)

- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3—Instruments whose significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy as of June 30, 2014 and December 31, 2013. The following table presents for each of the above hierarchy levels, our financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2014 and December 31, 2013.

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Financial Assets Measured at Fair Value on a Recurring Basis				
Financial investments, at fair value ⁽¹⁾	\$ 203	\$ 186	\$ 17	\$ -
Default fund and margin deposit investments ⁽²⁾	2,484	792	1,692	-
Total	\$ 2,687	\$ 978	\$ 1,709	\$ -
	December 31, 2013			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Financial Assets Measured at Fair Value on a Recurring Basis				
Financial investments, at fair value ⁽¹⁾	\$ 189	\$ 189	\$ -	\$ -
Default fund and margin deposit investments ⁽²⁾	1,867	774	1,093	-
Total	\$ 2,056	\$ 963	\$ 1,093	\$ -

⁽¹⁾ As of June 30, 2014 and December 31, 2013, Level 1 financial investments, at fair value were primarily comprised of trading securities, mainly Swedish government debt securities. Of these securities, \$172 million as of June 30, 2014 and \$167 million as of December 31, 2013 are assets utilized to meet regulatory capital requirements primarily for clearing operations at NASDAQ OMX Nordic Clearing. As of June 30, 2014, Level 2 financial investments, at fair value were primarily comprised of available-for-sale securities in short-term commercial paper.

⁽²⁾ Default fund and margin deposit investments include cash contributions invested by NASDAQ OMX Nordic Clearing, in accordance with its investment policy, either in highly rated government debt securities or reverse repurchase agreements with highly rated government debt securities as collateral. Of the total balance of \$2,579 million recorded in the Condensed Consolidated Balance Sheets as of June 30, 2014, \$1,692 million of cash contributions have been invested in reverse repurchase agreements and \$792 million of cash contributions have been invested in highly rated government debt securities and time deposits. The remainder of this balance is held in cash. Of the total balance of \$1,961 million recorded in the Condensed Consolidated Balance Sheets as of December 31, 2013, \$1,093 million of cash contributions were invested in reverse repurchase agreements and \$774 million of cash contributions were invested in highly rated government debt securities. The remainder of this balance is held in cash.

Financial Instruments Not Measured at Fair Value on a Recurring Basis

Some of our financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents, restricted cash, receivables, net, certain other current assets, accounts payable and accrued expenses, Section 31 fees payable to SEC, accrued personnel costs, and certain other current liabilities.

In addition, our investments in LCH and Borsa Istanbul are carried at cost. See “Cost Method Investments,” of Note 6, “Investments,” for further discussion.

We also consider our debt obligations to be financial instruments. The fair value of our debt, utilizing discounted cash flow analyses for our floating rate debt and prevailing market rates for our fixed rate debt, was \$2.6 billion at June 30, 2014 and \$2.8 billion at December 31, 2013. The discounted cash flow analyses are based on borrowing rates currently available to us for debt with similar terms and maturities. Our fixed rate and our floating rate debt are categorized as Level 2 in the fair value hierarchy. For further discussion of our debt obligations, see Note 8, “Debt Obligations.”

14. Clearing Operations

Nordic Clearing

In April 2014, we completed the integration of NOS Clearing ASA, or NOS Clearing, a leading Norway-based clearinghouse primarily for OTC traded derivatives for the freight market and seafood derivative market into NASDAQ OMX Nordic Clearing. NASDAQ OMX Nordic Clearing is authorized and supervised as a European multi-asset clearinghouse by the Swedish Financial Supervisory Authority, or SFSA, and is authorized to conduct clearing operations in Norway by the Norwegian Ministry of Finance. The clearinghouse acts as the central counterparty, or CCP, for exchange and OTC trades in equity derivatives, fixed income derivatives, physical power, power derivatives, carbon derivatives, resale and repurchase contracts and with the integration of NOS Clearing, freight derivatives and seafood derivatives. In March 2014, NASDAQ OMX became the first European authorized clearinghouse under the new European Union rules. The region's clearinghouses have to reapply to operate in Europe under new legislation known as the European Market Infrastructure Regulation, or EMIR.

Through our clearing operations in the financial markets, which include the resale and repurchase market, the commodities markets, and the seafood market, NASDAQ OMX Nordic Clearing is the legal counterparty for, and guarantees the fulfillment of, each contract cleared. These contracts are not used by NASDAQ OMX Nordic Clearing for the purpose of trading on its own behalf. As the legal counterparty of each transaction, NASDAQ OMX Nordic Clearing bears the counterparty risk between the purchaser and seller in the contract. In its guarantor role, NASDAQ OMX Nordic Clearing has precisely equal and offsetting claims to and from clearing members on opposite sides of each contract, standing as an intermediary on every contract cleared. In accordance with the rules and regulations of NASDAQ OMX Nordic Clearing, clearing members' open positions are aggregated to create a single portfolio for which default fund and margin collateral requirements are calculated. See "Default Fund Contributions" and "Margin Deposits" below for further discussion of NASDAQ OMX Nordic Clearing's default fund and margin requirements.

NASDAQ OMX Nordic Clearing maintains four member sponsored default funds: one related to financial markets, one related to commodities markets, one related to the seafood market, and a mutualized fund. Under this structure, NASDAQ OMX Nordic Clearing and its clearing members must contribute to the total regulatory capital related to the clearing operations of NASDAQ OMX Nordic Clearing. This structure applies an initial separation of default fund contributions for the financial, commodities and seafood markets in order to create a buffer for each market's counterparty risks. Simultaneously, a mutualized default fund provides capital efficiencies to NASDAQ OMX Nordic Clearing with regard to total regulatory capital required. See "Default Fund Contributions" below for further discussion of NASDAQ OMX Nordic Clearing's default fund. Power of assessment and a liability waterfall have also been implemented. See "Power of Assessment" and "Liability Waterfall" below for further discussion. These requirements ensure the alignment of risk between NASDAQ OMX Nordic Clearing and its clearing members.

Default Fund Contributions and Margin Deposits

As of June 30, 2014, clearing member default fund contributions and margin deposits were as follows:

	June 30, 2014		
	Cash Contributions ⁽¹⁾⁽²⁾	Non-Cash Contributions	Total Contributions
	(in millions)		
Default fund contributions	\$ 318	\$ 72	\$ 390
Margin deposits	2,261	7,052	9,313
Total	\$ 2,579	\$ 7,124	\$ 9,703

⁽¹⁾ As of June 30, 2014, in accordance with its investment policy, NASDAQ OMX Nordic Clearing has invested cash contributions of \$1,692 million in reverse repurchase agreements and \$792 million in highly rated government debt securities and time deposits. The remainder of this balance is held in cash.

⁽²⁾ Pursuant to clearing member agreements, we pay interest on cash contributions to clearing members.

Default Fund Contributions

Contributions made to the default funds are proportional to the exposures of each clearing member. When a clearing member is active in more than one market, contributions must be made to all markets' default funds in which the member is active. Clearing members' eligible contributions may include cash and non-cash contributions. Cash contributions received are invested by NASDAQ OMX Nordic Clearing, in accordance with its investment policy, either in highly rated government debt securities or reverse repurchase agreements with highly rated government debt securities as collateral. Clearing members' cash contributions are included in default funds and margin deposits in the Condensed Consolidated Balance Sheets as both a current asset and a current liability. Non-cash contributions include highly rated government debt securities that must meet specific criteria approved by NASDAQ OMX Nordic Clearing. Non-cash contributions are pledged assets that are not recorded in the Condensed Consolidated Balance Sheets as NASDAQ OMX Nordic Clearing does not take legal ownership of these assets and the risks and rewards remain with the clearing members. These balances may fluctuate over time due to changes in the amount of deposits required and whether members choose to provide cash or non-cash contributions. Assets pledged are held at a nominee account in NASDAQ OMX Nordic Clearing's name for the benefit of the clearing members and are immediately accessible by NASDAQ OMX Nordic Clearing in the event of a default. In

addition to clearing members' required contributions to the default funds, NASDAQ OMX Nordic Clearing is also required to contribute capital to the default funds and overall regulatory capital as specified under its clearinghouse rules. As of June 30, 2014, NASDAQ OMX Nordic Clearing committed capital totaling \$123 million to the member sponsored default funds and overall regulatory capital, in the form of government debt securities, which are recorded as financial investments, at fair value in the Condensed Consolidated Balance Sheets. The combined regulatory capital of the clearing members and NASDAQ OMX Nordic Clearing will serve to secure the obligations of a clearing member and may be used to cover losses sustained by a clearing member in the event of a default.

Other Capital Contributions by NASDAQ OMX Nordic Clearing

NASDAQ OMX Nordic Clearing maintains a \$90 million credit facility which may be utilized in certain default situations, none of which was utilized as of June 30, 2014.

Margin Deposits

NASDAQ OMX Nordic Clearing requires all clearing members to provide collateral, which may consist of cash and non-cash contributions, to guarantee performance on the clearing members' open positions, or initial margin. In addition, clearing members must also provide collateral to cover the daily margin call as needed, which is in addition to the initial margin. See "Default Fund Contributions" above for further discussion of cash and non-cash contributions.

NASDAQ OMX Nordic Clearing maintains and manages all cash deposits related to margin collateral. All risks and rewards of collateral ownership, including interest, belong to NASDAQ OMX Nordic Clearing. These cash deposits are recorded in default funds and margin deposits in the Condensed Consolidated Balance Sheets as both a current asset and current liability. Pledged margin collateral is not recorded in our Condensed Consolidated Balance Sheets as all risks and rewards of collateral ownership, including interest, belong to the counterparty. Assets pledged are held at a nominee account in NASDAQ OMX Nordic Clearing's name for the benefit of the clearing members and are immediately accessible by NASDAQ OMX Nordic Clearing in the event of a default.

NASDAQ OMX Nordic Clearing marks to market all outstanding contracts and requires payment from clearing members whose positions have lost value. The mark-to-market process helps identify any clearing members that may not be able to satisfy their financial obligations in a timely manner allowing NASDAQ OMX Nordic Clearing the ability to mitigate the risk of a clearing member defaulting due to exceptionally large losses. In the event of a default, NASDAQ OMX Nordic Clearing can access the defaulting member's margin deposits to cover the defaulting member's losses.

Regulatory Capital and Risk Management Calculations

NASDAQ OMX Nordic Clearing manages risk through a comprehensive counterparty risk management framework, which is comprised of policies, procedures, standards and resources. The level of regulatory capital is determined in accordance with NASDAQ OMX Nordic Clearing's regulatory capital policy, as approved by the SFSA. Regulatory capital calculations are continuously updated through a proprietary capital-at-risk calculation model that establishes the appropriate level of capital.

As mentioned above, NASDAQ OMX Nordic Clearing is the legal counterparty for each contract traded and thereby guarantees the fulfillment of each contract. NASDAQ OMX Nordic Clearing accounts for this guarantee as a performance guarantee. We determine the fair value of the performance guarantee by considering daily settlement of contracts and other margining and default fund requirements, the risk management program, historical evidence of default payments, and the estimated probability of potential default payouts. The calculation is determined using proprietary risk management software that simulates gains and losses based on historical market prices, extreme but plausible market scenarios, volatility and other factors present at that point in time for those particular unsettled contracts. Based on this analysis, the estimated liability was nominal and no liability was recorded as of June 30, 2014.

The market value of derivative contracts outstanding prior to netting was as follows:

	June 30, 2014	
	(in millions)	
Commodity options, futures and forwards ⁽¹⁾⁽²⁾⁽³⁾	\$	1,550
Fixed-income options and futures ⁽²⁾⁽³⁾		574
Stock options and futures ⁽²⁾⁽³⁾		136
Index options and futures ⁽²⁾⁽³⁾		215
Seafood options and futures ⁽²⁾⁽³⁾		42
Total	\$	2,517

⁽¹⁾ We determined the fair value of our forward contracts using standard valuation models that were based on market-based observable inputs including LIBOR rates and the spot price of the underlying instrument.

⁽²⁾ We determined the fair value of our option contracts using standard valuation models that were based on market-based observable inputs including implied volatility, interest rates and the spot price of the underlying instrument.

⁽ⁱ⁾ We determined the fair value of our futures contracts based upon quoted market prices and average quoted market yields.

The total number of derivative contracts cleared through NASDAQ OMX Nordic Clearing for the six months ended June 30, 2014 and 2013 was as follows:

	June 30, 2014	June 30, 2013
Commodity options, futures and forwards ⁽ⁱ⁾	984,177	1,669,004
Fixed-income options and futures	10,681,467	15,973,955
Stock options and futures	17,262,098	15,693,325
Index options and futures	19,668,100	20,967,610
Seafood options and futures	42,468	1,000
Total	48,638,310	54,304,894

⁽ⁱ⁾ The total volume in cleared power related to commodity contracts was 774 Terawatt hours (TWh) for the six months ended June 30, 2014 and 884 TWh for the six months ended June 30, 2013.

The outstanding contract value of resale and repurchase agreements was \$4.8 billion as of June 30, 2014 and \$4.3 billion as of June 30, 2013. The total number of contracts cleared was 2,275,565 for the six months ended June 30, 2014 and was 2,264,096 for the six months ended June 30, 2013.

Power of Assessment

To further strengthen the contingent financial resources of the clearinghouse, NASDAQ OMX Nordic Clearing has power of assessment that provides the ability to collect additional funds from its clearing members to cover a defaulting member's remaining obligations up to the limits established under the terms of the clearinghouse rules. The power of assessment corresponds to 100% of the clearing member's aggregate contribution to the financial, commodities, and the seafood market's default funds.

Liability Waterfall

The liability waterfall is the priority order in which the capital resources would be utilized in the event of a default where the defaulting clearing member's collateral would not be sufficient to cover the cost to settle its portfolio. If a default occurs and the defaulting clearing member's collateral, including cash deposits and pledged assets, is depleted, then capital is utilized in the following amount and order:

- junior capital contributed to each specific market by NASDAQ OMX Nordic Clearing, which totaled \$22 million at June 30, 2014;
- a loss sharing pool related only to the financial market that is contributed to by clearing members and only applies if the defaulting member's portfolio includes interest rate swap products;
- specific market default fund where the loss occurred, either the financial, commodities, or seafood market, which includes capital contributions of both the clearing members and NASDAQ OMX Nordic Clearing on a pro-rata basis;
- senior capital contributed to each specific market by NASDAQ OMX Nordic Clearing, calculated in accordance with clearinghouse rules to be \$15 million at June 30, 2014; and
- mutualized default fund, which includes capital contributions of both the clearing members and NASDAQ OMX Nordic Clearing on a pro-rata basis.

If additional funds are needed after utilization of the mutualized default fund, then NASDAQ OMX Nordic Clearing will utilize its power of assessment and additional capital contributions will be required by non-defaulting members up to the limits established under the terms of the clearinghouse rules.

15. Commitments, Contingencies and Guarantees

Guarantees Issued and Credit Facilities Available

In addition to the default fund contributions and margin collateral pledged by clearing members discussed in Note 14, "Clearing Operations," we have obtained financial guarantees and credit facilities which are guaranteed by us through counter indemnities, to provide further liquidity and default protection related to our clearing businesses. Financial guarantees issued to us totaled \$28 million at June 30, 2014 and \$20 million at December 31, 2013. At June 30, 2014, credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$317 million (\$227 million in available liquidity and \$90 million for default protection), none of which was utilized. At December 31, 2013, these facilities totaled \$312 million (\$219 million in available liquidity and \$93 million for default protection), of which \$11 million was utilized.

Execution Access LLC is an introducing broker which operates the eSpeed trading platform for U.S. Treasury securities. Execution Access has a clearing arrangement with Cantor Fitzgerald & Co., or Cantor Fitzgerald. As of June 30, 2014, we

have contributed \$19 million of clearing deposits to Cantor Fitzgerald in connection with this clearing arrangement. These deposits are recorded in other current assets in our Condensed Consolidated Balance Sheets. Some of the trading activity in Execution Access is cleared by Cantor Fitzgerald through the Fixed Income Clearing Corporation, or FICC, and the balance is cleared non-FICC. Execution Access assumes the counterparty risk of clients that do not clear through FICC. Counterparty risk of clients exists for Execution Access between the trade date and the settlement date of the individual transactions, which is one business day. All of Execution Access' obligations under the clearing arrangement with Cantor Fitzgerald are guaranteed by NASDAQ OMX. Some of the non-FICC counterparties are required to post collateral, provide principal letters, or provide other forms of credit enhancement to Execution Access for the purpose of mitigating counterparty risk.

We believe that the potential for us to be required to make payments under these arrangements is mitigated through the pledged collateral and our risk management policies. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these arrangements.

Lease Commitments

We lease some of our office space and equipment under non-cancelable operating leases with third parties and sublease office space to third parties. Some of our lease agreements contain renewal options and escalation clauses based on increases in property taxes and building operating costs.

Other Guarantees

We have provided other guarantees of \$15 million as of June 30, 2014 and \$17 million at December 31, 2013. These guarantees are primarily related to obligations for our rental and leasing contracts as well as performance guarantees on certain Market Technology contracts related to the delivery of software technology and support services. We have received financial guarantees from various financial institutions to support the above guarantees.

We believe that the potential for us to be required to make payments under these arrangements is unlikely. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for the above guarantees.

In connection with the launch of NASDAQ OMX NLX, we have entered into agreements with certain members which may require us to make payments if certain financial goals are achieved. Since the amount of these payments is not currently probable and cannot be quantified as of June 30, 2014, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these payments.

Contingent Consideration

In March 2014, we completed the acquisition of the remaining 28% ownership interest in BWISE. The purchase included two installment payments, the first of which was made in March 2014. The second installment payment is expected to be paid in 2015.

As part of the eSpeed purchase price consideration, we have agreed to future annual issuances of 992,247 shares of NASDAQ OMX common stock which approximated certain tax benefits associated with the transaction. Such contingent future issuances of NASDAQ OMX common stock will be paid ratably through 2027 if NASDAQ OMX's total gross revenues equal or exceed \$25 million in each such year. The contingent future issuances of NASDAQ OMX common stock are subject to anti-dilution protections and acceleration upon certain events.

Escrow Agreements

In connection with our acquisitions of FTEN and Glide Technologies, we entered into escrow agreements to secure the payments of post-closing adjustments and to ensure other closing conditions. At June 30, 2014, these escrow agreements provide for future payments of \$10 million and are included in other current liabilities and other non-current liabilities in the Condensed Consolidated Balance Sheets.

Routing Brokerage Activities

Our broker-dealer subsidiaries, Nasdaq Execution Services, LLC and NASDAQ Options Services, LLC, provide guarantees to securities clearinghouses and exchanges under their standard membership agreements, which require members to guarantee the performance of other members. If a member becomes unable to satisfy its obligations to a clearinghouse or exchange, other members would be required to meet its shortfalls. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral, as well as meet certain minimum financial standards. Nasdaq Execution Services' and NASDAQ Options Services' maximum potential liability under these arrangements cannot be quantified. However, we believe that the potential for Nasdaq Execution Services and NASDAQ Options Services to be required to make payments under these arrangements is unlikely. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these arrangements.

Litigation

As previously disclosed, we became a party to several legal and regulatory proceedings in 2012, 2013, and 2014 relating to the Facebook IPO that occurred on May 18, 2012. We believe that the legal actions filed against NASDAQ OMX are without merit and intend to defend them vigorously.

As described in our Annual Report on Form 10-K for the year ended December 31, 2012, we are named as a defendant in a consolidated matter captioned *In re Facebook, Inc., IPO Securities and Derivative Litigation*, MDL No. 2389 (S.D.N.Y.). Our appeal of the district court's order granting in part and denying in part our motion to dismiss the consolidated amended complaint is currently pending in the United States Court of Appeals for the Second Circuit, at No. 14-1457.

In our Quarterly Report on Form 10-Q for the period ended March 31, 2013, we identified a demand for arbitration from a member organization seeking indemnification for alleged losses associated with the Facebook IPO. On June 18, 2013, the District Court for the Southern District of New York granted a preliminary injunction enjoining the arbitration, and the member organization has appealed the order granting the injunction to the Second Circuit Court of Appeals.

We also are named as one of many defendants in *City of Providence v. BATS Global Markets, Inc., et al.*, 14 Civ. 2811 (S.D.N.Y.), which was filed on April 18, 2014 in the United States District Court for the Southern District of New York. The plaintiff has named as defendants sixteen national exchanges; fourteen of the largest brokerage firms in the United States; and twelve financial-services firms whose primary business allegedly is engaging in high-frequency trading. On behalf of a putative class of securities traders, the plaintiff alleges that the defendants engaged in a scheme to manipulate the markets through high-frequency trading; the complaint asserts claims against us under Section 10(b) of the Act and Rule 10b-5, as well as under Section 6(b) of the Act. The district court has appointed lead counsel, who have until September 2, 2014 either to file an amended complaint or to proceed with the initial complaint. Given the preliminary nature of the proceedings, we are unable to estimate what, if any, liability may result from this litigation. However, we believe the claims to be without merit and intend to litigate them vigorously.

In addition, we are named as one of many exchange defendants in *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3745 (S.D.N.Y.), *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3865 (S.D.N.Y.), and *Lanier v. Bats Exchange Inc.*, 14 Civ. 3866 (S.D.N.Y.), which were filed between May 23, 2014 and May 30, 2014 in the United States District Court for the Southern District of New York. The plaintiff is the same in each of these cases, and the three complaints contain substantially similar allegations. On behalf of a putative class of subscribers for market data provided by national exchanges, the plaintiff alleges that the exchanges provided data more quickly to certain market participants than to others, supposedly in breach of the exchanges' plans for dissemination of market data and subscriber agreements executed under those plans. The complaint asserts contractual theories under state law based on these alleged breaches. Given the preliminary nature of the proceedings, we are unable to estimate what, if any, liability may result from this litigation. However, we believe the claims to be without merit and intend to litigate them vigorously.

Except as disclosed above and in prior reports filed under the Act, we are not currently a party to any litigation or proceeding that we believe could have a material adverse effect on our business, consolidated financial condition, or operating results. However, from time to time, we have been threatened with, or named as a defendant in, lawsuits or involved in regulatory proceedings.

Tax Audits

We are engaged in ongoing discussions and audits with taxing authorities on various tax matters, the resolutions of which are uncertain. Currently, there are matters that may lead to assessments, some of which may not be resolved for several years. Based on currently available information, we believe we have adequately provided for any assessments that could result from those proceedings where it is more likely than not that we will be assessed. We review our positions on these matters as they progress.

16. Business Segments

We manage, operate and provide our products and services in four business segments: Market Services, Listing Services, Information Services and Technology Solutions.

Our reportable segments are as follows.

Market Services

Our Market Services segment includes our derivative trading and clearing, cash equity trading, fixed income trading, and access and broker services businesses. We offer trading on multiple exchanges and facilities across several asset classes, including derivatives, commodities, cash equity, debt, structured products and ETFs. In addition, in some countries where we operate exchanges, we also provide investment firm, clearing, settlement and central depository services. Our transaction-based platforms provide market participants with the ability to access, process, display and integrate orders and quotes for cash equity securities, derivatives and ETFs. The platforms allow the routing and execution of buy and sell orders as well as the reporting of transactions for cash equity securities, derivatives and ETFs, providing fee-based revenues. In addition, eSpeed's electronic benchmark U.S. treasury brokerage and co-location service businesses are part of our Market Services segment.

Listing Services

Our Listing Services segment includes our U.S. and European Listing Services businesses. We offer capital raising solutions to over 3,400 companies around the globe, representing approximately \$8.9 trillion in total market value as of June 30, 2014.

We operate a variety of listing platforms around the world to provide multiple global capital raising solutions for private and public companies. Our main listing markets are The NASDAQ Stock Market and the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic. In March 2014, we launched NPM, a marketplace for private growth companies.

Information Services

Our Information Services segment includes our Market Data Products and Index Licensing and Services businesses.

Our Market Data Products business sells and distributes historical and real-time quote and trade information to market participants and data distributors. Our market data products enhance transparency and provide critical information to financial professional and individual investors globally. In addition, eSpeed's market data business is part of our Information Services segment.

Our Index Licensing and Services business develops and licenses NASDAQ OMX branded indexes, associated derivatives, and financial products and also provides custom calculation services for third-party clients.

Technology Solutions

Our Technology Solutions segment includes our Corporate Solutions and Market Technology businesses.

Our Corporate Solutions business serves corporate clients, including companies listed on our exchanges. We help organizations manage the two-way flow of information with their audiences through our suite of advanced technology, analytics, and consultative services. In May 2013, we acquired the TR Corporate Solutions businesses which were integrated into our Corporate Solutions business. With the acquisition of the TR Corporate Solutions businesses, Corporate Solutions revenues primarily include product revenues from the following key areas: governance, investor relations, multimedia solutions, and public relations.

Our Market Technology business is a leading global technology solutions provider and partner to exchanges, clearing organizations and central securities depositories. Our technology business is also the sales channel for our complete global offering to other marketplaces.

Market Technology provides technology solutions for trading, clearing, settlement, surveillance and information dissemination to markets with wide-ranging requirements, from the leading markets in the U.S., Europe and Asia to smaller African markets. Our solutions can handle a wide array of assets including cash equities, currencies, various interest-bearing securities, commodities, energy products and derivatives. Market Technology also provides broker services and enterprise governance, risk management and compliance software and services.

Our management allocates resources, assesses performance and manages these businesses as four separate segments. We evaluate the performance of our segments based on several factors, of which the primary financial measure is operating income. Results of individual businesses are presented based on our management accounting practices and our management structure. Certain amounts are allocated to corporate items in our management reports based on the decision that those activities should not be used to evaluate the segment's operating performance. See below for further discussion.

The following table presents certain information regarding these operating segments for the three and six months ended June 30, 2014 and 2013.

	<u>Market Services</u>	<u>Listing Services</u>	<u>Information Services</u>	<u>Technology Solutions</u>	<u>Corporate Items and Eliminations</u>	<u>Consolidated</u>
	(in millions)					
Three Months Ended June 30, 2014						
Total revenues	\$ 544	\$ 60	\$ 123	\$ 138	\$ -	\$ 865
Cost of revenues	(342)	-	-	-	-	(342)
Revenues less transaction rebates, brokerage, clearance and exchange fees	202	60	123	138	-	523
Operating income (loss) ⁽¹⁾	\$ 89	\$ 24	\$ 91	\$ 11	\$ (24)	\$ 191
Three Months Ended June 30, 2013						
Total revenues	\$ 553	\$ 58	\$ 107	\$ 96	\$ -	\$ 814
Cost of revenues	(363)	-	-	-	-	(363)
Revenues less transaction rebates, brokerage, clearance and exchange fees	190	58	107	96	-	451
Operating income (loss) ⁽²⁾	\$ 75	\$ 23	\$ 79	\$ 7	\$ (25)	\$ 159

Six Months Ended June 30, 2014

Total revenues	\$ 1,126	\$ 117	\$ 246	\$ 273	\$ -	\$ 1,762
Cost of revenues	(710)	-	-	-	-	(710)
Revenues less transaction rebates, brokerage, clearance and exchange fees	416	117	246	273	-	1,052
Operating income (loss) ⁽³⁾	\$ 183	\$ 46	\$ 181	\$ 19	\$ (54)	\$ 375

Six Months Ended June 30, 2013

Total revenues	\$ 1,060	\$ 113	\$ 212	\$ 172	\$ -	\$ 1,557
Cost of revenues	(688)	-	-	-	-	(688)
Revenues less transaction rebates, brokerage, clearance and exchange fees	372	113	212	172	-	869
Operating income (loss) ⁽⁴⁾	\$ 149	\$ 47	\$ 159	\$ 10	\$ (116)	\$ 249

⁽¹⁾ Corporate items and eliminations for the three months ended June 30, 2014 primarily include merger and strategic initiatives expense of \$14 million primarily related to the acquisition of the TR Corporate Solutions businesses and other strategic initiatives and a loss on extinguishment of debt of \$9 million.

⁽²⁾ Corporate items and eliminations for the three months ended June 30, 2013 primarily include merger and strategic initiatives expense of \$25 million primarily related to the acquisitions of eSpeed and the TR Corporate Solutions businesses.

⁽³⁾ Corporate items and eliminations for the six months ended June 30, 2014 primarily include merger and strategic initiatives expense of \$42 million primarily related to the acquisition of the TR Corporate Solutions businesses and other strategic initiatives and a loss on debt extinguishment of \$9 million.

⁽⁴⁾ Corporate items and eliminations for the six months ended June 30, 2013 primarily include expense related to the one-time program for voluntary accommodations to qualifying members of up to \$62 million. This program expanded the pool available to compensate members of The NASDAQ Stock Market for qualified losses arising directly from the system issues experienced with the Facebook IPO that occurred on May 18, 2012. Our liability was reduced to \$44 million and payment of valid claims totaling \$44 million was made in the fourth quarter of 2013. Corporate items and eliminations also include merger and strategic initiatives expense of \$33 million primarily related to our acquisitions of eSpeed and the TR Corporate Solutions businesses, expense related to an SEC matter of \$10 million, and restructuring charges of \$9 million.

For further discussion of our acquisitions, see “Acquisition of eSpeed for Trading of U.S. Treasuries,” and “Acquisition of the Investor Relations, Public Relations and Multimedia Solutions Businesses of Thomson Reuters,” of Note 4, “Acquisitions.”

For further discussion of the debt extinguishment, see “Early Extinguishment of 2015 Notes,” of Note 8, “Debt Obligation.”

For further discussion of the restructuring charges, see Note 3, “Restructuring Charges.”

For further discussion of our segments’ results, see “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Operating Results.”

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the financial condition and results of operations of NASDAQ OMX should be read in conjunction with our condensed consolidated financial statements and related notes included in this Form 10-Q.

Business Overview

We are a leading global exchange group that delivers trading, clearing, exchange technology, regulatory, securities listing, and public company services across six continents. Our global offerings are diverse and include trading and clearing across multiple asset classes, access services, market data products, financial indexes, capital formation solutions, financial services, corporate solutions and market technology products and services. Our technology powers markets across the globe, supporting derivatives trading, clearing and settlement, cash equity trading, fixed income trading and many other functions.

In the U.S., we operate The NASDAQ Stock Market, a registered national securities exchange. The NASDAQ Stock Market is the largest single cash equities securities market in the U.S. in terms of listed companies and in the world in terms of share value traded. As of June 30, 2014, The NASDAQ Stock Market was home to 2,709 listed companies with a combined market capitalization of approximately \$7.6 trillion. In addition, in the U.S. we operate two additional cash equities trading markets, three options markets and an electronic platform for trading of U.S. Treasuries. In March 2014, we launched NPM, a marketplace for private growth companies.

In Europe, we operate exchanges in Stockholm (Sweden), Copenhagen (Denmark), Helsinki (Finland), and Iceland, as well as the clearing operations of NASDAQ OMX Clearing AB as NASDAQ OMX Nordic. We also operate exchanges in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania) as NASDAQ OMX Baltic. Collectively, NASDAQ OMX Nordic and NASDAQ OMX Baltic offer trading in cash equities, bonds, structured products and ETFs, as well as trading and clearing of derivatives and clearing of resale and repurchase agreements. Through NASDAQ OMX First North, our Nordic and Baltic operations also offer alternative marketplaces for smaller companies. As of June 30, 2014, the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, together with NASDAQ OMX First North, were home to 782 listed companies with a combined market capitalization of approximately \$1.3 trillion. We also operate NASDAQ OMX Armenia.

In addition, NASDAQ OMX Commodities operates a power derivatives exchange regulated in Norway and a European carbon exchange. In the U.K., we operate NASDAQ OMX NLX, a London-based market for trading of listed short-term and long-term European (Euro and Sterling denominated) interest rate derivative products.

In some of the countries where we operate exchanges, we also provide investment firm, clearing, settlement and central depository services.

Business Segments

We manage, operate and provide our products and services in four business segments: Market Services, Listing Services, Information Services and Technology Solutions.

Our reportable segments are as follows.

Market Services

Our Market Services segment includes our derivative trading and clearing, cash equity trading, fixed income trading, and access and broker services businesses. We offer trading on multiple exchanges and facilities across several asset classes, including derivatives, commodities, cash equity, debt, structured products and ETFs. In addition, in some countries where we operate exchanges, we also provide investment firm, clearing, settlement and central depository services. Our transaction-based platforms provide market participants with the ability to access, process, display and integrate orders and quotes for cash equity securities, derivatives and ETFs. The platforms allow the routing and execution of buy and sell orders as well as the reporting of transactions for cash equity securities, derivatives and ETFs, providing fee based revenues. In addition, eSpeed's electronic benchmark U.S. Treasury brokerage and co-location service businesses are part of our Market Services segment.

Listing Services

Our Listing Services segment includes our U.S. and European Listing Services businesses. We offer capital raising solutions to over 3,400 companies around the globe representing approximately \$8.9 trillion in total market value as of June 30, 2014.

We operate a variety of listing platforms around the world to provide multiple global capital raising solutions for private and public companies. Our main listing markets are The NASDAQ Stock Market and the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic. In March 2014, we launched NPM, a marketplace for private growth companies.

Information Services

Our Information Services segment includes our Market Data Products and our Index Licensing and Services businesses.

Our Market Data Products business sells and distributes historical and real-time quote and trade information to market participants and data distributors. Our market data products enhance transparency and provide critical information to financial professional and individual investors globally. In addition, eSpeed's market data business is part of our Information Services segment.

Our Index Licensing and Services business develops and licenses NASDAQ OMX branded indexes, associated derivatives, and financial products and also provides custom calculation services for third-party clients.

Technology Solutions

Our Technology Solutions segment includes our Corporate Solutions and Market Technology businesses.

Our Corporate Solutions business serves corporate clients, including companies listed on our exchanges. We help organizations manage the two-way flow of information with their audiences through our suite of advanced technology, analytics, and consultative services. In May 2013, we acquired the TR Corporate Solutions businesses which were integrated into our Corporate Solutions business. With the acquisition of the TR Corporate Solutions businesses, Corporate Solutions revenues primarily include product revenues from the following key areas: governance, investor relations, multimedia solutions and public relations.

Our Market Technology business is a leading global technology solutions provider and partner to exchanges, clearing organizations and central securities depositories. Our technology business is also the sales channel for our complete global offering to other marketplaces.

Market Technology provides technology solutions for trading, clearing, settlement, surveillance and information dissemination to markets with wide-ranging requirements, from the leading markets in the U.S., Europe and Asia to smaller African markets. Our solutions can handle a wide array of assets including cash equities, currencies, various interest-bearing securities, commodities, energy products and derivatives. Market Technology also provides broker services and enterprise governance, risk management and compliance software solutions.

Our management allocates resources, assesses performance and manages these businesses as four separate segments. See Note 16, "Business Segments," to the condensed consolidated financial statements for further discussion.

Business Environment

We serve listed companies, market participants and investors by providing derivative, commodities, cash equity, and fixed income markets, thereby facilitating economic growth and corporate entrepreneurship. We provide market technology to exchanges, clearing organizations and central securities depositories around the world. We also offer companies and other organizations access to innovative products and software solutions and services that increase transparency, mitigate risk, improve board efficiency and facilitate better corporate governance. In broad terms, our business performance is impacted by a number of drivers, including macroeconomic events affecting the risk and return of financial assets, investor sentiment, government and private sector demands for capital, the regulatory environment for capital markets, and changing technology particularly in the financial services industry. Our future revenues and net income will continue to be influenced by a number of domestic and international economic trends including:

- Trading volumes in U.S. and European derivative, fixed income, and cash equity securities, which are driven primarily by overall macroeconomic conditions;
- The number of companies seeking equity financing, which is affected by factors such as investor demand, the global economy, availability of diverse sources of financing as well as tax and regulatory policies;
- The demand for information about, or access to, our markets, which is dependent on the products we trade, our importance as a liquidity center, and the quality and pricing of our data and access services;
- The demand by companies and other organizations for the products sold by our Corporate Solutions business, which is largely driven by the overall state of the economy and the attractiveness of our offerings;
- The demand for licensed exchange traded products and other financial products based on our indices as well as changes to the underlying assets associated with existing licensed financial products;
- The challenges created by the automation of market data consumption, including competition and the quickly evolving nature of the market data business;
- The outlook of our technology customers for capital market activity;
- Continuing pressure in transaction fee pricing due to intense competition in the U.S. and Europe;
- Competition for listings and trading related to pricing, product features and service offerings;
- Regulatory changes relating to market structure or imposed upon certain types of instruments, transactions, pricing structures or capital market participants; and

- Technological advancements and members' demand for speed, efficiency, and reliability.

Currently our business drivers are defined by investors' and companies' cautiously optimistic outlook about the pace of the global economic recovery. Although some major market indices reached record levels in the second quarter of 2014, European equity markets have not performed as well and remain below their pre-financial crisis highs. As the global economy continues to avoid the intermittent crisis environments of 2010 through 2012, we are experiencing modest growth in many of our non-transactional businesses. Since a number of significant structural issues continue to confront the global economy, instability could return at any time, resulting in an increased level of market volatility, oscillating trading volumes, and a return of market uncertainty. Positive momentum in the IPO market has carried over from 2013. Steady performances by major U.S. stock market indices and consistently low volatility in the second quarter of 2014 helped to boost the U.S. IPO market to record post-crisis levels. In the second quarter of 2014, the U.S. cash equity trading business experienced a decrease in volumes due to lower overall industry trading volumes, while the European cash equity trading business saw a slight increase in volume. Both the U.S. and European derivative trading and clearing business experienced a decline in volume. Additional impacts on our business drivers included the international enactment and implementation of new legislative and regulatory initiatives, the adapting business models of our largest transactional business customers as they address the regulatory changes initiated following the global financial crisis and the evolution of market participant trading behavior, and the continued rapid progression and deployment of new technology in the financial services industry. The business environment that influenced our financial performance for the second quarter of 2014 may be characterized as follows:

- A much stronger pace of new equity issuance in the U.S. with 52 IPOs on The NASDAQ Stock Market, up from 35 in the second quarter of 2013. IPO activity improved in the Nordics with 17 IPOs in the second quarter of 2014 on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, up from 6 IPOs in the second quarter of 2013;
- Average daily matched equity options volume for our three U.S. options exchanges decreased 13.4% compared to the second quarter of 2013, and overall average daily U.S. options volume decreased 10.4%. The decrease in our average daily matched options volume was driven by a drop in U.S. consolidated options volume as well as a decline of 0.9 percentage points in our combined matched market share for our three U.S. options exchanges;
- Average daily matched share volume for all of our U.S. cash equity markets decreased by 3.1% and average daily U.S. share volume fell by 8.3% relative to the second quarter of 2013. Volatility, often a driver of volume levels, was lower in the second quarter of 2014 compared with the same period in 2013. Losses in matched share volume were due to lower U.S. consolidated volume and were partially offset by an increase in matched market share from 19.1% in the second quarter of 2013 (NASDAQ 15.9%; NASDAQ OMX BX 2.4%; NASDAQ OMX PSX 0.8%) to 20.2% in the second quarter of 2014 (NASDAQ 17.1%; NASDAQ OMX BX 2.6%; NASDAQ OMX PSX 0.5%);
- Continuous cost focus in the industry has further increased the growth of our NASDAQ Basic product. The number of NASDAQ Basic subscribers increased 201% compared to the second quarter of 2013;
- A 0.8% increase relative to the second quarter of 2013 in the average daily number of cash equity trades on our Nordic and Baltic exchanges;
- A 17.5% increase relative to the second quarter of 2013 in the SEK value of cash equity transactions on our Nordic and Baltic exchanges;
- A decline of 10.3% experienced by our Nordic and Baltic exchanges relative to the second quarter of 2013 in the number of traded and cleared options, futures and fixed-income contracts (excluding Finnish option contracts traded on Eurex);
- Intense competition among U.S. exchanges and dealer-owned systems for cash equity trading volume and strong competition between multilateral trading facilities and exchanges in Europe for cash equity trading volume;
- Globalization of exchanges, customers and competitors extending the competitive horizon beyond national markets; and
- Market trends requiring continued investment in technology to meet customers' and regulators' demands as markets adapt to a global financial industry, as increasing numbers of new companies are created, and as emerging countries show ongoing interest in developing their financial markets.

Financial Summary

The following table summarizes our financial performance for the three and six months ended June 30, 2014 when compared with the same periods in 2013. The comparability of our results of operations between reported periods is impacted by the acquisitions of eSpeed on June 28, 2013 and the TR Corporate Solutions businesses on May 31, 2013.

	Three Months Ended June 30,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2014	2013		2014	2013	
	(in millions)			(in millions)		
Revenues less transaction rebates, brokerage, clearance and exchange fees	\$ 523	\$ 451	16.0%	\$ 1,052	\$ 869	21.1%
Operating expenses	332	292	13.7%	677	620	9.2%
Operating income	191	159	20.1%	375	249	50.6%
Interest expense	30	26	15.4%	59	50	18.0%
Asset impairment charges	-	-	-	-	10	#
Income before income taxes	162	135	20.0%	319	194	64.4%
Income tax provision	61	47	29.8%	114	64	78.1%
Net income attributable to NASDAQ OMX	\$ 101	\$ 88	14.8%	\$ 205	\$ 130	57.7%
Diluted earnings per share	\$ 0.59	\$ 0.52	13.5%	\$ 1.18	\$ 0.77	53.2%

Denotes a variance equal to 100.0%.

In countries with currencies other than the U.S. dollar, revenues and expenses are translated using monthly average exchange rates. The following discussion of results of operations isolates the impact of year-over-year foreign currency fluctuations to better measure the comparability of operating results between periods. Operating results excluding the impact of foreign currency fluctuations are calculated by translating the current period's results by the prior period's exchange rates.

Impacts associated with fluctuations in foreign currency are discussed in more detail under "Item 3. Quantitative and Qualitative Disclosures about Market Risk." For the three months ended June 30, 2014, approximately 33.6% of our revenues less transaction rebates, brokerage, clearance and exchange fees and 21.4% of our operating income were derived from currencies other than the U.S. dollar, primarily the Swedish Krona, Euro, Norwegian Krone, Danish Krone and British Pound. For the six months ended June 30, 2014, approximately 34.0% of our revenues less transaction rebates, brokerage, clearance and exchange fees and 24.1% of our operating income were derived from currencies other than the U.S. dollar, primarily the Swedish Krona, Euro, Norwegian Krone, Danish Krone and British Pound.

The following summarizes significant changes in our financial performance for the three and six months ended June 30, 2014 when compared with the same periods in 2013:

- Revenues less transaction rebates, brokerage, clearance and exchange fees increased \$72 million, or 16.0%, to \$523 million in the second quarter of 2014, compared with \$451 million in the same period in 2013, reflecting an operational increase in revenues. The increase in operational revenues was primarily due to an:
 - increase in Corporate Solutions revenues of \$35 million, reflecting higher revenues resulting from the acquisition of the TR Corporate Solutions businesses in May 2013;
 - increase in fixed income trading revenues less brokerage, clearance and exchange fees of \$14 million, reflecting the acquisition of eSpeed;
 - increase in Market Data Products revenues of \$12 million, primarily from U.S. market data products;
 - increase in Market Technology revenues of \$7 million;
 - increase in cash equity trading revenues less transaction rebates, brokerage, clearance and exchange fees of \$6 million; and
 - increase in Index Licensing and Services revenues of \$4 million, partially offset by;
 - a decrease in derivative trading and clearing revenues less transaction rebates, brokerage, clearance and exchange fees of \$10 million.
- Revenues less transaction rebates, brokerage, clearance and exchange fees increased \$183 million, or 21.1%, to \$1,052 million in the first six months of 2014, compared with \$869 million in the same period in 2013, reflecting an operational increase in revenues. The increase in operational revenues was primarily due to an:
 - increase in Corporate Solutions revenues of \$91 million, reflecting higher revenues resulting from the acquisition of the TR Corporate Solutions businesses in May 2013;
 - increase in fixed income trading revenues less brokerage, clearance and exchange fees of \$28 million, reflecting the acquisition of eSpeed;

- increase in Market Data Products revenues of \$23 million, primarily from U.S. market data products;
 - increase in cash equity trading revenues less transaction rebates, brokerage, clearance and exchange fees of \$19 million;
 - increase in Index Licensing and Services revenues of \$10 million, and
 - increase in Market Technology revenues of \$10 million, partially offset by;
 - a decrease in derivative trading and clearing revenues less transaction rebates, brokerage, clearance and exchange fees of \$5 million.
- Operating expenses increased \$40 million, or 13.7%, to \$332 million in the second quarter of 2014, compared with \$292 million in the same period of 2013, reflecting an increase in operating expenses of \$38 million and an unfavorable impact from foreign exchange of \$2 million. The increase in operational expenses was primarily due to additional overall expense associated with our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013 and a loss on extinguishment of debt, partially offset by a decrease in merger and strategic initiatives expense.
 - Operating expenses increased \$57 million, or 9.2%, to \$677 million in the first six months of 2014, compared with \$620 million in the same period of 2013, reflecting an increase in operating expenses of \$54 million and an unfavorable impact from foreign exchange of \$3 million. The increase in operational expenses was primarily due to additional overall expense associated with our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013, a loss on extinguishment of debt, and higher merger and strategic initiatives expense, partially offset by a decrease in expense related to our voluntary accommodation program and a decrease in restructuring charges.
 - Interest expense increased \$4 million, or 15.4%, to \$30 million in the second quarter of 2014, compared with \$26 million in the same period in 2013, and increased \$9 million, or 18%, to \$59 million in the first six months of 2014, compared with \$50 million in the same period in 2013, primarily due to the issuance of our 2021 Notes in June 2013 and the issuance of our 2024 Notes in June 2014, partially offset by lower outstanding balances on our 2011 Credit Facility and the repayment of our 2.50% convertible senior notes in August 2013. See Note 8, "Debt Obligations," to the condensed consolidated financial statements for further discussion.
 - In the first six months of 2013, asset impairment charges of \$10 million were related to certain acquired intangible assets associated with customer relationships (\$7 million) and a certain trade name (\$3 million).
 - Income tax provision was \$61 million in the second quarter of 2014 compared with \$47 million in the same period in 2013, an increase of \$14 million. The income tax provision was \$114 million in the first six months of 2014 compared with \$64 million in the same period in 2013, an increase of \$50 million. The increase in both periods was primarily due to the increase in income before income taxes and a change in the geographic mix of earnings and losses. In addition, in the second quarter of 2014, we recorded adjustments related to our 2010 through 2012 tax return liabilities which resulted in an increase to the tax provision.

These current and prior year items are discussed in more detail below.

NASDAQ OMX's Operating Results
Key Drivers

The following table includes key drivers for our Market Services, Listing Services, and Technology Solutions segments. In evaluating the performance of our business, our senior management closely watches these key drivers.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Market Services				
Derivative Trading and Clearing				
<u>U.S. Equity Options</u>				
Total industry average daily volume (in millions)	14.2	15.9	15.1	15.4
NASDAQ OMX PHLX matched market share	15.6%	18.0%	15.8%	19.3%
The NASDAQ Options Market matched market share	10.6%	8.9%	10.5%	8.4%
NASDAQ OMX BX Options Market matched market share	0.8%	1.0%	0.9%	1.0%
Total market share	27.0%	27.9%	27.2%	28.7%
<u>NASDAQ OMX Nordic and NASDAQ OMX Baltic</u>				
Average daily volume:				
Options, futures and fixed-income contracts	393,115	438,418	407,373	442,805
Finnish option contracts traded on Eurex	55,599	101,255	69,195	123,438
<u>NASDAQ OMX Commodities</u>				
Power contracts cleared (TWh) ⁽¹⁾	345	424	774	884
Cash Equity Trading				
<u>NASDAQ securities</u>				
Total average daily share volume (in billions)	1.97	1.78	2.07	1.80
Matched market share executed on NASDAQ	26.6%	25.5%	26.2%	24.3%
Matched market share executed on NASDAQ OMX BX	2.4%	2.4%	2.6%	2.5%
Matched market share executed on NASDAQ OMX PSX	0.5%	0.8%	0.5%	0.9%
Market share reported to the FINRA/NASDAQ Trade Reporting Facility	34.6%	35.8%	34.9%	35.8%
Total market share ⁽²⁾	64.1%	64.5%	64.2%	63.5%
<u>New York Stock Exchange, or NYSE, securities</u>				
Total average daily share volume (in billions)	3.16	3.58	3.36	3.57
Matched market share executed on NASDAQ	12.6%	11.7%	13.1%	11.6%
Matched market share executed on NASDAQ OMX BX	2.6%	2.2%	2.8%	2.3%
Matched market share executed on NASDAQ OMX PSX	0.4%	0.5%	0.4%	0.5%
Market share reported to the FINRA/NASDAQ Trade Reporting Facility	31.2%	32.0%	31.1%	32.3%
Total market share ⁽²⁾	46.8%	46.4%	47.4%	46.7%
<u>NYSE MKT and regional securities</u>				
Total average daily share volume (in billions)	0.92	1.24	1.06	1.12
Matched market share executed on NASDAQ	12.0%	14.6%	12.1%	14.0%
Matched market share executed on NASDAQ OMX BX	2.9%	2.7%	3.1%	2.7%
Matched market share executed on NASDAQ OMX PSX	0.8%	1.4%	0.9%	1.4%
Market share reported to the FINRA/NASDAQ Trade Reporting Facility	32.2%	31.2%	31.4%	32.0%
Total market share ⁽²⁾	47.9%	49.9%	47.5%	50.1%
<u>Total U.S.-listed securities</u>				
Total average daily share volume (in billions)	6.05	6.60	6.49	6.49
Matched share volume (in billions)	77.0	80.7	164.1	150.9
Matched market share executed on NASDAQ	17.1%	15.9%	17.1%	15.6%
Matched market share executed on NASDAQ OMX BX	2.6%	2.4%	2.8%	2.4%
Matched market share executed on NASDAQ OMX PSX	0.5%	0.8%	0.5%	0.8%
Total market share	20.2%	19.1%	20.4%	18.8%
<u>NASDAQ OMX Nordic and NASDAQ OMX Baltic securities</u>				
Average daily number of equity trades	331,546	329,030	358,140	322,952
Total average daily value of shares traded (in billions)	\$ 4.9	\$ 4.4	\$ 5.3	\$ 4.4
Total market share	72.4%	69.7%	72.2%	69.2%

Listing Services

Initial public offerings

NASDAQ	52	35	99	53
Exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic	17	6	22	6

New listings

NASDAQ ⁽³⁾	79	67	156	100
Exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic ⁽⁴⁾	32	12	41	16

Number of listed companies

NASDAQ ⁽⁵⁾	2,709	2,581	2,709	2,581
Exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic ⁽⁶⁾	782	758	782	758

Technology Solutions

Market Technology

Order intake (in millions) ⁽⁷⁾	\$	32	\$	45	\$	90	\$	65
Total order value (in millions) ⁽⁸⁾	\$	638	\$	512	\$	638	\$	512

- ⁽¹⁾ Primarily transactions executed on Nord Pool and reported for clearing to NASDAQ OMX Commodities measured by TWh.
- ⁽²⁾ Includes transactions executed on NASDAQ's, NASDAQ OMX BX's and NASDAQ OMX PSX's systems plus trades reported through the FINRA/NASDAQ Trade Reporting Facility.
- ⁽³⁾ New listings include IPOs, including those completed on a best efforts basis, issuers that switched from other listing venues, closed-end funds and separately listed ETFs.
- ⁽⁴⁾ New listings include IPOs and represent companies listed on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic and companies on the alternative markets of NASDAQ OMX First North.
- ⁽⁵⁾ Number of listed companies for NASDAQ at period end, including separately listed ETFs.
- ⁽⁶⁾ Represents companies listed on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic and companies on the alternative markets of NASDAQ OMX First North at period end.
- ⁽⁷⁾ Total contract value of orders signed during the period.
- ⁽⁸⁾ Represents total contract value of signed orders that are yet to be recognized as revenue. Market Technology deferred revenue, as discussed in Note 7, "Deferred Revenue," to the condensed consolidated financial statements, represents consideration received that is yet to be recognized as revenue for these signed orders.

Segment Operating Results

Of our total second quarter 2014 revenues less transaction rebates, brokerage, clearance and exchange fees of \$523 million, 38.6% was from our Market Services segment, 11.5% was from our Listing Services segment, 23.5% was from our Information Services segment and 26.4% was from our Technology Solutions segment. Of our total second quarter 2013 revenues less transaction rebates, brokerage, clearance and exchange fees of \$451 million, 42.1% was from our Market Services segment, 12.9% was from our Listing Services segment, 23.7% was from our Information Services segment and 21.3% was from our Technology Solutions segment.

Of our total first six months 2014 revenues less transaction rebates, brokerage, clearance and exchange fees of \$1,052 million, 39.5% was from our Market Services segment, 11.1% was from our Listing Services segment, 23.4% was from our Information Services segment and 26.0% was from our Technology Solutions segment. Of our total first six months 2013 revenues less transaction rebates, brokerage, clearance and exchange fees of \$869 million, 42.8% was from our Market Services segment, 13.0% was from our Listing Services segment, 24.4% was from our Information Services segment and 19.8% was from our Technology Solutions segment.

The following table shows our revenues by segment, cost of revenues for our Market Services segment and total revenues less transaction rebates, brokerage, clearance and exchange fees:

	<u>Three Months Ended June 30,</u>		<u>Percentage</u> <u>Change</u>	<u>Six Months Ended June 30,</u>		<u>Percentage</u> <u>Change</u>
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>	
	(in millions)			(in millions)		
Market Services	\$ 544	\$ 553	(1.6)%	\$ 1,126	\$ 1,060	6.2%
Cost of revenues	(342)	(363)	(5.8)%	(710)	(688)	3.2%
Market Services revenues less transaction rebates, brokerage, clearance and exchange fees	202	190	6.3%	416	372	11.8%
Listing Services	60	58	3.4%	117	113	3.5%
Information Services	123	107	15.0%	246	212	16.0%
Technology Solutions	138	96	43.8%	273	172	58.7%
Total revenues less transaction rebates, brokerage, clearance and exchange fees	<u>\$ 523</u>	<u>\$ 451</u>	16.0%	<u>\$ 1,052</u>	<u>\$ 869</u>	21.1%

MARKET SERVICES

The following table shows total revenues less transaction rebates, brokerage, clearance and exchange fees from our Market Services segment:

	Three Months Ended June 30,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2014	2013		2014	2013	
	(in millions)			(in millions)		
Market Services Revenues:						
Derivative Trading and Clearing Revenues:						
U.S. derivative trading and clearing ⁽¹⁾	\$ 117	\$ 125	(6.4)%	\$ 243	\$ 241	0.8%
Cost of revenues:						
Transaction rebates	(71)	(68)	4.4%	(145)	(130)	11.5%
Brokerage, clearance and exchange fees ⁽¹⁾	(8)	(9)	(11.1)%	(15)	(19)	(21.1)%
Total U.S. derivative trading and clearing cost of revenues	(79)	(77)	2.6%	(160)	(149)	7.4%
U.S. derivative trading and clearing revenues less transaction rebates, brokerage, clearance and exchange fees	38	48	(20.8)%	83	92	(9.8)%
European derivative trading and clearing	28	28	-	60	58	3.4%
Total derivative trading and clearing revenues less transaction rebates, brokerage, clearance and exchange fees	66	76	(13.2)%	143	150	(4.7)%
Cash Equity Trading Revenues:						
U.S. cash equity trading ⁽²⁾	295	315	(6.3)%	614	591	3.9%
Cost of revenues:						
Transaction rebates	(181)	(208)	(13.0)%	(391)	(388)	0.8%
Brokerage, clearance and exchange fees ⁽²⁾	(81)	(78)	3.8%	(157)	(151)	4.0%
Total U.S. cash equity cost of revenues	(262)	(286)	(8.4)%	(548)	(539)	1.7%
U.S. cash equity trading revenues less transaction rebates, brokerage, clearance and exchange fees	33	29	13.8%	66	52	26.9%
European cash equity trading	24	22	9.1%	49	43	14.0%
Total cash equity trading revenues less transaction rebates, brokerage, clearance and exchange fees	57	51	11.8%	115	95	21.1%
Fixed Income Trading Revenues:						
Fixed income trading	15	-	#	30	-	#
Cost of revenues:						
Brokerage, clearance and exchange fees	(1)	-	#	(2)	-	#
Total fixed income trading revenues less brokerage, clearance and exchange fees	14	-	#	28	-	#
Access and Broker Services Revenues	65	63	3.2%	130	127	2.4%
Total Market Services revenues less transaction rebates, brokerage, clearance and exchange fees	\$ 202	\$ 190	6.3%	\$ 416	\$ 372	11.8%

Denotes a variance greater than 100.0%.

⁽¹⁾ Includes Section 31 fees of \$7 million in both the second quarter of 2014 and 2013, \$13 million in the first six months of 2014 and \$16 million in the first six months of 2013. Section 31 fees are recorded as U.S. derivative trading and clearing revenues with a corresponding amount recorded in cost of revenues.

⁽²⁾ Includes Section 31 fees of \$75 million in the second quarter of 2014, \$69 million in the second quarter of 2013, \$144 million in the first six months of 2014 and \$133 million in the first six months of 2013. Section 31 fees are recorded as U.S. cash equity trading revenues with a corresponding amount recorded in cost of revenues.

Market Services revenues less transaction rebates, brokerage, clearance and exchange fees increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to increases in both fixed income trading revenues less brokerage, clearance and exchange fees and cash equity trading revenues less transaction rebates, brokerage, clearance and exchange fees, partially offset by a decline in derivative trading and clearing revenues less transaction rebates, brokerage, clearance and exchange fees.

U.S. Derivative Trading and Clearing Revenues

U.S. derivative trading and clearing revenues decreased in the second quarter and increased in the first six months of 2014 compared with the same periods in 2013. The decrease in U.S. derivative trading and clearing revenues in the second quarter of 2014 was primarily due to a decline in industry trading volumes and an overall decrease in market share between our three U.S. options exchanges, partially offset by an increase in revenue capture. The increase in U.S. derivative trading and clearing revenues in the first six months of 2014 was primarily due to an increase in revenue capture, partially offset by an overall decrease in market share at our three U.S. options exchanges, a decline in industry trading volumes and a decrease in Section 31 pass-through fee revenue.

U.S. derivative trading and clearing revenues less transaction rebates, brokerage, clearance and exchange fees decreased in both the second quarter and first six months of 2014 compared with the same periods in 2013. The decreases were primarily due to a decline in industry trading volumes and moderate declines in average net capture and overall market share at our three U.S. options exchanges.

Section 31 fees are recorded as derivative trading and clearing revenues with a corresponding amount recorded as cost of revenues. We are assessed these fees from the SEC and pass them through to our customers in the form of incremental fees. Pass-through fees can increase or decrease due to rate changes by the SEC, our percentage of the overall industry volumes processed on our systems, and differences in actual dollar value of shares traded. Since the amount recorded in revenues is equal to the amount recorded in cost of revenues, there is no impact on our revenues less transaction rebates, brokerage, clearance and exchange fees. Section 31 fees were \$7 million in both the second quarter of 2014 and 2013, \$13 million in the first six months of 2014 and \$16 million in the first six months of 2013.

Transaction rebates, in which we credit a portion of the per share execution charge to the market participant, increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to an increase in overall rebate capture rates, partially offset by lower industry trading volumes and a decrease in overall market share at our three U.S. options exchanges.

Brokerage, clearance and exchange fees decreased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to a decrease in routing costs. Additionally, Section 31 pass-through fees were lower in the first six months of 2014 compared with the same period in 2013, which also contributed to the decline in brokerage, clearance and exchange fees during this period.

European Derivative Trading and Clearing Revenues

The following table shows revenues from European derivative trading and clearing:

	Three Months Ended June 30,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2014	2013		2014	2013	
	(in millions)			(in millions)		
European Derivative Trading and Clearing Revenues:						
Options and futures contracts	\$ 11	\$ 11	-	\$ 22	\$ 22	-
Energy, carbon and other commodity products	12	12	-	27	25	8.0%
Fixed-income products	2	4	(50.0)%	5	9	(44.4)%
Other revenues and fees	3	1	#	6	2	#
Total European Derivative Trading and Clearing revenues	\$ 28	\$ 28	-	\$ 60	\$ 58	3.4%

Denotes a variance greater than 100.0%.

European derivative trading and clearing revenues were flat in the second quarter of 2014 compared with the same period in 2013 as the impact of NLX trading incentives resulted in lower revenues from fixed income products, which were offset by higher other revenues and fees due to higher clearing revenues. European derivative trading and clearing revenues increased in the first six months of 2014 compared with the same periods in 2013 primarily due to higher revenues in our energy, carbon and other commodity products primarily due to higher trading activity and an increase in other revenues and fees primarily due to higher clearing revenues, partially offset by lower revenues from fixed-income products primarily due to the impact of NLX trading incentives and an unfavorable impact from foreign exchange of \$2 million.

U.S. Cash Equity Trading Revenues

U.S. cash equity trading revenues less transaction rebates, brokerage, clearance and exchange fees increased in the second quarter and first six months of 2014 compared with the same periods in 2013. The increase in the second quarter of 2014 was primarily due to an increase in our overall matched market share and an increase in average net capture, partially offset by lower industry trading volumes. The increase in the first six months of 2014 was primarily due to an increase in our overall matched market share.

U.S. cash equity trading revenues decreased in the second quarter and increased in the first six months of 2014 compared with the same periods in 2013. The decrease in the second quarter was primarily due to lower industry trading volumes and lower revenue capture, partially offset by an increase in our overall matched market share and an increase in Section 31 pass-through fee revenues. The increase in the first six months of 2014 was primarily due to an increase in our overall matched market share and an increase in Section 31 pass-through fee revenues, partially offset by lower revenue capture.

Similar to U.S. derivative trading and clearing, we record Section 31 fees as U.S. cash equity trading revenues with a corresponding amount recorded as cost of revenues. We are assessed these fees from the SEC and pass them through to our customers in the form of incremental fees. Since the amount recorded in revenues is equal to the amount recorded in cost of revenues, there is no impact on our revenues less transaction rebates, brokerage, clearance and exchange fees. Section 31 fees were \$75 million in the second quarter of 2014, \$69 million in the second quarter of 2013, \$144 million in the first six months of 2014 and \$133 million in the first six months of 2013. The increase in the second quarter of 2014 was primarily due to higher dollar value traded on the NASDAQ and NASDAQ OMX BX trading systems and higher pass-through fee rates. The increase in the first six months of 2014 was primarily due to higher dollar value traded on the NASDAQ and NASDAQ OMX BX trading systems, partially offset by lower pass-through fee rates.

For NASDAQ and NASDAQ OMX PSX, we credit a portion of the per share execution charge to the market participant that provides the liquidity and for NASDAQ OMX BX, we credit a portion of the per share execution charge to the market participant that takes the liquidity. These transaction rebates decreased in the second quarter and increased in the first six months of 2014 compared with the same periods in 2013. The decrease in the second quarter was primarily due to a decline in industry trading volumes and a decline in rebate capture, partially offset by an increase in our overall matched market share. The increase in the first six months was primarily due to an increase in our overall market share, partially offset by a decline in rebate capture.

Brokerage, clearance and exchange fees increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to an increase in Section 31 pass-through fees, partially offset by a decline in routing costs due to lower volume routed.

European Cash Equity Trading Revenues

European cash equity trading revenues include trading revenues from equity products traded on the NASDAQ OMX Nordic and NASDAQ OMX Baltic exchanges. European cash equity trading revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to higher industry volumes, driven by three new large market capitalization listings, and an increase in market share.

Fixed Income Trading Revenues

Fixed income trading revenues less brokerage, clearance and exchange fees includes transaction fees generated from our eSpeed electronic benchmark U.S. Treasury trading platform that was acquired on June 28, 2013.

Access and Broker Services Revenues

Access and Broker Services revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to increased revenues from the addition of eSpeed hosting revenues. We completed the acquisition of eSpeed on June 28, 2013.

LISTING SERVICES

The following table shows revenues from our Listing Services segment:

	Three Months Ended June 30,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2014	2013		2014	2013	
	(in millions)			(in millions)		
Listing Services Revenues:						
U.S. listing services	\$ 45	\$ 44	2.3%	\$ 87	\$ 86	1.2%
European listing services	15	14	7.1%	30	27	11.1%
Total Listing Services revenues	\$ 60	\$ 58	3.4%	\$ 117	\$ 113	3.5%

Listing Services revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 due to an increase in both U.S. listing services and European listing services revenues. The increase in U.S. listing services revenues is primarily due to an increase in annual listing fees, reflecting an increase in the number of listed companies. The number of NASDAQ listed companies was 2,709 as of June 30, 2014 compared with 2,581 as of June 30, 2013. The increase in European listing services revenues was driven by higher market capitalization of listed companies.

U.S. listing services revenues include annual listing fees, listing of additional shares fees and initial listing fees. Listing of additional shares fees and initial listing fees are recognized on a straight line basis over an estimated service period, which are four and six years, respectively, and can vary over time.

INFORMATION SERVICES

The following table shows revenues from our Information Services segment:

	Three Months Ended June 30,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2014	2013		2014	2013	
	(in millions)			(in millions)		
Information Services Revenues:						
Market Data Products Revenues:						
U.S. market data products	\$ 72	\$ 63	14.3%	\$ 143	\$ 124	15.3%
European market data products	21	20	5.0%	43	40	7.5%
Index data products	8	6	33.3%	15	13	15.4%
Total Market Data Products revenues	101	89	13.5%	201	177	13.6%
Index Licensing and Services revenues	22	18	22.2%	45	35	28.6%
Total Information Services revenues	\$ 123	\$ 107	15.0%	\$ 246	\$ 212	16.0%

Information Services revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to increases in U.S. market data products and Index Licensing and Services revenues.

U.S. Market Data Products Revenues

U.S. market data products revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to higher customer demand for proprietary data products, select pricing initiatives, higher audit collections and an increase in revenues due to the acquisition of eSpeed, which was completed on June 28, 2013. An increase in net U.S. tape plan revenues also contributed to the increase in the first six months of 2014 compared with the same period in 2013.

European Market Data Products Revenues

European market data products revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to an increase in audit collections and pricing changes.

Index Data Products Revenues

Index data products revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to an increase in audit collections, new subscribers and pricing changes.

Index Licensing and Services Revenues

Index Licensing and Services revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to higher assets under management and an increase in the number of licensed exchange traded products.

TECHNOLOGY SOLUTIONS

The following table shows revenues from our Technology Solutions segment:

	<u>Three Months Ended June 30,</u>		<u>Percentage</u> <u>Change</u>	<u>Six Months Ended June 30,</u>		<u>Percentage</u> <u>Change</u>
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>	
	(in millions)			(in millions)		
Technology Solutions Revenues:						
Corporate Solutions Revenues:						
Investor relations	\$ 42	\$ 24	75.0%	\$ 87	\$ 35	#
Multimedia solutions	18	7	#	35	10	#
Public relations	15	9	66.7%	30	16	87.5%
Governance	5	4	25.0%	9	7	28.6%
Total Corporate Solutions revenues	80	44	81.8%	161	68	#
Market Technology Revenues:						
Software, license and support	41	36	13.9%	81	76	6.6%
Change request and advisory	8	9	(11.1)%	14	15	(6.7)%
Software as a service	9	7	28.6%	17	13	30.8%
Total Market Technology revenues	58	52	11.5%	112	104	7.7%
Total Technology Solutions revenues	\$ 138	\$ 96	43.8%	\$ 273	\$ 172	58.7%

Denotes a variance greater than 100.0%.

Technology Solutions revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 due to increases in both Corporate Solutions revenues and Market Technology revenues.

Corporate Solutions Revenues

Corporate Solutions revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to the acquisition of the TR Corporate Solutions businesses completed on May 31, 2013 and expanding customer utilization of GlobeNewswire and Directors Desk products.

Market Technology Revenues

Market Technology revenues increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to an increase in software, license and support revenues primarily due to an increase in BWISE revenues and an increase in software as a service revenues primarily due to an increase in SMARTS broker surveillance revenues.

Total Order Value

As of June 30, 2014, total order value, which represents the total contract value of orders signed that are yet to be recognized as revenues, was \$638 million. Market Technology deferred revenue, included in the total Technology Solutions deferred revenue of \$234 million, represents consideration received that is yet to be recognized as revenue for these signed orders. See Note 7, "Deferred Revenue," to the condensed consolidated financial statements for further discussion. The recognition and timing of these revenues depends on many factors, including those that are not within our control. As such, the following table of Market Technology revenues to be recognized in the future represents our best estimate:

	<u>Total Order Value</u>	
	(in millions)	
Fiscal year ended:		
2014 ⁽¹⁾	\$	86
2015		190
2016		128
2017		98
2018		65
2019 and thereafter		71
Total	\$	638

⁽¹⁾ Represents revenues that are anticipated to be recognized over the remaining six months of 2014.

Expenses

Operating Expenses

The following table shows our operating expenses:

	Three Months Ended June 30,		Percentage Change	Six Months Ended June 30,		Percentage Change
	2014	2013		2014	2013	
	(in millions)			(in millions)		
Compensation and benefits	\$ 145	\$ 126	15.1%	\$ 303	\$ 243	24.7%
Marketing and advertising	9	8	12.5%	18	15	20.0%
Depreciation and amortization	35	28	25.0%	69	55	25.5%
Professional and contract services	42	35	20.0%	81	64	26.6%
Computer operations and data communications	23	20	15.0%	45	35	28.6%
Occupancy	24	23	4.3%	49	46	6.5%
Regulatory	7	8	(12.5)%	14	16	(12.5)%
Merger and strategic initiatives	14	25	(44.0)%	42	33	27.3%
General, administrative and other	33	19	73.7%	56	42	33.3%
Restructuring charges	-	-	-	-	9	#
Voluntary accommodation program	-	-	-	-	62	#
Total operating expenses	\$ 332	\$ 292	13.7%	\$ 677	\$ 620	9.2%

Denotes a variance equal to 100.0%.

Total operating expenses increased \$40 million in the second quarter of 2014 compared with the same period in 2013, reflecting an increase in operating expenses of \$38 million and an unfavorable impact from foreign exchange of \$2 million. Total operating expenses increased \$57 million in the first six months of 2014 compared with the same period in 2013, reflecting an increase in operating expenses of \$54 million and an unfavorable impact from foreign exchange of \$3 million. The operational increase in the second quarter of 2014 was primarily due to additional overall expense associated with our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013, and a loss on debt extinguishment, partially offset by a decrease in merger and strategic initiatives expense. The operational increase in the first six months of 2014 was primarily due to additional overall expense associated with our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013, a loss on debt extinguishment and higher merger and strategic initiatives expense, partially offset by a decrease in the voluntary accommodation program expense and a decrease in restructuring charges.

Compensation and benefits expense increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to additional salary expense resulting from our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013, as well as higher share-based compensation expense. Headcount, including staff employed at consolidated entities where we have a controlling financial interest, increased to 3,762 employees at June 30, 2014 from 3,220 employees at June 30, 2013 primarily as a result of our acquisition of the TR Corporate Solutions businesses.

Depreciation and amortization expense increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to additional amortization expense associated with acquired intangible assets, primarily relating to our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013.

Professional and contract services expense increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to revenue-related costs incurred as a result of our acquisition of the TR Corporate Solutions businesses in May 2013 and costs incurred for special legal expenses. The revenue-related costs are primarily due to the production and delivery of webcast events as well as other events and services.

Computer operations and data communications expense increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to additional expense as a result of our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013, as well as higher communication line costs.

Merger and strategic initiatives expense was \$14 million in the second quarter and \$42 million in the first six months of 2014 compared with \$25 million in the second quarter and \$33 million in the first six months of 2013. The costs in the second quarter of 2014 are primarily related to our acquisition of the TR Corporate Solutions businesses in May 2013 and other strategic initiatives. The costs in the first six months of 2014 and the second quarter and first six months of 2013 primarily relate to our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013.

General, administrative and other expense increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to additional expense associated with our acquisitions of the TR Corporate Solutions businesses in May 2013 and eSpeed in June 2013, a \$9 million loss on extinguishment of debt, and an unfavorable impact from foreign exchange of \$2 million in the second quarter of 2014 and \$3 million in the first six months of 2014. See “Early Extinguishment of 2015 Notes,” of Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion of our debt extinguishment.

Restructuring charges were \$9 million in the first six months of 2013. Our restructuring program was completed in the first quarter of 2013. See Note 3, “Restructuring Charges,” to the condensed consolidated financial statements for a discussion of our restructuring charges recorded during the first six months of 2013.

Voluntary accommodation program expense in the first six months of 2013 relates to the one-time program for voluntary accommodations to qualifying members of up to \$62 million, for which a liability was recorded as the program was approved by the SEC in March 2013. This program expanded the pool available to compensate members of The NASDAQ Stock Market for qualified losses arising directly from the system issues experienced with the Facebook IPO that occurred on May 18, 2012. Our liability was reduced to \$44 million and payment of valid claims totaling \$44 million was made in the fourth quarter of 2013.

Non-operating Income and Expenses

The following table shows our non-operating income and expenses:

	<u>Three Months Ended June 30,</u>		<u>Percentage</u> <u>Change</u>	<u>Six Months Ended June 30,</u>		<u>Percentage</u> <u>Change</u>
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>	
	(in millions)			(in millions)		
Interest income	\$ 1	\$ 2	(50.0)%	\$ 3	\$ 5	(40.0)%
Interest expense	(30)	(26)	15.4%	(59)	(50)	18.0%
Net interest expense	(29)	(24)	20.8%	(56)	(45)	24.4%
Asset impairment charges	-	-	-	-	(10)	#
Total non-operating expenses	\$ (29)	\$ (24)	20.8%	\$ (56)	\$ (55)	1.8%

Denotes a variance equal to 100.0%.

Total non-operating expenses increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to an increase in interest expense. Partially offsetting the increase in the first six months of 2014 were lower asset impairment charges as compared to those recorded during the first six months of 2013.

Interest Income

Interest income decreased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to a decrease in cash and cash equivalents in the first six months of 2014.

Interest Expense

Interest expense increased in the second quarter and first six months of 2014 compared with the same periods in 2013 primarily due to the issuance of our 2021 Notes in June 2013 and the issuance of our 2024 Notes in June 2014, partially offset by lower outstanding balances on our 2011 Credit Facility and the repayment of our 2.50% convertible senior notes in August 2013.

Interest expense for the second quarter of 2014 was \$30 million, and was comprised of \$28 million of interest expense, \$1 million of non-cash debt issuance amortization expense, and \$1 million of other bank and investment-related fees. Interest expense for the second quarter of 2013 was \$26 million, and was comprised of \$24 million of interest expense, \$1 million of non-cash expense associated with the accretion of debt discounts and \$1 million of non-cash debt issuance amortization expense.

Interest expense for the first six months of 2014 was \$59 million, and was comprised of \$56 million of interest expense, \$2 million of non-cash debt issuance amortization expense, and \$1 million of other bank and investment-related fees. Interest expense for the first six months of 2013 was \$50 million, and was comprised of \$44 million of interest expense, \$2 million of non-cash expense associated with the accretion of debt discounts, \$2 million of non-cash debt issuance amortization expense, and \$2 million of other bank and investment-related fees.

See Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion of our debt obligations.

Asset Impairment Charges

In the first six months of 2013, we recorded asset impairment charges of \$10 million related to certain acquired intangible assets associated with customer relationships (\$7 million) and a certain trade name (\$3 million). See “Intangible Asset Impairment Charges,” of Note 5, “Goodwill and Purchased Intangible Assets,” to the condensed consolidated financial statements for further discussion.

Tax Matters

NASDAQ OMX’s income tax provision was \$61 million in the second quarter of 2014 and \$114 million in the first six months of 2014 compared with \$47 million in the second quarter of 2013 and \$64 million in the first six months of 2013. The overall effective tax rate was 38% in the second quarter of 2014 and 36% in the first six months of 2014 compared with 35% in the second quarter of 2013 and 33% in the first six months of 2013. The higher effective tax rate in the second quarter and first six months of 2014 when compared with the same periods in 2013 is primarily due to a change in the geographic mix of earnings and losses. In addition, in the second quarter of 2014, we recorded adjustments related to our 2010 through 2012 tax return liabilities which resulted in an increase to the tax provision. The effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of earnings and losses. These same and other factors, including our history of pre-tax earnings and losses, are taken into account in assessing the ability to realize deferred tax assets. In order to recognize and measure our unrecognized tax benefits, management determines whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the recognition thresholds, the position is measured to determine the amount of benefit to be recognized in the condensed consolidated financial statements. Interest and/or penalties related to income tax matters are recognized in income tax expense.

NASDAQ OMX and its eligible subsidiaries file a consolidated U.S. federal income tax return and applicable state and local income tax returns and non-U.S. income tax returns. Federal income tax returns for the years 2007 through 2010 are currently under audit by the Internal Revenue Service and we are subject to examination for 2011 and 2012. Several state tax returns are currently under examination by the respective tax authorities for the years 2005 through 2012. Non-U.S. tax returns are subject to examination by the respective tax authorities for the years 2006 through 2012. We anticipate that the amount of unrecognized tax benefits at June 30, 2014 will significantly decrease in the next twelve months as we expect to settle certain tax audits. The final outcome of such audits cannot yet be determined. We anticipate that such adjustments will not have a material impact on our consolidated financial position or results of operations.

In the fourth quarter of 2010, we received an appeal from the Finnish Tax Authority challenging certain interest expense deductions claimed by NASDAQ OMX in Finland for the year 2008. The appeal also demanded certain penalties be paid with regard to the company’s tax return filing position. In October 2012, the Finnish Appeals Board disagreed with the company’s tax return filing position for the years 2009 through 2011, even though the tax return position with respect to this deduction was previously reviewed and approved by the Finnish Tax Authority. In June 2014, the Finnish Administrative Court also disagreed with the company’s tax return filing position. Through June 30, 2014, we have recorded tax benefits of \$21 million associated with this filing position. Of this amount we have paid \$12 million to the Finnish tax authorities. We have also paid \$11 million in interest and penalties. In 2014, we will pay \$9 million, which represents the benefit taken in 2013 and the first six month of 2014. We expect the Finnish Supreme Administrative Court to agree with our position, which would result in an expected refund to NASDAQ OMX of \$32 million.

From 2009 through 2012, we recorded tax benefits associated with certain interest expense incurred in Sweden. Our position is supported by a 2011 ruling we received from the Swedish Supreme Administrative Court. However, under new legislation effective January 1, 2013, limitations are imposed on certain forms of interest expense. Because this legislation is unclear with regard to our ability to continue to claim such interest deductions, NASDAQ OMX filed an application for an advance tax ruling with the Swedish Tax Council for Advance Tax Rulings. In June 2014, we received an unfavorable ruling from the Swedish Tax Council for Advance Tax Rulings. We will appeal this ruling to the Swedish Supreme Administrative Court. We expect to receive a favorable decision from the Swedish Supreme Administrative Court. Since January 1, 2013, we have recorded tax benefits of \$24 million, or \$0.14 per diluted share, related to this matter. We expect to record recurring quarterly tax benefits of \$4 million to \$5 million with respect to this issue for the foreseeable future.

In December 2012, the Swedish Tax Agency approved our 2010 amended VAT tax return and we received a cash refund for the amount claimed. In 2013, we filed VAT tax returns for 2011 and 2012 and utilized the same approach which was approved for the 2010 filing. However, even though the VAT return position was previously reviewed and approved by the Swedish Tax Agency, we were informed by the Swedish Tax Agency that our VAT refund claims for 2011 and 2012 are not valid. However, they will not seek reimbursement of the 2010 refund. We have appealed the finding by the Swedish Tax Agency to the Administrative Court. For the period January 1, 2011 through June 30, 2014, we have recorded benefits of \$16 million associated with this position.

Non-GAAP Financial Measures

In addition to disclosing results determined in accordance with U.S. GAAP, we also have provided non-GAAP net income attributable to NASDAQ OMX and non-GAAP diluted earnings per share. Management uses this non-GAAP information internally, along with U.S. GAAP information, in evaluating our performance and in making financial and operational decisions.

We believe our presentation of these measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. In addition, we believe the presentation of these measures is useful to investors for period-to-period comparison of results as the items described below do not reflect operating performance. These measures are not in accordance with, or an alternative to, U.S. GAAP, and may be different from non-GAAP measures used by other companies. Investors should not rely on any single financial measure when evaluating our business. We recommend investors review the U.S. GAAP financial measures included in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and the notes thereto. When viewed in conjunction with our U.S. GAAP results and the accompanying reconciliation, we believe these non-GAAP measures provide greater transparency and a more complete understanding of factors affecting our business than U.S. GAAP measures alone. Our management uses these measures to evaluate operating performance, and management decisions during the reporting period are made by excluding certain items that we believe have less significance on, or do not impact, the day-to-day performance of our business. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as non-GAAP net income and non-GAAP diluted earnings per share, to assess operating performance. We use non-GAAP net income attributable to NASDAQ OMX and non-GAAP diluted earnings per share because they more clearly highlight trends in our business that may not otherwise be apparent when relying solely on U.S. GAAP financial measures, since these measures eliminate from our results specific financial items that have less bearing on our operating performance. Non-GAAP net income attributable to NASDAQ OMX for the periods presented below is calculated by adjusting net income attributable to NASDAQ OMX for charges or gains related to acquisition and divestiture transactions, integration activities related to acquisitions, other significant infrequent charges or gains and their related income tax effects that are not related to our core business. We do not believe these items are representative of our future operating performance since these charges were not consistent with our normal operating performance.

Non-GAAP adjustments for the quarter ended June 30, 2014 primarily related to the following:

(i) merger and strategic initiatives costs of \$14 million primarily related to our acquisition of the TR Corporate Solutions businesses and other strategic initiatives, (ii) loss on extinguishment of debt of \$9 million related to our 2015 Notes, (iii) special legal expense of \$1 million, (iv) adjustment to the income tax provision of \$7 million to reflect these non-GAAP adjustments, and (v) significant tax adjustments, net of \$2 million due to adjustments related to our 2010 through 2012 tax return liabilities which resulted in an increase to the tax provision.

Non-GAAP adjustments for the quarter ended June 30, 2013 primarily related to the following:

(i) merger and strategic initiatives costs of \$25 million primarily related to our acquisitions of eSpeed and the TR Corporate Solutions businesses, and (ii) adjustment to the income tax provision of \$8 million to reflect these non-GAAP adjustments.

Non-GAAP adjustments for the six months ended June 30, 2014 primarily related to the following:

(i) merger and strategic initiatives costs of \$42 million primarily related to our acquisition of the TR Corporate Solutions businesses and other strategic initiatives, (ii) loss on extinguishment of debt of \$9 million related to our 2015 Notes, (iii) special legal expense of \$2 million, (iv) adjustment to the income tax provision of \$15 million to reflect these non-GAAP adjustments, and (v) significant tax adjustments, net of \$2 million due to adjustments related to our 2010 through 2012 tax return liabilities which resulted in an increase to the tax provision.

Non-GAAP adjustments for the six months ended June 30, 2013 primarily related to the following:

(i) merger and strategic initiatives costs of \$33 million primarily related to our acquisitions of eSpeed and the TR Corporate Solutions businesses, (ii) expense related to the one-time program for voluntary accommodations to qualifying members of up to \$62 million. This program expanded the pool available to compensate members of The NASDAQ Stock Market for qualified losses arising directly from the system issues experienced with the Facebook IPO that occurred on May 18, 2012. Our liability was reduced to \$44 million and payment of valid claims totaling \$44 million was made in the fourth quarter of 2013, (iii) expense related to an SEC matter of \$10 million, (iv) asset impairment charges of \$10 million related to certain acquired intangible assets associated with customer relationships and a certain trade name, (v) restructuring charges of \$9 million, (vi) special legal expense of \$2 million, and (vii) adjustment to the income tax provision of \$43 million to reflect these non-GAAP adjustments.

For further discussion of our acquisitions, see “Acquisition of eSpeed for Trading of U.S. Treasuries,” and “Acquisition of the Investor Relations, Public Relations and Multimedia Solutions Businesses of Thomson Reuters,” of Note 4, “Acquisitions.”

For further discussion of the debt extinguishment see “Early Extinguishment of 2015 Notes,” of Note 8, “Debt Obligation.”

For further discussion of the restructuring charges, see Note 3, “Restructuring Charges.”

The following table represents reconciliations between U.S. GAAP net income and diluted earnings per share and non-GAAP net income and diluted earnings per share:

Three Months Ended June 30, 2014

Three Months Ended June 30, 2013

	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
(in millions, except share and per share amounts)				
GAAP net income attributable to NASDAQ OMX and diluted earnings per share	\$ 101	\$ 0.59	\$ 88	\$ 0.52
Non-GAAP adjustments:				
Merger and strategic initiatives	14	0.08	25	0.15
Extinguishment of debt	9	0.05	-	-
Special legal expense	1	0.01	-	-
Adjustment to the income tax provision to reflect non-GAAP adjustments ⁽¹⁾	(7)	(0.04)	(8)	(0.05)
Significant tax adjustments, net	2	0.01	-	-
Total non-GAAP adjustments, net of tax	19	0.11	17	0.10
Non-GAAP net income attributable to NASDAQ OMX and diluted earnings per share	\$ 120	\$ 0.70	\$ 105	\$ 0.62
Weighted-average common shares outstanding for diluted earnings per share		172,472,636		170,142,974

⁽¹⁾ We determine the tax effect of each item based on the tax rules in the respective jurisdiction where the transaction occurred.

	Six Months Ended June 30, 2014		Six Months Ended June 30, 2013	
	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
(in millions, except share and per share amounts)				
GAAP net income attributable to NASDAQ OMX and diluted earnings per share	\$ 205	\$ 1.18	\$ 130	\$ 0.77
Non-GAAP adjustments:				
Merger and strategic initiatives	42	0.24	33	0.19
Extinguishment of debt	9	0.05	-	-
Voluntary accommodation program	-	-	62	0.37
SEC Matter	-	-	10	0.06
Asset impairment charges	-	-	10	0.06
Restructuring charges	-	-	9	0.05
Special legal expense	2	0.01	2	0.01
Other	1	0.01	-	-
Adjustment to the income tax provision to reflect non-GAAP adjustments ⁽¹⁾	(15)	(0.08)	(43)	(0.25)
Significant tax adjustments, net	2	0.01	-	-
Total non-GAAP adjustments, net of tax	41	0.24	83	0.49
Non-GAAP net income attributable to NASDAQ OMX and diluted earnings per share	\$ 246	\$ 1.42	\$ 213	\$ 1.26
Weighted-average common shares outstanding for diluted earnings per share		173,105,217		169,899,581

⁽¹⁾ We determine the tax effect of each item based on the tax rules in the respective jurisdiction where the transaction occurred.

Liquidity and Capital Resources

Global markets and economic conditions continue to improve from adverse levels experienced during the past several years and investors and lenders remain cautiously optimistic about the pace of the global economic recovery. A lack of confidence in the prospects for growth could result in sporadic increases in market volatility and lackluster trading volumes, which could in turn affect our ability to obtain additional funding from lenders. Currently, our cost and availability of funding remain healthy.

Historically, we have funded our operating activities and met our commitments through cash generated by operations, augmented by the periodic issuance of our common stock and debt obligations. In May 2014, NASDAQ OMX issued the 2024 Notes. In June 2014, we used the majority of the net proceeds from the offering of the 2024 Notes, along with cash on hand, to repay in full and terminate our 2015 Notes. We used the remaining proceeds to repay a portion of the 2016 Term Loan. See “4.25% Senior Unsecured Notes,” and “2011 Credit Facility,” of Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion. In June 2013, NASDAQ OMX issued the 2021 Notes. We used the majority of the net proceeds from the offering of the 2021 Notes to fund the cash consideration payable by us for the acquisition of eSpeed and related expenses. We used the remaining proceeds from the 2021 Notes for general corporate purposes. As part of the acquisition of eSpeed, NASDAQ OMX has contingent future obligations to issue 992,247 shares of NASDAQ OMX common stock annually which approximated certain tax benefits associated with the transaction of \$484 million. Such contingent future issuances of NASDAQ OMX common stock will be paid ratably through 2027 if NASDAQ OMX’s total gross revenues equal or exceed \$25 million in each such year. The contingent future issuances of NASDAQ OMX common stock are subject to anti-dilution protections and acceleration upon certain events.

In addition to these cash sources, we have a \$750 million revolving credit commitment (including a swingline facility and letter of credit facility) under our senior unsecured five-year credit facility. During the first quarter of 2014, we repaid the total amount drawn on the revolving credit commitment of \$120 million. As of June 30, 2014, availability under the revolving credit commitment was \$750 million. See “2011 Credit Facility,” of Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion.

In the near term, we expect that our operations and availability under our revolving credit commitment will provide sufficient cash to fund our operating expenses, capital expenditures, debt repayments, any share repurchases, and any dividends.

Working capital (calculated as current assets less current liabilities) was \$294 million at June 30, 2014, compared with \$363 million at December 31, 2013, a decrease of \$69 million.

Principal factors that could affect the availability of our internally-generated funds include:

- deterioration of our revenues in any of our business segments;
- changes in our working capital requirements; and
- an increase in our expenses.

Principal factors that could affect our ability to obtain cash from external sources include:

- operating covenants contained in our credit facility that limit our total borrowing capacity;
- increases in interest rates applicable to our floating rate loans under our credit facility;
- credit rating downgrades, which could limit our access to additional debt;
- a decrease in the market price of our common stock; and
- volatility in the public debt and equity markets.

The following sections discuss the effects of changes in our financial assets, debt obligations, clearing and broker-dealer net capital requirements, and cash flows on our liquidity and capital resources.

Financial Assets

The following table summarizes our financial assets:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(in millions)	
Cash and cash equivalents	\$ 314	\$ 398
Restricted cash	39	84
Financial investments, at fair value	203	189
Total financial assets	<u>\$ 556</u>	<u>\$ 671</u>

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash in banks and all non-restricted highly liquid investments with original maturities of three months or less at the time of purchase. The balance retained in cash and cash equivalents is a function of anticipated or possible short-term cash needs, prevailing interest rates, our investment policy, and alternative investment choices. As of June 30, 2014, our cash and cash equivalents of \$314 million were primarily invested in money market funds. In the long-term, we may use both internally generated funds and external sources to satisfy our debt obligations and other long-term liabilities. Cash and cash equivalents as of

June 30, 2014 decreased \$84 million from December 31, 2013 primarily due to net cash used in financing and investing activities, partially offset by net cash provided by operating activities. See “Cash Flow Analysis” below for further discussion.

Current restricted cash was \$39 million as of June 30, 2014 and \$84 million as of December 31, 2013, a decrease of \$45 million. The decrease is primarily due to restricted cash that had been held at NOS Clearing. In the second quarter of 2014, NOS Clearing was fully integrated into NASDAQ OMX Nordic Clearing and is now covered under the regulatory capital structure and liability waterfall of NASDAQ OMX Nordic Clearing. As of June 30, 2014 and December 31, 2013, current restricted cash included cash held for regulatory purposes and other requirements and is not available for general use by us. As of December 31, 2013, current restricted cash also included restricted cash held at NOS Clearing. Current restricted cash is classified as restricted cash in the Condensed Consolidated Balance Sheets.

Repatriation of Cash

Our cash and cash equivalents held outside of the U.S. in various foreign subsidiaries totaled \$83 million as of June 30, 2014 and \$159 million as of December 31, 2013. The remaining balance held in the U.S. totaled \$231 million as of June 30, 2014 and \$239 million as of December 31, 2013.

Unremitted earnings of subsidiaries outside of the U.S. are used to finance our international operations and are generally considered to be indefinitely reinvested. It is not our current intent to change this position. However, the majority of cash held outside the U.S. is available for repatriation, but under current law, could subject us to additional U.S. income taxes, less applicable foreign tax credits.

Share Repurchase Program

In the third quarter of 2012, our board of directors authorized the repurchase of up to \$300 million of our outstanding common stock. These purchases may be made from time to time at prevailing market prices in open market purchases, privately-negotiated transactions, block purchase techniques or otherwise, as determined by our management. The purchases are funded from existing cash balances. The share repurchase program may be suspended, modified or discontinued at any time.

During the first six months of 2014, we repurchased 2,557,920 shares of our common stock at an average price of \$36.46, for an aggregate purchase price of \$93 million. The shares repurchased under the share repurchase program are available for general corporate purposes. As of June 30, 2014, the remaining amount authorized for share repurchases under the program authorized in the third quarter of 2012 was \$122 million.

Cash Dividends on Common Stock

In June 2014, we paid a quarterly cash dividend of \$0.15 per share on our outstanding common stock and in March 2014, we paid a quarterly cash dividend of \$0.13 per share on our outstanding common stock. See “Cash Dividends on Common Stock,” of Note 11, “NASDAQ OMX Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of the dividends.

In July 2014, the board of directors declared a regular quarterly cash dividend of \$0.15 per share on our outstanding common stock. The dividend is payable on September 26, 2014 to shareholders of record at the close of business on September 12, 2014. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the board of directors.

Financial Investments, at Fair Value

Our financial investments, at fair value totaled \$203 million as of June 30, 2014 and \$189 million as of December 31, 2013 and are primarily comprised of trading securities, mainly Swedish government debt securities. Of these securities, \$172 million as of June 30, 2014 and \$167 million as of December 31, 2013 are assets utilized to meet regulatory capital requirements primarily for clearing operations at NASDAQ OMX Nordic Clearing. See Note 6, “Investments,” to the condensed consolidated financial statements for further discussion of our trading securities.

Debt Obligations

The following table summarizes our debt obligations by contractual maturity:

	<u>Maturity Date</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
		(in millions)	
4.00% senior unsecured notes	Repaid June 2014	-	400
\$1.2 billion senior unsecured five-year credit facility:			
\$450 million senior unsecured term loan facility	September 2016	123	349

[Table Of Contents](#)

\$750 million revolving credit commitment	September 2016	-	95
5.25% senior unsecured notes (net of discount)	January 2018	368	368
5.55% senior unsecured notes (net of discount)	January 2020	599	598
3.875% senior unsecured notes (net of discount)	June 2021	820	824
4.25% senior unsecured notes (net of discount)	June 2024	498	-
Total debt obligations		2,408	2,634
Less current portion		-	(45)
Total long-term debt obligations		\$ 2,408	\$ 2,589

In addition to the \$750 million revolving credit commitment, we also have other credit facilities related to our Nordic clearing operations in order to provide further liquidity and for default protection. At June 30, 2014, these credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$317 million (\$227 million in available liquidity and \$90 million for default protection), none of which was utilized. At December 31, 2013, these credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$312 million (\$219 million in available liquidity and \$93 million for default protection), of which \$11 million was utilized.

Early Extinguishment of 2015 Notes

In May 2014, NASDAQ OMX issued the 2024 Notes. In June 2014, we used the majority of the net proceeds from the 2024 Notes, along with cash on hand, to repay in full and terminate our 2015 Notes and repay a portion of the term loan under our senior credit facility. See “4.25% Senior Unsecured Notes,” and “2011 Credit Facility,” of Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion. In connection with the early extinguishment of the 2015 Notes, we recorded a pre-tax charge of \$9 million which is included in general, administrative and other expense in the Condensed Consolidated Statements of Income for the three and six months ended June 30, 2014.

At June 30, 2014, we were in compliance with the covenants of all of our debt obligations.

See Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion of our debt obligations.

Clearing and Broker-Dealer Net Capital Requirements

Clearing Operations Regulatory Capital Requirements

We are required to maintain minimum levels of regulatory capital for the clearing operations of NASDAQ OMX Nordic Clearing. The level of regulatory capital required to be maintained is dependent upon many factors, including market conditions and creditworthiness of the counterparty. At June 30, 2014, our required regulatory capital consisted of \$172 million of Swedish government debt securities that are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets.

In addition, we have available credit facilities of \$90 million which provide default protection for our Nordic clearing operations.

Broker-Dealer Net Capital Requirements

Our broker-dealer subsidiaries, Nasdaq Execution Services, NASDAQ Options Services, Execution Access and NPM Securities, LLC, are subject to regulatory requirements intended to ensure their general financial soundness and liquidity. These requirements obligate these subsidiaries to comply with minimum net capital requirements. At June 30, 2014, Nasdaq Execution Services was required to maintain minimum net capital of \$0.3 million and had total net capital of approximately \$8.6 million, or \$8.3 million in excess of the minimum amount required. At June 30, 2014, NASDAQ Options Services also was required to maintain minimum net capital of \$0.3 million and had total net capital of approximately \$0.6 million, or \$0.3 million in excess of the minimum amount required. At June 30, 2014, Execution Access was required to maintain minimum net capital of \$0.5 million and had total net capital of \$39.5 million, or \$39.0 million in excess of the minimum amount required. At June 30, 2014, NPM Securities had total net capital of \$0.2 million. The minimum net capital required was immaterial.

Other Capital Requirements

NASDAQ Execution Services also is required to maintain a \$2 million minimum level of net capital under our clearing arrangement with The Options Clearing Corporation, or OCC.

Cash Flow Analysis

The following tables summarize the changes in cash flows:

	Six Months Ended June 30,		Percentage Change
	2014	2013	
	(in millions)		
Net cash provided by (used in):			
Operating activities	\$ 383	\$ 255	50.2%
Investing activities	(94)	(1,142)	(91.8)%
Financing activities	(373)	777	#
Effect of exchange rate changes on cash and cash equivalents	-	(8)	#
Net decrease in cash and cash equivalents	(84)	(118)	(28.8)%
Cash and cash equivalents at the beginning of period	398	497	(19.9)%
Cash and cash equivalents at the end of period	\$ 314	\$ 379	(17.2)%

Denotes a variance equal to or greater than 100.0%.

Net Cash Provided by Operating Activities

The following items impacted our net cash provided by operating activities for the six months ended June 30, 2014:

- Net income of \$205 million, plus:
 - Non-cash items of \$110 million comprised primarily of \$69 million of depreciation and amortization expense, \$30 million of share-based compensation expense, \$20 million of merger and strategic initiatives expense, partially offset by deferred income taxes of \$21 million.
- Increase in deferred revenue of \$99 million mainly due to Listing Services' annual billings.
- Increase in Section 31 fees payable to the SEC of \$72 million primarily due to timing of payments, which are made twice a year in September and March, partially offset by higher dollar value traded on the NASDAQ and NASDAQ OMX BX trading systems.

Partially offset by a:

- Decrease in accrued personnel costs of \$54 million primarily due to the payment of our 2013 incentive compensation in the first quarter of 2014, partially offset by the 2014 accrual.
- Decrease in accounts payable and accrued expenses of \$36 million reflecting a decrease in interest payable as well as the timing of trade payables.
- Increase in accounts receivable, net of \$10 million primarily due to the timing of collections and activity.

The following items impacted our net cash provided by operating activities for the six months ended June 30, 2013:

- Net income of \$130 million, plus:
 - Non-cash items of \$44 million comprised primarily of \$55 million of depreciation and amortization expense, \$18 million of share-based compensation expense and \$10 million of asset impairment charges, partially offset by deferred income taxes of \$28 million and excess tax benefits related to share-based compensation of \$13 million.
- Increase in accounts payable and accrued expenses of \$83 million primarily due to the recording of our voluntary accommodation program liability and the timing of payments.
- Increase in Section 31 fees payable to the SEC of \$48 million primarily due to the timing of payments which are made twice a year in September and March.
- Increase in deferred revenue of \$47 million mainly due to Listing Services' annual billings.
- Increase in other liabilities of \$16 million mainly due to increases in accrued taxes and an increase related to unsettled trades within NASDAQ OMX Commodities related to our U.K. power business.

Partially offset by an:

- Increase in other assets of \$61 million primarily reflecting a \$19 million payment to the Finland Tax Authority related to a tax assessment, a \$19 million deposit made in connection with a clearing agreement entered into by our eSpeed business, a \$10 million increase related to unsettled trades within NASDAQ OMX Commodities related to our U.K. power business and an \$8 million increase related to deferred costs associated with the timing and delivery of technology.
- Increase in accounts receivable, net of \$22 million primarily due to the timing of collections and an increase in income tax receivables.

[Table Of Contents](#)

- Decrease in accrued personnel costs of \$30 million primarily due to the payment of our 2012 incentive compensation in the first quarter of 2013, partially offset by the 2013 accrual.

Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2014 primarily consisted of purchases of trading and available-for-sale investment securities and purchases of property and equipment, partially offset by proceeds from sales and redemptions of trading securities.

Net cash used in investing activities for the six months ended June 30, 2013 primarily consisted of cash utilized to fund the acquisitions of eSpeed and the TR Corporate Solutions businesses, purchases of trading securities, purchases of property and equipment, cash paid for our increased ownership interest in LCH and our equity method investment in TOM, partially offset by proceeds from sales and redemptions of trading securities.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities in the six months ended June 30, 2014 primarily consisted of \$754 million of cash used in connection with the repayment of debt obligations, which consisted of a \$408 million payment to repay in full and terminate our 2015 Notes, a required quarterly principal payment of \$22 million and an optional prepayment of \$204 million on our 2016 Term Loan, reflecting all mandatory principal payments required until maturity in September 2016, and the repayment of the total amount drawn on the revolving credit commitment of \$120 million, which included \$25 million of proceeds received during the three months ended March 31, 2014. In addition, cash used in financing activities included \$93 million related to the repurchase of our common stock and \$47 million related to cash dividends paid on our common stock. Partially offsetting these decreases were net proceeds received of \$494 million from the issuance of our 2024 Notes.

Net cash provided by financing activities for the six months ended June 30, 2013 primarily consisted of proceeds received from the issuance of the 2021 Notes and a partial utilization under our revolving credit commitment, partially offset by \$43 million related to cash dividends paid on our common stock and required quarterly principal payments totaling \$23 million made on the 2016 Term Loan.

For further discussion of our debt obligations, see Note 8, "Debt Obligations," to the condensed consolidated financial statements. For further discussion of our share repurchase program, see "Share Repurchase Program," of Note 11, "NASDAQ OMX Stockholders' Equity," to the condensed consolidated financial statements.

Contractual Obligations and Contingent Commitments

NASDAQ OMX has contractual obligations to make future payments under debt obligations by contract maturity, minimum rental commitments under non-cancelable operating leases, net and other obligations. The following table shows these contractual obligations as of June 30, 2014:

Contractual Obligations	Payments Due by Period				
	Total	Remainder of 2014	2015-2016	2017-2018	2019-Thereafter
			(in millions)		
Debt obligations by contract maturity ⁽¹⁾	\$ 3,131	\$ 38	\$ 337	\$ 572	\$ 2,184
Minimum rental commitments under non-cancelable operating leases, net ⁽²⁾	411	40	146	85	140
Other obligations ⁽³⁾	20	11	9	-	-
Total	\$ 3,562	\$ 89	\$ 492	\$ 657	\$ 2,324

⁽¹⁾ Our debt obligations include both principal and interest obligations. At June 30, 2014, an interest rate of 1.52% was used to compute the amount of the contractual obligations for interest on the 2016 Term Loan. All other debt obligations were calculated on a 360-day basis at the contractual fixed rate multiplied by the aggregate principal amount at June 30, 2014. See Note 8, "Debt Obligations," to the condensed consolidated financial statements for further discussion.

⁽²⁾ We lease some of our office space and equipment under non-cancelable operating leases with third parties and sublease office space to third parties. Some of our leases contain renewal options and escalation clauses based on increases in property taxes and building operating costs.

⁽³⁾ In connection with our acquisitions of FTEN and Glide Technologies, we entered into escrow agreements to secure the payment of post-closing adjustments and to ensure other closing conditions. At June 30, 2014, these agreements provide for future payments of \$10 million and are included in other current liabilities and other non-current liabilities in the Condensed Consolidated Balance Sheets. In addition, other obligations include future transition service agreement payments associated with

the acquisition of the TR Corporate Solutions businesses and the second installment payment related to the acquisition of the remaining 28% ownership interest in BWISE, which is expected to be paid in 2015.

Non-Cash Contingent Consideration

As part of the eSpeed purchase price consideration, we have agreed to future annual issuances of 992,247 shares of NASDAQ OMX common stock which approximated certain tax benefits associated with the transaction. Such contingent future issuances of NASDAQ OMX common stock will be paid ratably through 2027 if NASDAQ OMX's total gross revenues equal or exceed \$25 million in each such year. The contingent future issuances of NASDAQ OMX common stock are subject to anti-dilution protections and acceleration upon certain events.

Off-Balance Sheet Arrangements

Default Fund Contributions and Margin Deposits Received for Clearing Operations

Default Fund Contributions

Clearing members' eligible contributions may include cash and non-cash contributions. Cash contributions are invested by NASDAQ OMX Nordic Clearing in accordance with its investment policies and are included in default funds and margin deposits in the Condensed Consolidated Balance Sheets. However, non-cash contributions, which include highly rated government debt securities that must meet the investment policies of NASDAQ OMX Nordic Clearing, as well as pledged cash, are pledged assets that are not recorded in our Condensed Consolidated Balance Sheets as NASDAQ OMX Nordic Clearing does not take legal ownership of these assets and the risks and rewards remain with the clearing members. These pledged assets are held at a nominee account in NASDAQ OMX Nordic Clearing's name for the benefit of the clearing members and are immediately accessible by NASDAQ OMX Nordic Clearing in the event of default. The pledged asset balances may fluctuate over time due to changes in the amount of deposits required and whether members choose to provide cash or non-cash contributions. See Note 14, "Clearing Operations," to the condensed consolidated financial statements for further discussion of our clearing operations and default fund contributions.

Margin Deposits Received for Clearing Operations

NASDAQ OMX Nordic Clearing requires all clearing members to provide collateral, which may consist of cash and eligible securities, in a pledged bank account and/or an on-demand guarantee, to guarantee performance on the clearing members' open positions, or initial margin. In addition, clearing members must also provide collateral to cover the daily margin call as needed, which is in addition to the initial margin. Pledged collateral is held at a nominee account in NASDAQ OMX Nordic Clearing's name for the benefit of the clearing members and is immediately accessible by NASDAQ OMX Nordic Clearing in the event of default. The pledged collateral is not recorded in our Condensed Consolidated Balance Sheets as all risks and rewards of collateral ownership, including interest, belong to the counterparty. Clearing member pledged collateral related to our clearing operations was \$7.1 billion as of June 30, 2014 and \$9.5 billion as of December 31, 2013. NASDAQ OMX Nordic Clearing maintains and manages all cash deposits related to margin collateral and records these cash deposits in default funds and margin deposits in the Condensed Consolidated Balance Sheets as both a current asset and current liability.

NASDAQ OMX Nordic Clearing mark-to-market all outstanding contracts, requiring payment from clearing members whose positions have lost value. The mark-to-market process helps identify any clearing members that may not be able to satisfy their financial obligations in a timely manner which helps NASDAQ OMX Nordic Clearing manage the risk of a clearing member defaulting due to exceptionally large losses. In the event of a default, NASDAQ OMX Nordic Clearing can access these margin deposits to cover the defaulting member's losses.

Guarantees Issued and Credit Facilities Available

In addition to the collateral pledged by clearing members discussed above, we have obtained financial guarantees and credit facilities which are guaranteed by us through counter indemnities, to provide further liquidity and default protection. Financial guarantees issued to us totaled \$28 million at June 30, 2014 and \$20 million at December 31, 2013. At June 30, 2014, credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$317 million (\$227 million in available liquidity and \$90 million for default protection), none of which was utilized. At December 31, 2013, these facilities totaled \$312 million (\$219 million in available liquidity and \$93 million for default protection), of which \$11 million was utilized.

Execution Access has a clearing arrangement with Cantor Fitzgerald. As of June 30, 2014, we have contributed \$19 million of clearing deposits to Cantor Fitzgerald in connection with this clearing arrangement. These deposits are recorded in other current assets in the Condensed Consolidated Balance Sheets. Some of the trading activity in Execution Access is cleared by Cantor Fitzgerald through FICC, and the balance is cleared non-FICC. Execution Access assumes the counterparty risk of clients that do not clear through FICC. Counterparty risk of clients exists for Execution Access between the trade date and settlement date of the individual transactions, which is one business day. All of Execution Access' obligations under the clearing arrangement with Cantor Fitzgerald are guaranteed by NASDAQ OMX. Some of the non-FICC counterparties are required to post collateral, provide principal letters, or provide other forms of credit enhancement to Execution Access for the purpose of mitigating counterparty risk.

We believe that the potential for us to be required to make payments under these arrangements is mitigated through the pledged collateral and our risk management policies. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these arrangements.

Leases

We lease some of our office space and equipment under non-cancelable operating leases with third parties and sublease office space to third parties. Some of our lease agreements contain renewal options and escalation clauses based on increases in property taxes and building operating costs.

Other Guarantees

We have provided other guarantees of \$15 million as of June 30, 2014 and \$17 million at December 31, 2013. These guarantees primarily related to obligations for our rental and leasing contracts as well as performance guarantees on certain Market Technology contracts related to the delivery of software technology and support services. We have received financial guarantees from various financial institutions to support these guarantees.

We believe that the potential for us to be required to make payments under these arrangements is unlikely. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for the above guarantees.

In connection with the launch of NASDAQ OMX NLX, we have entered into agreements with certain members which may require us to make payments if certain financial goals are achieved. Since the amount of these payments is not currently probable and cannot be quantified as of June 30, 2014, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these payments.

Routing Brokerage Activities

Our broker-dealer subsidiaries, Nasdaq Execution Services and NASDAQ Options Services, provide guarantees to securities clearinghouses and exchanges under their standard membership agreements, which require members to guarantee the performance of other members. If a member becomes unable to satisfy its obligations to a clearinghouse or exchange, other members would be required to meet its shortfalls. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral, as well as meet certain minimum financial standards. Nasdaq Execution Services' and NASDAQ Options Services' maximum potential liability under these arrangements cannot be quantified. However, we believe that the potential for Nasdaq Execution Services and NASDAQ Options Services to be required to make payments under these arrangements is unlikely. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the potential for losses that may result from changes in the market value of a financial instrument due to changes in market conditions. As a result of our operating, investing and financing activities, we are exposed to market risks such as interest rate risk and foreign currency exchange rate risk. We are also exposed to credit risk as a result of our normal business activities.

We have implemented policies and procedures to measure, manage, monitor and report risk exposures, which are reviewed regularly by management and the board of directors. We identify risk exposures and monitor and manage such risks on a daily basis.

We perform sensitivity analyses to determine the effects of market risk exposures. We may use derivative instruments solely to hedge financial risks related to our financial positions or risks that are incurred during the normal course of business. We do not use derivative instruments for speculative purposes.

Interest Rate Risk

The following table summarizes our financial assets and liabilities that are subject to interest rate risk as of June 30, 2014:

	<u>Financial Assets</u>	<u>Financial Liabilities⁽¹⁾</u>	<u>Negative impact of a 100bp adverse shift in interest rate⁽²⁾</u>
	(in millions)		
Floating rate positions ⁽³⁾	\$ 3,135	\$ 2,702	\$ (5)
Fixed rate positions	-	2,291	-

⁽¹⁾ Represents total contractual debt obligations and amounts related to default fund contributions and margin deposits.

⁽²⁾ Annualized impact of a 100 basis point parallel adverse shift in the yield curve.

⁽³⁾ Includes floating rate and fixed interest rates with a maturity or reset date due within 12 months.

We are exposed to cash flow risk on floating rate financial assets of \$3,135 million and financial liabilities of \$2,702 million at June 30, 2014. When interest rates on financial assets of floating rate positions decrease, net interest income decreases. When interest

rates on financial liabilities of floating rate positions increase, net interest expense increases. Based on June 30, 2014 positions, each 1.0% adverse change in interest rate would impact annual pre-tax income by \$5 million related to our floating positions.

Foreign Currency Exchange Rate Risk

As a leading global exchange group, we are subject to foreign currency translation risk. For the three months ended June 30, 2014, approximately 33.6% of our revenues less transaction rebates, brokerage, clearance and exchange fees and 21.4% of our operating income were derived from currencies other than the U.S. dollar, primarily the Swedish Krona, Euro, Norwegian Krone, Danish Krone, and British Pound. For the six months ended June 30, 2014, approximately 34.0% of our revenues less transaction rebates, brokerage, clearance and exchange fees and 24.1% of our operating income were derived from currencies other than the U.S. dollar, primarily the Swedish Krona, Euro, Norwegian Krone, Danish Krone, and British Pound.

Our primary exposure to foreign currency denominated revenues less transaction rebates, brokerage, clearance and exchange fees and operating income for the three and six months ended June 30, 2014 is presented in the following table:

	<u>Swedish Krona</u>	<u>Euro</u>	<u>Norwegian Krone</u>	<u>Danish Krone</u>	<u>British Pound</u>	<u>Other Foreign Currencies</u>
	(in millions, except currency rate)					
Three months ended June 30, 2014						
Average foreign currency rate to the U.S. dollar	0.1514	1.3712	0.1670	0.1837	1.6836	#
Percentage of revenues less transaction rebates, brokerage, clearance and exchange fees	19.1%	4.1%	1.9%	2.6%	2.8%	3.1%
Percentage of operating income	21.3%	0.9%	1.8%	5.0%	(4.4)%	(3.2)%
Impact of a 10% adverse currency fluctuation on revenues less transaction rebates, brokerage, clearance and exchange fees	\$ (10)	\$ (2)	\$ (1)	\$ (1)	\$ (2)	\$ (2)
Impact of a 10% adverse currency fluctuation on operating income	\$ (4)	\$ -	\$ -	\$ (1)	\$ (1)	\$ (1)
Six months ended June 30, 2014						
Average foreign currency rate to the U.S. dollar	0.1531	1.3709	0.1656	0.1837	1.6693	#
Percentage of revenues less transaction rebates, brokerage, clearance and exchange fees	18.9%	4.2%	2.3%	2.6%	2.9%	3.1%
Percentage of operating income	21.7%	1.8%	3.0%	5.3%	(4.6)%	(3.1)%
Impact of a 10% adverse currency fluctuation on revenues less transaction rebates, brokerage, clearance and exchange fees	\$ (20)	\$ (4)	\$ (3)	\$ (3)	\$ (3)	\$ (3)
Impact of a 10% adverse currency fluctuation on operating income	\$ (8)	\$ (1)	\$ (1)	\$ (2)	\$ (2)	\$ (1)

Represents multiple foreign currency rates.

Our investments in foreign subsidiaries are exposed to volatility in currency exchange rates through translation of the foreign subsidiaries' net assets or equity to U.S. dollars. Substantially all of our foreign subsidiaries operate in functional currencies other than the U.S. dollar. Fluctuations in currency exchange rates may create volatility in our results of operations as we are required to translate the balance sheets and operational results of these foreign currency denominated subsidiaries into U.S. dollars for consolidated reporting. The translation of foreign subsidiaries' non-U.S. dollar balance sheets into U.S. dollars for consolidated reporting results in a cumulative translation adjustment which is recorded in accumulated other comprehensive loss within stockholders' equity in the Condensed Consolidated Balance Sheets.

Our primary exposure to net assets in foreign currencies as of June 30, 2014 is presented in the following table:

	<u>Net Assets</u>	<u>Impact of a 10% Adverse Currency Fluctuation</u>
	(in millions)	
Swedish Krona ⁽¹⁾	\$ 4,172	\$ (417)
Norwegian Krone	258	(26)
Euro	167	(17)
British Pound	161	(16)
Australian Dollar	101	(10)

⁽¹⁾ Includes goodwill of \$3,271 million and intangible assets, net of \$989 million.

Credit Risk

Credit risk is the potential loss due to the default or deterioration in credit quality of customers or counterparties. We are exposed to credit risk from third parties, including customers, counterparties and clearing agents. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. We limit our exposure to credit risk by rigorously evaluating the counterparties with which we make investments and execute agreements. The financial investment portfolio objective is to invest in securities to preserve principal while maximizing yields, without significantly increasing risk. Credit risk associated with investments is minimized substantially by ensuring that these financial assets are placed with governments which have investment grade ratings, well-capitalized financial institutions and other creditworthy counterparties.

Our subsidiaries Nasdaq Execution Services and NASDAQ Options Services may be exposed to credit risk, due to the default of trading counterparties, in connection with the routing services they provide for our trading customers. System trades in cash equities routed to other market centers for members of our cash equity exchanges are routed by Nasdaq Execution Services for clearing to the National Securities Clearing Corporation, or NSCC. In this function, Nasdaq Execution Services is to be neutral by the end of the trading day, but may be exposed to intraday risk if a trade extends beyond the trading day and into the next day, thereby leaving Nasdaq Execution Services susceptible to counterparty risk in the period between accepting the trade and routing it to the clearinghouse. In this interim period, Nasdaq Execution Services is not novating like a clearing broker but instead is subject to the short-term risk of counterparty failure before the clearinghouse enters the transaction. Once the clearinghouse officially accepts the trade for novation, Nasdaq Execution Services is legally removed from risk. System trades in derivative contracts for the opening and closing cross and trades routed to other market centers are cleared by NASDAQ Options Services, as a member of the OCC. For these trades, novation is done at the end of the trading day, and settlement is complete by 10:00 am on the following day.

Pursuant to the rules of the NSCC and Nasdaq Execution Services' clearing agreement, Nasdaq Execution Services is liable for any losses incurred due to a counterparty or a clearing agent's failure to satisfy its contractual obligations, either by making payment or delivering securities. Pursuant to the rules of the OCC and NASDAQ Options Services' clearing agreement, NASDAQ Options Services is liable for any losses incurred due to a counterparty or a clearing agent's failure to satisfy its contractual obligations, either by making payment or delivering securities. Adverse movements in the prices of securities and derivative contracts that are subject to these transactions can increase our credit risk. However, we believe that the risk of material loss is limited, as Nasdaq Execution Services' and NASDAQ Options Services' customers are not permitted to trade on margin and NSCC and OCC rules limit counterparty risk on self-cleared transactions by establishing credit limits and capital deposit requirements for all brokers that clear with NSCC and OCC. Historically, neither Nasdaq Execution Services nor NASDAQ Options Services has incurred a liability due to a customer's failure to satisfy its contractual obligations as counterparty to a system trade. Credit difficulties or insolvency, or the perceived possibility of credit difficulties or insolvency, of one or more larger or visible market participants could also result in market-wide credit difficulties or other market disruptions.

Execution Access is an introducing broker which operates the eSpeed trading platform for U.S. Treasury securities. Execution Access has a clearing arrangement with Cantor Fitzgerald. As of June 30, 2014, we have contributed \$19 million of clearing deposits to Cantor Fitzgerald in connection with this clearing arrangement. These deposits are recorded in other current assets in our Condensed Consolidated Balance Sheets. Some of the trading activity in Execution Access is cleared by Cantor Fitzgerald through FICC, and the balance is cleared non-FICC. Execution Access assumes the counterparty risk of clients that do not clear through FICC. Counterparty risk of clients exists for Execution Access between the trade date and settlement date of the individual transactions, which is one business day. All of Execution Access' obligations under the clearing arrangement with Cantor Fitzgerald are guaranteed by NASDAQ OMX. Some of the non-FICC counterparties will be required to post collateral, provide principal letters, or provide other forms of credit enhancement to Execution Access for the purpose of mitigating counterparty risk.

We are exposed to credit risk through our clearing operations with NASDAQ OMX Nordic Clearing. See "Default Fund Contributions and Margin Deposits Received for Clearing Operations," of "Off-Balance Sheet Arrangements," above, as well as Note 14, "Clearing Operations" for further discussion.

We also have credit risk related to transaction and subscription-based revenues that are billed to customers on a monthly or quarterly basis, in arrears. Our potential exposure to credit losses on these transactions is represented by the receivable balances in our Condensed Consolidated Balance Sheets. On an ongoing basis, we review and evaluate changes in the status of our counterparties' creditworthiness.

Credit losses such as those described above could adversely affect our condensed consolidated financial position and results of operations.

Item 4. Controls and Procedures.

(a) **Disclosure controls and procedures.** NASDAQ OMX's management, with the participation of NASDAQ OMX's Chief Executive Officer and Chief Financial Officer and Executive Vice President, Corporate Strategy, has evaluated the effectiveness of NASDAQ OMX's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, NASDAQ OMX's

Chief Executive Officer and Chief Financial Officer and Executive Vice President, Corporate Strategy have concluded that, as of the end of such period, NASDAQ OMX's disclosure controls and procedures are effective.

(b) **Internal controls over financial reporting.** There have been no changes in NASDAQ OMX's internal controls over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, NASDAQ OMX's internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

As previously disclosed, we became a party to several legal and regulatory proceedings in 2012, 2013, and 2014 relating to the Facebook IPO that occurred on May 18, 2012. We believe that the legal actions filed against NASDAQ OMX are without merit and intend to defend them vigorously.

As described in our Annual Report on Form 10-K for the year ended December 31, 2012, we are named as a defendant in a consolidated matter captioned *In re Facebook, Inc., IPO Securities and Derivative Litigation*, MDL No. 2389 (S.D.N.Y.). Our appeal of the district court's order granting in part and denying in part our motion to dismiss the consolidated amended complaint is currently pending in the United States Court of Appeals for the Second Circuit, at No. 14-1457.

In our Quarterly Report on Form 10-Q for the period ended March 31, 2013, we identified a demand for arbitration from a member organization seeking indemnification for alleged losses associated with the Facebook IPO. On June 18, 2013, the District Court for the Southern District of New York granted a preliminary injunction enjoining the arbitration, and the member organization has appealed the order granting the injunction to the Second Circuit Court of Appeals.

We also are named as one of many defendants in *City of Providence v. BATS Global Markets, Inc., et al.*, 14 Civ. 2811 (S.D.N.Y.), which was filed on April 18, 2014 in the United States District Court for the Southern District of New York. The plaintiff has named as defendants sixteen national exchanges; fourteen of the largest brokerage firms in the United States; and twelve financial-services firms whose primary business allegedly is engaging in high-frequency trading. On behalf of a putative class of securities traders, the plaintiff alleges that the defendants engaged in a scheme to manipulate the markets through high-frequency trading; the complaint asserts claims against us under Section 10(b) of the Act and Rule 10b-5, as well as under Section 6(b) of the Act. The district court has appointed lead counsel, who have until September 2, 2014 either to file an amended complaint or to proceed with the initial complaint. Given the preliminary nature of the proceedings, we are unable to estimate what, if any, liability may result from this litigation. However, we believe the claims to be without merit and intend to litigate them vigorously.

In addition, we are named as one of many exchange defendants in *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3745 (S.D.N.Y.), *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3865 (S.D.N.Y.), and *Lanier v. Bats Exchange Inc.*, 14 Civ. 3866 (S.D.N.Y.), which were filed between May 23, 2014 and May 30, 2014 in the United States District Court for the Southern District of New York. The plaintiff is the same in each of these cases, and the three complaints contain substantially similar allegations. On behalf of a putative class of subscribers for market data provided by national exchanges, the plaintiff alleges that the exchanges provided data more quickly to certain market participants than to others, supposedly in breach of the exchanges' plans for dissemination of market data and subscriber agreements executed under those plans. The complaint asserts contractual theories under state law based on these alleged breaches. Given the preliminary nature of the proceedings, we are unable to estimate what, if any, liability may result from this litigation. However, we believe the claims to be without merit and intend to litigate them vigorously.

Except as disclosed above and in prior reports filed under the Act, we are not currently a party to any litigation or proceeding that we believe could have a material adverse effect on our business, consolidated financial condition, or operating results. However, from time to time, we have been threatened with, or named as a defendant in, lawsuits or involved in regulatory proceedings.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed with the SEC on February 24, 2014 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014, as filed with the SEC on May 9, 2013. These risks could materially and adversely affect our business, financial condition and results of operations. The risks and uncertainties in our Form 10-K and Form 10-Q are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Share Repurchase Program

In the third quarter of 2012, our board of directors authorized the repurchase of up to \$300 million of our outstanding common stock. These purchases may be made from time to time at prevailing market prices in open market purchases, privately-negotiated

transactions, block purchase techniques or otherwise, as determined by our management. The purchases will be funded from existing cash balances. The share repurchase program may be suspended, modified or discontinued at any time.

The shares repurchased under the share repurchase program are available for general corporate purposes. As of June 30, 2014, the remaining amount for share repurchases under the authorized program was \$122 million.

Employee Transactions

In addition to our share repurchase program, during the fiscal quarter ended June 30, 2014, we also purchased shares from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the vesting of restricted stock grants.

The table below represents repurchases made by or on behalf of us or any “affiliated purchaser” of our common stock during the fiscal quarter ended June 30, 2014:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
April 2014				
Share repurchase program	274,220	\$ 36.08	274,220	\$ 205
Employee transactions	4,451	\$ 36.24	N/A	N/A
May 2014				
Share repurchase program	2,283,700	\$ 36.50	2,283,700	\$ 122
Employee transactions	32,313	\$ 36.50	N/A	N/A
June 2014				
Share repurchase program	-	\$ -	-	\$ 122
Employee transactions	2,052	\$ 37.87	N/A	N/A
Total Fiscal Quarter Ended June 30, 2014				
Share repurchase program	2,557,920	\$ 36.46	2,557,920	\$ 122
Employee transactions	38,816	\$ 36.54	N/A	N/A

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits required by this item are listed on the Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The NASDAQ OMX Group, Inc.
(Registrant)

Date: August 6, 2014

By: _____ /s/ Robert Greifeld
Name: **Robert Greifeld**
Title: **Chief Executive Officer**

Date: August 6, 2014

By: _____ /s/ Lee Shavel
Name: **Lee Shavel**
Title: **Chief Financial Officer and Executive Vice President, Corporate Strategy**

Exhibit Index

<u>Exhibit Number</u>	
4.1	Supplemental Indenture, dated as of May 29, 2014, among The NASDAQ OMX Group, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on May 30, 2014).
10.1	Employment Agreement between NASDAQ OMX and Adena Friedman, made and entered into on May 9, 2014 and effective as of June 16, 2014.*
11	Statement regarding computation of per share earnings (incorporated herein by reference from Note 12 to the condensed consolidated financial statements under Part I, Item 1 of this Form 10-Q).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”).
31.2	Certification of Chief Financial Officer and Executive Vice President, Corporate Strategy pursuant to Section 302 of Sarbanes-Oxley.
32.1	Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley.
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Management contract or compensatory plan or arrangement.

** The following materials from The NASDAQ OMX Group, Inc. Quarterly Report on Form 10-Q for the three and six months ended June 30, 2014 are formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Income for the three and six months ended June 30, 2014 and 2013; (ii) Condensed Consolidated Balance Sheets at June 30, 2014 and December 31, 2013; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2014 and 2013; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and 2013; and (v) notes to condensed consolidated financial statements.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "*Agreement*"), made and entered into on May 9, 2014 and effective as of June 16, 2014 (the "*Effective Date*"), by and between The NASDAQ OMX Group, Inc. (the "*Company*") and Adena Friedman (the "*Executive*").

In consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties hereby agree as follows:

1. *Term of Agreement.* Subject to Section 8 below, the term of this Agreement shall commence on the Effective Date and end on June 16, 2019 (the "*Term*").

2. *Position.*

(a) *Duties.* The Executive shall serve as the Company's President, Global Corporate, Information & Technology Solutions and shall have such other duties as agreed to by the Executive, the Chief Executive Officer, and the Board of Directors of the Company (the "*Board*"). In such position, the Executive shall have such duties and authority as shall be determined from time to time by the Chief Executive Officer and the Board and as shall be consistent with the by-laws of the Company as in effect from time to time. During the Term, the Executive shall devote her full time and best efforts to her duties hereunder. The Executive shall report directly to the Chief Executive Officer. The scope, duties and responsibilities of the role will be evaluated at least annually and increased, as appropriate, based on performance in the role.

(b) *Company Code of Ethics.* The Executive shall comply in all respects with the Company's Code of Ethics and all applicable corporate policies referenced in the Code of Ethics, as may be amended from time to time (the "*Code of Ethics*"). The Executive may, in accordance with the Code of Ethics, (i) engage in personal activities involving charitable, community, educational, religious or similar organizations and (ii) manage her personal investments; provided, however, that, in each case, such activities are in all respects consistent with applicable law, the Employee Confidentiality, Non-Solicitation and Invention Assignment Agreement dated as of June 16, 2014 attached as Exhibit A ("*Confidentiality Agreement*") and Section 9 below.

3. *Base Salary.* During the Term, the Company shall pay the Executive a base salary (the "*Base Salary*") at an annual rate of not less than \$750,000. The Base Salary shall be payable in regular payroll installments in accordance with the Company's payroll practices as in effect from time to time (but no less frequently than monthly). The Management Compensation Committee of the Board (the "*Compensation Committee*") shall review the Base Salary at least annually and may (but shall be under no obligation to) increase (but not decrease) the Base Salary on the basis of such review.

4. *Annual Bonus.*

(a) *Annual Bonus.* For each calendar year during the Term, the Executive shall be eligible to participate in the Executive Corporate Incentive Plan of the Company (the "*Bonus Program*") in accordance with the terms and provisions of such Bonus Program as established from time to time by the Compensation Committee and pursuant to which the Executive will be eligible to earn an annual cash bonus (the "*Annual Bonus*"). Pursuant to the terms of the Bonus Program, the Executive shall be eligible to earn, for each full calendar year during the Term, a target Annual Bonus of not less than \$1,250,000 (the "*Target Bonus*") based upon the achievement of one or more performance goals established for such year by the Chief Executive Officer and the Compensation Committee. The Executive shall have the opportunity to make suggestions to the Chief Executive Officer and the Compensation Committee prior to the determination of the performance goals for the Bonus Program for each performance period, but the Compensation Committee will have final power and authority concerning the establishment of such goals. The Chief Executive Officer and the Compensation Committee shall review the Target Bonus at least annually and may (but shall be under no obligation to) increase (but shall not decrease) the Target Bonus on the basis of such review. The Target Bonus for each year during the Term shall never be less than the Target Bonus for the immediately preceding year.

(b) *Timing and Deferral of Annual Bonus.* The Annual Bonus for each year shall be paid to the Executive as soon as reasonably practicable following the end of such year, but in no event later than March 15th following the end of the calendar year to which such Annual Bonus relates.

5. *Equity Compensation.* In calendar year 2014, the Company will grant the Executive \$6,000,000 in restricted stock and \$2,500,000 in performance share units. For each of the calendar years 2015, 2016, 2017, and 2018, the Executive shall be eligible for a target equity compensation award of not less than \$3,000,000 (the "*Target Equity Incentive*"), in accordance with the terms and provisions of the Company's Equity Incentive Plan (the "*Stock Plan*"), which has been adopted by the Board and may from time to time be amended. The applicable provisions of the Company's Stock Plan or each equity award agreement executed by the Executive and the Company shall govern the treatment of the equity awards.

6. *Employee Benefits.* During the Term, the Company shall provide the Executive with benefits on the same basis as benefits are generally made available to other senior executives of the Company, including, without limitation, medical, dental, vision, disability and life insurance, financial and tax planning services and retirement benefits. The Executive shall be entitled to four weeks of paid vacation to be used in accordance with the Company's then current vacation policy; provided, however, that, in the event the Executive's employment ends for any reason, the Executive shall be paid only for unused vacation that accrued in the calendar year her employment terminated and any unused vacation for any prior year shall be forfeited.

7. *Business and Other Expenses.*

(a) *Business Expenses.* During the Term, the Company shall reimburse the Executive for reasonable business expenses incurred by her in the performance of her duties hereunder in accordance with the policy established by the Compensation Committee.

8. *Termination.* Notwithstanding any other provision of this Agreement, subject to the further provisions of this Section 8, the Company may terminate the Executive's employment or the Executive may resign such employment for any reason or no stated reason at any time, subject to the notice and other provisions set forth below:

(a) *Generally.* In the event of the termination of the Executive's employment for any reason, the Executive shall receive payment of (i) any unpaid Base Salary through the Date of Termination (as defined below), to be paid in accordance with Section 3 above, (ii) subject to Section 6 above, any accrued but unpaid vacation through the Date of Termination payable within 14 days of the Date of Termination (iii) any earned but unpaid Annual Bonus with respect to the calendar year ended prior to the Date of Termination, payable in accordance with Section 4(b) (the "*Base Obligations*"). In addition, in the event of the Executive's termination of employment, the applicable provisions of the Company's Stock Plan or each equity award agreement executed by the Executive and the Company shall govern the treatment of the equity awards.

For purposes of this Agreement, "*Date of Termination*" means (i) in the event of a termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason, the date specified in a written notice of termination (or, if not specified therein, the date of delivery of such notice), but in no event earlier than the expiration of the cure periods set forth in Section 8(b)(ii) or 8(b)(iii) below, respectively; (ii) in the event of a termination of the Executive's employment by the Company without Cause, the date specified in a written notice of termination (or if not specified therein, the date of delivery of such notice); (iii) in the event of a termination of the Executive's employment by the Executive without Good Reason, the date specified in a written notice of termination, but in no event less than 60 days following the date of delivery of such notice; (iv) in the event of a termination of the Executive's employment due to Permanent Disability (as defined below), the date the Company terminates the Executive's employment following the certification of the Executive's Permanent Disability; or (v) in the event of a termination of employment due to the Executive's death, the date of the Executive's death.

(b) *Termination by the Company Without Cause or by the Executive for Good Reason Other Than in Connection with Change in Control.*

(i) The Executive's employment hereunder may be terminated by the Company without Cause or by the Executive for Good Reason. Upon the termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason pursuant to this Section 8(b), the Executive shall, subject to Section 8(h) below, and unless the Executive is entitled to the CIC Severance Benefits (as defined below), be entitled to receive, in addition to the Base Obligations, the following payments and benefits (the "*Severance Benefits*"):

(A) *Severance Payment.* The Company shall pay the Executive an amount (the "*Severance Payment*") equal to the sum of (I) two times the Base Salary paid to the Executive with respect to the calendar year immediately preceding the Executive's Date of Termination, (II) the Target Bonus and (III) any pro rata Target Bonus with respect to the calendar year in which the Date of Termination occurs, determined in accordance with the Pro Rata Target Bonus Calculation. Target Bonus for severance purposes is defined under the Executive Corporate Incentive Plan for the calendar year which precedes the year in which occurs the Executive's Date of Termination. Target Bonus is intended to be a fixed severance payment equal to the prior year Target Bonus and not a performance-contingent payment dependent on current year or prior year performance. "*Pro-Rata Target Bonus Calculation*" is determined by multiplying the Target Bonus by a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs through the Date of Termination and the denominator of which is three hundred sixty-five. Pro-rata Target Bonus with respect to the calendar year in which Executive's Date of Termination occurs shall be paid only in the event the performance goals established under the ECIP for that calendar year with respect to such Target Bonus have been satisfied. Payment of the pro-rata Target Bonus shall be delayed until following the date the Company's Compensation Committee determines that such performance goals have been satisfied, in accordance with the rules under the ECIP (the "*Performance Goal Determination Date*").

The Severance Payment is payable in substantially equal monthly installments for the twelve month period following the Executive's Date of Termination, with the first installment to be paid in the month following the month in which the Release Effective Date occurs; provided, however (consistent with the requirements of Section 409A), that if the 60 day period described in Section 8(h) below begins in one calendar year and ends in another, the first installment of the Severance Payment shall be paid not earlier than January 1 of the calendar year following the Date of Termination (the period during which the Severance Benefits are paid being the "*Severance Period*").

Payments of the pro-rata Target Bonus portion of the Severance Payment shall be paid beginning as of date described above or, if later, within 30 days following the Performance Goal Determination Date. If payment of one or more installments of the pro-rata Target Bonus portion of the Severance Payment must be delayed until following the Performance Goal Determination Date, the initial installment shall consist of a lump sum equal to the total of all such installments delayed or due as of such payment date, without adjustment for interest; and

(B) *Health Care Coverage Payments.* The Company shall pay to the Executive on a monthly basis during the Coverage Period a taxable cash payment equal to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") premium for the highest level of coverage available under the Company's group health plans, but reduced by the monthly amount that the Executive would pay for such coverage if the Executive was an active employee. "*Coverage Period*" shall mean the period commencing on the first day of the Severance Period and ending on the earlier of (i) the expiration of 24 months from the first day of the Severance Period, and (ii) the date that the Executive is eligible for coverage under the health care plans of a subsequent employer. The payments provided by this Section shall be conditioned upon the Executive being covered by the Company's health care plans immediately prior to the Date of Termination.

All other benefits, if any, due the Executive following termination pursuant to this Section 8(b) shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not participate in any severance plan, policy or program of the Company. The Severance Benefits are payments and benefits to which the Executive is not otherwise entitled, are given in consideration for the Release (as described in Section 8(h) below) and are in lieu of any severance plan, policy or program of the Company or any of its subsidiaries that may now or hereafter exist. The payments and benefits to be provided pursuant to this Section 8(b)(i) shall constitute liquidated damages and shall be deemed to satisfy and be in full and final settlement of all obligations of the Company to the Executive under this Agreement. The Executive acknowledges and agrees that such amounts are fair and reasonable, and are her sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of her employment hereunder. If, during the Severance Period, the Executive breaches in any material respect any of her obligations under Section 9, or the Confidentiality Agreement, the Company may, upon written notice to the Executive (x) terminate the Severance Period and cease to make any further payments of the Severance Payment and (y) cease any health care coverage payments, except in each case as required by applicable law.

(ii) For purposes of this Agreement, "*Cause*" shall mean (A) the Executive's conviction of, or pleading nolo contendere to, any crime, whether a felony or misdemeanor, involving the purchase or sale of any security, mail or wire fraud, theft, embezzlement, moral turpitude, or Company property (with the exception of minor traffic violations or similar misdemeanors); (B) the Executive's repeated neglect of her duties to the Company; or (C) the Executive's willful misconduct in connection with the performance of her duties or other material breach by the Executive of this Agreement provided that the Company may not terminate the Executive's employment for Cause unless (x) the Company first gives the Executive written notice of its intention to terminate and of the grounds for such termination within 90 days following the date the Board is informed of such grounds at a meeting of the Board and (y) the Executive has not, within 30 days following receipt of such notice, cured such Cause (if capable of cure) in a manner that is reasonably satisfactory to the Board.

(iii) For purposes of this Agreement, "*Good Reason*" shall mean the Company (A) reducing the Executive's position, duties, or authority; (B) failing to secure the agreement of any successor entity to the Company that the Executive shall continue in her

position without reduction in position, duties or authority; (C) relocating the Executive's principal work location beyond a 50 mile radius of her work location as of the Effective Date (provided that this Clause (C) shall apply only to a relocation that occurs during the two year period beginning upon a Change of Control, as defined below, and ending two years thereafter); or (D) committing any other material breach of this Agreement; provided, however, that the occurrence of a Change in Control, following which the Company continues to have its common stock publicly traded and the Executive is offered continued employment as an executive officer with substantially the same duties and authority as she has hereunder of such publicly traded entity, shall not be deemed to give rise to an event or condition constituting Good Reason; and provided further that no event or condition shall constitute Good Reason unless (x) the Executive gives the Company a Notice of Termination specifying her objection to such event or condition within 90 days following the occurrence of such event or condition, (y) such event or condition is not corrected, in all material respects, by the Company in a manner that is reasonably satisfactory to the Executive within 30 days following the Company's receipt of such notice and (z) the Executive resigns from her employment with the Company not more than 30 days following the expiration of the 30-day period described in the foregoing clause (y).

(c) *Permanent Disability.*

(i) The Executive's employment hereunder shall terminate upon her Permanent Disability. Upon termination of the Executive's employment due to Permanent Disability, the Executive shall, subject to Section 8(h) below, be entitled to receive, in addition to the Base Obligations, (A) a pro rata Target Bonus with respect to the calendar year in which the Date of Termination occurs, determined in accordance with the Pro Rata Target Bonus Calculation and payable in a lump sum within 30 days following the Release Effective Date (provided that if the 60 day period described in Section 8(h) below begins in one calendar year and ends in another, the pro rata Target Bonus shall be paid not earlier than January 1 of the calendar year following the Date of Termination) and (B) accelerated vesting of all unvested equity compensation awarded to the Executive by the Company as of the Effective Date and, in accordance with Section 5, each equity award agreement executed by the Executive and the Company shall describe the treatment of the equity awards under this Section 8(c). All other benefits, if any, due the Executive following termination pursuant to this Section 8(c) shall be determined in accordance with the plans, policies and practices of the Company; *provided, however*, that the Executive shall not participate in any other severance plan, policy or program of the Company.

(ii) For purposes of this Agreement, "*Permanent Disability*" means either (i) the inability of the Executive to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. The Executive shall be deemed Permanently Disabled if she is determined to be (i) totally disabled by the Social Security Administration or (ii) disabled in accordance with a disability insurance program, provided such

definition of disabled under the program complies with the definition of Permanent Disability hereunder. Otherwise, such Permanent Disability shall be certified by a physician chosen by the Company and reasonably acceptable to the Executive (unless she is then legally incapacitated, in which case such physician shall be reasonably acceptable to the Executive's authorized legal representative).

(d) *Death.* The Executive's employment hereunder shall terminate due to her death. Upon termination of the Executive's employment hereunder due to death, the Executive's estate shall, subject to Section 8(h) below, be entitled to receive, in addition to the Base Obligations, (A) a pro rata Target Bonus with respect to the calendar year in which the Date of Termination occurs, determined in accordance with the Pro Rata Target Bonus Calculation and payable in a lump sum within 30 days following the Release Effective Date (provided that if the 60 day period described in Section 8(h) below begins in one calendar year and ends in another, the pro rata Target Bonus shall be paid not earlier than January 1 of the calendar year following the Date of Termination) and (B) accelerated vesting of all unvested equity compensation awarded to the Executive by the Company as of the Effective Date and, in accordance with Section 5, each equity award agreement executed by the Executive and the Company shall describe the treatment of the equity awards under this Section 8(d). All other benefits, if any, due the Executive's estate following termination pursuant to this Section 8(d) shall be determined in accordance with the plans, policies and practices of the Company.

(e) *For Cause by the Company or Without Good Reason by the Executive.* The Executive's employment hereunder may be terminated by the Company for Cause or by the Executive without Good Reason. Upon termination of the Executive's employment for Cause or without Good Reason pursuant to this Section 8(e), the Executive shall have no further rights to any compensation (including any Annual Bonus) or any other benefits under this Agreement other than the Base Obligations. All other benefits, if any, due the Executive following the Executive's termination of employment pursuant to this Section 8(e) shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not participate in any severance plan, policy, or program of the Company.

(f) *Termination in Connection with Change in Control by the Company Without Cause or by the Executive for Good Reason.*

(i) If, within the period beginning on a Change in Control (as defined herein below), and ending two (2) years following such Change in Control, the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall, subject to Section 8(h) below, be entitled to receive, in addition to the Base Obligations, the following payments and benefits (the "*CIC Severance Benefits*"):

(A) *CIC Severance Payment.* On the first day of the seventh (7th) month following the Executive's Date of Termination, the Company shall pay the Executive a lump sum cash payment equal to the sum of (I) two times the Base Salary paid to the Executive with respect to the calendar year immediately preceding the Executive's Date of Termination, (II) the Target Bonus and (III) a pro rata portion of the Target Bonus for the calendar year in which Executive's Date of Termination occurs and determined in accordance with the Pro Rata Target Bonus Calculation. Target Bonus for severance purposes is defined

under the Executive Corporate Incentive Plan for the calendar year which precedes the year in which occurs the Executive's Date of Termination. Target Bonus is intended to be a fixed severance payment equal to the prior year Target Bonus and not a performance-contingent payment dependent on current year or prior year performance. "*Pro-Rata Target Bonus Calculation*" is determined by multiplying the Target Bonus by a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs through the Date of Termination and the denominator of which is three hundred sixty-five. Pro-rata Target Bonus with respect to the calendar year in which Executive's Date of Termination occurs shall be paid only in the event the performance goals established under the ECIP for that calendar year with respect to such Target Bonus have been satisfied. Payment of the pro-rata Target Bonus shall be delayed until following the date the Company's Compensation Committee determines that such performance goals have been satisfied, in accordance with the rules under the ECIP (the "Performance Goal Determination Date"). Payment of the pro-rata portion of the Severance Payment shall be paid in a lump sum on the date described above or, if later, within 30 days of the Performance Goal Determination Date with respect to such Performance-Conditioned Portion.

If (i) any amounts payable to the Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the "*Section 4999*"), and (ii) the Executive thereby would be subject to any United States federal excise tax due to that characterization, the Executive's termination benefits hereunder will be reduced to an amount so that none of the amounts payable constitute excess parachute amounts payments if this would result, after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, in Executive's receipt on an after-tax basis of the greatest amount of termination and other benefits. The determination of any reduction required pursuant to this section (including the determination as to which specific payments shall be reduced) shall be made by a neutral party designated by the Company and such determination shall be conclusive and binding upon the Company or any related corporation for all purposes.

(B) *Health and Welfare Benefits.* The Company shall pay to Executive on a monthly basis during the CIC Coverage Period a taxable monthly cash payment equal to the COBRA premium for the highest level of coverage available under the Company's group health plans, but reduced by the monthly amount that Executive would pay for such coverage if the Executive was an active employee. "*CIC Coverage Period*" shall mean the period (I) commencing on the first day of the month following the Release Effective Date (provided that if the 60 day period described in Section 8(h) below begins in one calendar year and ends in another, the CIC Coverage Period shall commence not earlier than January 1 of the calendar year following the Date of Termination) and (II) ending on the earlier of (x) the expiration of 24 months from the first day of the CIC Coverage Period, and (y) the date that the Executive is eligible for coverage under the health care plans of a subsequent employer. The payments provided by this Section shall be conditioned upon the Executive being covered by the Company's health care plans immediately prior to the Date of Termination. The foregoing payments are not intended to limit or otherwise reduce any entitlements that Executive may have under COBRA. In addition, the Company shall continue to provide the Executive with the same level of accident (AD&D) and life insurance benefits upon substantially the same terms and

conditions (including contributions required by the Executive for such benefits) as existed immediately prior to the Executive's Date of Termination (or, if more favorable to the Executive, as such benefits and terms and conditions existed immediately prior to the Change in Control) for the same period for which the Company shall provide the Executive with continued health care coverage payments.

All other benefits, if any, due the Executive following termination pursuant to this Section 8(g) shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not participate in any severance plan, policy or program of the Company. The payments and other benefits provided for in this Section 8(g) are payments and benefits to which the Executive is not otherwise entitled, are given in consideration for the Release and are in lieu of any severance plan, policy or program of the Company or any of its subsidiaries that may now or hereafter exist. The payments and benefits to be provided pursuant to this Section 8(g)(i) shall constitute liquidated damages and shall be deemed to satisfy and be in full and final settlement of all obligations of the Company to the Executive under this Agreement. The Executive acknowledges and agrees that such amounts are fair and reasonable, and are her sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of her employment hereunder. If, during the CIC Coverage Period, the Executive breaches in any material respect any of her obligations under Section 9 or the Confidentiality Agreement, the Company may, upon written notice to the Executive, (x) terminate the CIC Coverage Period and cease to make any further payments of the CIC Severance Payment and (y) cease any health and welfare benefits and payments, except in each case as required by applicable law.

(ii) For purposes of this Agreement "Change in Control" means the first to occur of any one of the following events:

(A) any "Person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "*Exchange Act*") (other than (1) the Company, (2) any Person who becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the Company's then outstanding securities eligible to vote in the election of the Board ("*Voting Securities*") as a result of a reduction in the number of Voting Securities outstanding due to the repurchase of Voting Securities by the Company unless and until such Person, after becoming aware that such Person has become the beneficial owner of more than 50% of the then outstanding Voting Securities, acquires beneficial ownership of additional Voting Securities representing 1% or more of the Voting Securities then outstanding, (3) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (4) any entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Voting Securities), is or becomes the beneficial owner, directly or indirectly, of more than 50% of the Voting Securities (not including any securities acquired directly (or through an underwriter) from the Company or the Companies);

(B) the date on which, within any twelve (12) month period (beginning on or after the Effective Date), a majority of the directors then serving on the Board are replaced by directors not endorsed by at least two-thirds (2/3) of the members of the Board before the date of appointment or election;

(C) there is consummated a merger or consolidation of the Company with any other corporation or entity or the Company issues Voting Securities in connection with a merger or consolidation of any direct or indirect subsidiary of the Company with any other corporation, other than (1) a merger or consolidation that would result in the Voting Securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving or parent entity) more than 50% of the Company's then outstanding Voting Securities or more than 50% of the combined voting power of such surviving or parent entity outstanding immediately after such merger or consolidation or (2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person, directly or indirectly, acquired more than 50% of the Company's then outstanding Voting Securities (not including any securities acquired directly (or through an underwriter) from the Company or the Companies); or

(D) the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect), provided that such agreement or transaction of similar effect shall in all events require the disposition, within any twelve (12) month period, of at least 40% of the gross fair market value of all of the Company's then assets; other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned directly or indirectly by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, in no event shall a Change in Control be deemed to occur hereunder unless such event constitutes a change in ownership of the Company, a change in effective control of the Company or a change in ownership of a substantial portion of the Company's assets within the meaning of Section 409A.

(g) *Mitigation; Offset.* Following the termination of her employment under any of the above clauses of this Section 8, the Executive shall have no obligation or duty to seek subsequent employment or engagement as an employee (including self-employment) or as a consultant or otherwise mitigate the Company's obligations hereunder; nor shall the payments provided by this Section 8 be reduced by the compensation earned by the Executive as an employee or consultant from such subsequent employment or consultancy.

(h) *Release.* Notwithstanding anything to the contrary in this Agreement, receipt of the Severance Benefits and the CIC Severance Benefits or other compensation or benefits under this Section 8 (other than the Base Obligations), if any, by the Executive is subject to the Executive executing and delivering to the Company a general release of claims following the Date of Termination, in substantially the form attached as Exhibit B (the "*Release*"), that, within 60 days following the Executive's Date of Termination, has become irrevocable by the Executive (such date the Release becomes irrevocable being the "*Release Effective Date*"). If the Executive dies or becomes legally incapacitated prior to the Release Effective Date, then the Release requirements described in the preceding sentence shall apply with respect to the Executive's estate and the Release shall be modified as reasonably necessary to allow for execution and

delivery by the personal representative of the Executive's estate or the Executive's authorized legal representative, as applicable.

9. *Non-Competition.* The Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and accordingly agrees as follows:

(a) *Non-Competition.* For a period of two years following the Date of Termination (the "*Restricted Period*"), regardless of the circumstances surrounding such termination of employment, the Executive will not, directly or indirectly (i) engage in any "Competitive Business" (as defined below) for the Executive's own account while she is in self-employment or acting as a sole proprietor, (ii) enter the employ of, or render any services to, any person engaged in a Competitive Business, (iii) acquire a financial interest in, or otherwise become actively involved with, any person engaged in a Competitive Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant, or (iv) interfere with business relationships (whether formed before or after the Effective Date) between the Company and customers or suppliers of the Company. For purposes of this Agreement, "*Competitive Business*" shall mean (x) any national securities exchange registered with the Securities and Exchange Commission, (y) any electronic communications network or (z) any other entity that engages in substantially the same business as the Company, in each case in North America or in any other location in which the Company operates. For purposes of this Agreement, "*person*" shall mean an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including, without limitation, a "person" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), trust, association or entity or government, political subdivision, agency or instrumentality of a government.

(b) *Securities Ownership.* Notwithstanding anything to the contrary in this Agreement, the Executive may, directly or indirectly, own, solely as an investment, securities of any person engaged in the business of the Company which are publicly traded on a national or regional stock exchange or on the over-the-counter market if the Executive (i) is not a controlling person of, or a member of a group which controls, such person and (ii) does not, directly or indirectly, own five percent or more of any class of securities of such person.

(c) *Severability.* It is expressly understood and agreed that, although the Executive and the Company consider the restrictions contained in this Section 9 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against the Executive, the provisions of this Agreement shall not be rendered void, but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, in the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

10. *Specific Performance* The Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of Section 9 above would be

inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

11. *Disputes.* Except as provided in Section 10 above, any dispute arising between the parties under this Agreement, under any statute, regulation, or ordinance, under any other agreement between the parties, and/or in way relating to the Executive's employment, shall be submitted to binding arbitration before the American Arbitration Association ("AAA") for resolution. Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with the AAA's Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a panel of three arbitrators that is mutually agreeable to both the Executive and the Company, all in accordance with AAA's Employment Arbitration Rules then in effect. If the Executive and the Company cannot agree upon the panel of arbitrators, the arbitration shall be settled before a panel of three arbitrators, one to be selected by the Company, one by the Executive, and the third to be selected by the two persons so selected, all in accordance with AAA's Employment Arbitration Rules. With respect to any and all costs and expenses associated with any such arbitration that are not assignable to one of the parties by the arbitrator, each party shall pay their own costs and expenses, including without limitation, attorney's fees and costs, except that the Company shall pay the cost of the arbitrators and the filing fees charged to Executive by the AAA, provided she is the claimant or counter claimant in such arbitration and is the prevailing party. The award of the arbitrators shall be final and binding on the parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and Executive shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, "*Arbitration Materials*"), to any third party, with the sole exception of the Executive's legal counsel, who also shall be bound by confidentiality obligations no less protective than the provisions set forth in the Confidentiality Agreement. In the event of any court proceeding to challenge or enforce an arbitrators' award, the parties hereby consent to the exclusive jurisdiction of the state and federal courts in New York, New York and agree to venue in that jurisdiction. The parties agree to take all steps necessary to protect the confidentiality of the Arbitration Materials in connection with any such proceeding, agree to file all Confidential Information, as defined in the Confidentiality Agreement (and documents containing Confidential Information) under seal, subject to court order and agree to the entry of an appropriate protective order encompassing the confidentiality terms of this Agreement. Nothing contained in this Section 11 shall be construed to preclude the Company from exercising its rights under Section 10 above.

12. *Miscellaneous.*

(a) *Acceptance.* The Executive hereby represents and warrants, as a material inducement to the Company's agreement to enter into this Agreement, that there are no legal, contractual or other impediments precluding the Executive from entering into this Agreement or

from performing the services with the Company contemplated hereby. Any violation of this representation and warranty by the Executive shall render all of the obligations of the Company under this Agreement void *ab initio* and of no force and effect.

(b) *Entire Agreement; Amendments.* This Agreement, together with the equity award agreements between the Executive and the Company contain the entire understanding of the parties with respect to the employment of the Executive by the Company, and shall supersede any and all previous contracts, arrangements or understandings between the Company and the Executive with respect to the subject matter set forth herein. There are no restrictions, agreements, promises, warranties, or covenants by and between the Company and the Executive and undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified or amended except by written instrument signed by the parties hereto.

(c) *No Waiver.* The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) *Successor; Assignment.* This Agreement is confidential and personal and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder. Without limiting the foregoing, the Executive's right to receive payments hereunder shall not be assignable or transferable whether by pledge, creation of a security interest or otherwise, other than a transfer by the Executive's will or by the laws of descent and distribution. In the event of any attempted assignment or transfer contrary to this Section 12(d), the Company shall have no liability to pay the assignee or transferee any amount so attempted to be assigned or transferred. The Company shall cause this Agreement to be assumed by any entity that succeeds to all or substantially all of the Company's business or assets and this Agreement shall be binding upon any successor to all or substantially all of the Company's business or assets; provided, however, that no such assumption shall release the Company of its obligations hereunder, to the extent not satisfied by such successor, without the Executive's prior written consent.

(e) *Confidentiality of Tax Treatment and Structure.* Notwithstanding anything herein to the contrary, each party and its representatives may consult any tax advisor regarding the tax treatment and tax structure of this Agreement and may disclose to any person, without limitation of any kind, the tax treatment and tax structure of this Agreement and all materials (including opinions or other tax analyses) that are provided relating to such treatment or structure.

(f) *Notice.* For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the execution page of this Agreement, provided that all notices to the Company shall be directed to the attention of the General Counsel or to such other address as either party may have furnished to the other in

writing in accordance herewith, except that notice of change of address shall be effective only upon receipt:

if to the Company:

The Office of the General Counsel
The NASDAQ OMX Group, Inc.
One Liberty Plaza
New York, NY 10006

if to the Executive:

her address as shown in the records of the Company

(g) *Withholding Taxes.* The Company may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(h) *Section 409A.* Notwithstanding any other provision of this Agreement, any payment, settlement or benefit triggered by termination of the Executive's employment with the Company shall not be made until six months and one day following Date of Termination if such delay is necessary to avoid the imposition of any tax, penalty or interest under Section 409A of the Internal Revenue Code of 1986, as amended (Section "409A"). Any installment payments that are delayed pursuant to this Section 12(h) shall be accumulated and paid in a lump sum on the day that is six months and one day following the Date of Termination (or, if earlier, upon the Executive's death) and the remaining installment payments shall begin on such date in accordance with the schedule provided in this Agreement. For purposes of this Agreement, termination or severance of employment will be read to mean a "separation from service" within the meaning of Section 409A where it is reasonably anticipated that no further services would be performed after that date or that the level of services the Executive would perform after that date (whether as an employee or independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period.

Additionally, the amount of expenses eligible for reimbursement or in-kind benefits to be provided during one calendar year may not affect the expenses eligible for reimbursement or any in-kind benefits to be provided in any other calendar year and the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. All reimbursements shall be made no later than the last day of the calendar year following the calendar year in which the Executive incurs the reimbursable expense. This Agreement is intended to comply with the requirements of Section 409A (including the exceptions thereto), to the extent applicable, and the Agreement shall be administered and interpreted in accordance with such intent. If any provision contained in the Agreement conflicts with the requirements of Section 409A (or the exemptions intended to apply under the Agreement), the Agreement shall be deemed to be reformed to comply with the requirements of Section 409A (or the applicable exemptions thereto). The Company, after consulting with the Executive, may amend this Agreement or the terms of any award provided for herein in any manner that the Company considers necessary or advisable to ensure that cash compensation,

equity awards or other benefits provided for herein are not subject to United States federal income tax, state or local income tax or any equivalent taxes in territories outside the United States prior to payment, exercise, vesting or settlement, as applicable, or any tax, interest or penalties pursuant to Section 409A. Any such amendments shall be made in a manner that preserves to the maximum extent possible the intended benefits to the Executive. This Section 12(h) does not create an obligation on the part of the Company to modify this Agreement and does not guarantee that the amounts or benefits owed under the Agreement will not be subject to interest and penalties under Section 409A. For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Section 409A.

(i) *Clawback.* The Executive agrees that compensation and benefits provided by the Company under this Agreement or otherwise will be subject to recoupment or clawback by the Company under any applicable clawback or recoupment policy of the Company that is generally applicable to the Company's executives, as may be in effect from time-to-time, or as required by applicable law.

(j) *Audit Rights.* Any and all equity compensation of any kind due hereunder to Executive after the Date of Termination shall be accompanied by a detailed statement from the Company showing the calculation for such compensation for the period being measured. Within thirty (30) days after the delivery of such statement, the Executive may notify the Company of any objections or changes thereto, specifying in reasonable detail any such objections or changes. If the Executive does not notify the Company of any objections or changes thereto or if within twenty (20) days of the delivery of an objection notice the Executive and the Company agree on the resolution of all objections or changes, then such statements delivered by the Company, with such changes as are agreed upon, shall be final and binding. If the parties shall fail to reach an agreement with respect to all objections or changes within such twenty (20) day period, then all disputed objections or changes shall, be subject to resolution in accordance with Section 11 above.

(k) *Counterparts.* This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(l) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

* * *

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

EXECUTIVE

/s/ Adena Friedman
Adena Friedman

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THE NASDAQ OMX GROUP, INC.

By: /s/ Robert Greifeld
Title: Chief Executive Officer

THE NASDAQ OMX GROUP, INC.
EMPLOYEE CONFIDENTIALITY, NON-SOLICITATION,
AND INVENTION ASSIGNMENT AGREEMENT

This EMPLOYEE CONFIDENTIALITY, NON-SOLICITATION, AND INVENTION ASSIGNMENT AGREEMENT (“*Agreement*”), dated as of June 16, 2014 (“*Effective Date*”), by and between The NASDAQ OMX Group, Inc. and its subsidiaries (collectively “*NASDAQ OMX*”) and Adena Friedman (“*Employee*”) (NASDAQ OMX and Employee, each a “*Party*” and together, the “*Parties*”).

WHEREAS, Employee is/will be employed by NASDAQ OMX, and in the course of Employee’s employment, NASDAQ OMX and its affiliates (collectively, the “*Company*”) have/will disclose to Employee, Employee has/will have access to, and Employee has/will receive, certain non-public, confidential, and proprietary information pertaining to the business of the Company, Company’s clients and customers (collectively, “*Company Parties*” and each, a “*Company Party*”); and

WHEREAS, any unauthorized disclosure or use of such information would cause grave harm to the Company Parties;

NOW, THEREFORE, in order to assure the confidentiality and proper use of Confidential Information and other Company Property (each as defined herein), and in consideration of Employee’s employment and continued employment with NASDAQ OMX and the compensation paid or to be paid for Employee’s services during her employment, and the mutual covenants and promises contained herein, Employee agrees with the Company in this Agreement as follows:

1. **Confidential Information.** Employee agrees and acknowledges that “*Confidential Information*” shall mean, without limitation, all non-public, proprietary information regarding the Company Parties, whether or not maintained in written form and whether in digital, hardcopy, or other format, including all personal information, all personnel information, financial data, commercial data, trade secrets, business plans, business models, organizational structures and models, business strategies, pricing and advertising techniques and strategies, research and development activities, software development, market development, exchange registration, studies, market penetration plans, listing retention plans and strategies, marketing plans and strategies, communication and/or public relations products, plans, programs, recruiting strategies, databases, processes, inventions, financial formulas and methods relating to Company Parties’ business, computer software programs, accounting policies and practices, and all strategic plans or other matters, strategies, and financial or operating information pertaining to current or potential clients, customers, or transactions (including without limitation information regarding each Company Party’s current or prospective clients or customers, client or customer names, and client or customer representatives), templates and agreements, and all other non-public, proprietary, or confidential information, concerning or provided by or on behalf of the Company Parties, including, without limitation, information regarding any actual or prospective business opportunities, employment opportunities, finances, investments, and other proprietary

information and trade secrets. Notwithstanding the above, Confidential Information shall not include any information that: (i) was known to Employee prior to Employee's employment with NASDAQ OMX as evidenced by written records in Employee's possession prior to such disclosure; or (ii) is or becomes generally and publicly available and known to all persons in the industries NASDAQ OMX conducts business other than as a result of unauthorized disclosure by Employee.

2. Company Property. Employee agrees and acknowledges that "*Company Property*" shall mean all property and resources of the Company Parties, or any Company Party, including, without limitation, Confidential Information, each Company Party's products, each Company Party's computer systems and all software, E-mail, web pages and databases, telephone and facsimile services, and all other administrative and/or support services provided by the Company Parties. Employee further agrees that "Company Property" shall include any processes, data, works of authorship, methods, Inventions (as that term is defined below), developments, and improvements that Employee conceives, originates, develops, authors, or creates, solely or jointly with others, during or as a result of her employment with the Company, or using Company Property, and without regard to whether any of the foregoing also may be included within "Confidential Information" as defined under this Agreement.

3. Disclosure. All Company Property and Confidential Information is owned by and for the Company Parties exclusively; is intended solely for authorized, employment-related purposes on behalf of the Company Parties; and shall not be used for personal or other non-employment related purposes. Specifically, without limitation, Employee shall not, directly or indirectly, at any time, without prior express written authorization from NASDAQ OMX (i) divulge, disclose, transmit, reproduce, convey, summarize, quote, share, or make accessible to any other person or entity Confidential Information or non-public Company Property; (ii) use any Confidential Information or Company Property for any purpose outside the course of performing the authorized duties of his or her employment with the Company; (iii) remove Company Property or Confidential Information from the Company Parties' premises without obtaining prior express written authorization from the Company; or (iv) review or seek to access any Confidential Information or Company Property except as required in connection with Employee's employment.

4. Inventions. (a) Employee will promptly disclose to NASDAQ OMX, or its designee, all Inventions (as herein defined). For the purposes of this Agreement, "Inventions" shall mean all ideas, improvements, trade secrets, know-how, confidential technical or business information, sales and other commercial relationships, potential sales and other commercial relationships, business methods or processes, copyrightable expression, research, marketing plans, computer software (including, without limitation, source code(s)), computer programs, original works of authorship, industrial designs, trade dress, developments, discoveries, trading systems, trading strategies and methodologies, improvements, modifications, technology, algorithms and designs, (regardless of whether any of the foregoing are subject to patent or copyright protection), that are made, conceived, expressed, developed, or reduced to practice by Employee (solely or jointly with others) during or as a result of Employee's employment with NASDAQ OMX or using Company Property, provided that such Invention(s) relate(s) in any manner to the Company, the business of the Company (including without limitation the services the Company provides to any of the Company Parties), or Employee's employment.

(b) All Inventions shall be the exclusive property of NASDAQ OMX, and Employee acknowledges that all of said Inventions shall be considered as “works made for hire” belonging to NASDAQ OMX. To the extent that any Inventions may not be considered works made for hire, Employee hereby assigns to NASDAQ OMX, without any further consideration, all right, title, and interest in and to all such past and future Inventions, including, without limitation, all copyrights, all patents, all patent applications all provisional applications, divisional applications, continuation applications, continuation in-part applications, and all patents that may issue therefrom and all reissues, reexaminations and extensions thereof, all other intellectual property rights, all moral rights, all contract and licensing rights, and all claims and causes of action of any kind with respect to such rights, including, without limitation, the right to sue and recover damages or other compensation and/or obtain equitable relief for any past, present, or future infringement or misappropriation thereof. The assignment to NASDAQ OMX herein of all rights to the Inventions is without additional compensation to Employee. At Company’s expense, Employee will assist NASDAQ OMX in every proper way to perfect NASDAQ OMX’s rights in the Inventions and to protect the Inventions throughout the world, including, without limitation, (i) executing in favor of NASDAQ OMX or any designee(s) of NASDAQ OMX documents confirming patent, copyright, and other applications’ assignment to NASDAQ OMX relating to the Inventions and (ii) the filing by NASDAQ OMX of such assignment in the United States Patent and Trademark Office, and any corresponding entities in any applicable foreign countries or multinational authorities, to record NASDAQ OMX or any designee(s) of NASDAQ OMX patents or patent applications as the assignee and owner of the patents or patent applications. Employee agrees not to challenge the validity of the Inventions or the ownership by NASDAQ OMX or its designee(s) of the Inventions.

5. Non-Disparagement. Employee agrees and acknowledges that he/she will not make or publish any disparaging statements (whether written or oral) about any of the Company Parties, or defame or publicly criticize any Company Parties, including but not limited to the services, business ventures, integrity, veracity, or personal or professional reputation of any of the Company Parties, in any manner whatsoever. Employee further agrees and acknowledges that he/she will not publicly comment upon or discuss any Company Parties, including but not limited to their businesses, investors, and/or potential investors, with any media source, including but not limited to any reporters, television, radio, movie, theatrical, internet web blog or web site, national or local newspaper, magazine, or any other news organization, news outlet, or publication. The Company agrees and acknowledges not to issue, circulate, publish in any mediasource, or utter, any false or disparaging statements, remarks or rumors about Employee.

6. Cooperation. If Employee receives a subpoena or process from any person or entity (including, but not limited to, any governmental agency) which may or will require Employee to disclose documents or information or provide testimony (in a deposition, court proceeding, or otherwise) regarding, in whole or in part, any of the Company Parties or any Confidential Information or Company Property, Employee shall: (i) to the extent permissible by law notify NASDAQ OMX’s Office of the General Counsel of the subpoena or other process within twenty-four (24) hours of receiving it; and (ii) to the maximum extent possible, not make any disclosure until the Company Parties have had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure, limit the scope or nature of such disclosure, and/or seek to participate in the proceeding or matter in which the disclosure is sought.

7. Non-Solicitation. (a) Employee agrees that for a period of 24 consecutive months after the termination of her employment (for any reason), Employee shall not, directly or indirectly, for or on behalf of Employee, or any other person or entity, (i) solicit, recruit, hire, enter into any business arrangement or relationship with, endeavor to entice from any Covered Entity (as defined below), or otherwise interfere with a Covered Entity's relationship with, any of its current employees or contractors, or anyone who was employed or engaged by any Covered Entity at any time during the 12 months prior to the termination of Employee's employment, (ii) accept, review, share, or otherwise utilize any Confidential Information or Company Property, or encourage any personnel of any of the Company Parties to share or disclose any such information or property or to take or refrain from any other act in the course of their employment, or (iii) solicit, endeavor to entice away from any Covered Entity, or otherwise interfere with, any Covered Entity's customer or client relationship with any of its current or potential customers, clients, or any persons or entities that were customers or clients, or that were solicited to be customers or clients with, any Covered Entity any time during the term of the Employee's employment or during the 12 months prior to the termination of Employee's employment. For the avoidance of any doubt, the restrictions in Paragraph 7(a)(i) shall at all times apply regardless of whether the individual is a present or former Covered Entity employee and regardless of how or why the individual's employment or engagement with any Covered Entity may have terminated.

(b) For a period of 24 consecutive months after the termination of Employee's employment (for any reason), Employee shall not, directly or indirectly, for or on behalf of Employee or any other person or entity, solicit, recruit, hire, or enter into any business arrangement or relationship with, any person who Employee knows, or reasonably could be expected to know by virtue of the information that was available to Employee from any of the Company Parties and/or by virtue of Employee's employment with the Company, was recruited, solicited, interviewed, or considered for hire or retention by any Covered Entity, for any technology, operations, sales or business role during the Employee's employment. For avoidance of doubt, the provisions of this Paragraph 7(b) shall apply to individuals regardless of whether Employee has personally met with them or otherwise had personal contact with them.

(c) For purposes of this Agreement, "*Covered Entity*" shall mean, the Company (as defined above) and any Company Party (as defined above) with which Employee has or had contact or a relationship during Employee's employment with the Company, relating in any way to Employee's employment with the Company.

(d) For the avoidance of doubt, nothing in this Paragraph 7 shall be construed to prohibit Employee from becoming employed or engaged by another entity after Employee's termination of employment from the Company.

8. Acknowledgment. Employee hereby acknowledges and agrees that her employment with the Company requires undivided attention and effort. Therefore, Employee will not, during her employment with the Company, engage in any employment or business, other than for the Company, or assist in any manner any business that is competitive with the business or the future business plans of the Company, unless Employee receives prior express written consent from the Company. The foregoing shall not be construed to prevent the Employee from having other personal investments and being a member of groups the board of

directors of other entities and industry groups involved in charity work, which, from time to time, may require minimal portions of her time, provided same shall be consistent with Section 2(b) of the Employment Agreement and also not interfere or be in conflict with her duties hereunder.

9. Return Of Confidential Information And Company Property. Upon termination for any reason of Employee's employment with the Company, or at any time the Company may so request, Employee shall promptly deliver to the Company all Confidential Information and Company Property, including, without limitation, Inventions, in her possession or under her control, including all documents, disks, tapes, or other electronic, digital, or computer means of storage, and all copies of such information and property.

10. Injunctive Action. (a) Employee acknowledges and agrees that the foregoing provisions and restrictions are reasonable and necessary for the protection of the Company Parties and their respective businesses. These obligations are not limited in time to the duration of Employee's employment and rather shall survive the termination of Employee's employment, regardless of the reason for its termination. Employee agrees that her breach of any of the foregoing provisions will result in irreparable injury to the Company Parties, that monetary relief alone will be inadequate to redress such a breach, and further that the Company Parties shall be entitled to obtain an injunction to prevent and/or remedy such a breach (without first having to post a bond). In any proceeding for an injunction and upon any motion for a temporary or permanent injunction ("*Injunctive Action*"), the Company's right to receive monetary damages shall not be a bar or interposed as a defense to the granting of such injunction. The Company's right to an injunction is in addition to, and not in lieu of, any other rights and remedies available to the Company Parties under law or in equity, including any remedy the Company may seek in any arbitration brought pursuant to Paragraph 11 of this Agreement.

(b) Any Injunctive Action may be brought in any appropriate court located in New York, New York. Employee hereby irrevocably submits to the jurisdiction of the courts of New York, New York in any Injunctive Action and waives any claim or defense of inconvenient or improper forum or lack of personal jurisdiction under any applicable law or decision. Upon the issuance (or denial) of an injunction, the underlying merits of any such dispute shall be resolved in accordance with Paragraph 11 of this Agreement.

11. Arbitration. Except as provided in Paragraph 10 of this Agreement, any dispute arising between the Parties under this Agreement, under any statute, regulation, or ordinance, under any other agreement between the Parties, and/or in way relating to Executive's employment, shall be submitted to binding arbitration before the American Arbitration Association ("AAA") for resolution. Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with the AAA's Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a panel of three arbitrators that is mutually agreeable to both the Executive and the Company, all in accordance with AAA's Employment Arbitration Rules then in effect. If the Executive and the Company cannot agree upon the panel of arbitrators, the arbitration shall be settled before a panel of three arbitrators, one to be selected by the Company, one by the Executive, and the third to be selected by the two persons so selected, all in accordance with AAA's Employment Arbitration Rules.

With respect to any and all costs and expenses associated with any such arbitration that are not assignable to one of the Parties by the arbitrator, each Party shall pay their own costs and expenses, including without limitation, attorney's fees and costs, except that the Company shall pay the cost of the arbitrators. The award of the arbitrators shall be final and binding on the Parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and Executive shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, "*Arbitration Materials*"), to any third party, with the sole exception of Executive's legal counsel, who also shall be bound by these confidentiality terms. In the event of any court proceeding to challenge or enforce an arbitrators' award, the Parties hereby consent to the exclusive jurisdiction of the state and federal courts in New York, New York and agree to venue in that jurisdiction. The Parties agree to take all steps necessary to protect the confidentiality of the Arbitration Materials in connection with any such proceeding, agree to file all Confidential Information (and documents containing Confidential Information) under seal, and agree to the entry of an appropriate protective order encompassing the confidentiality terms of this Agreement.

12. Governing Law; Amendment; Waiver; Severability. (a) This Agreement shall be construed in accordance with and shall be governed by the laws of the State of New York, excluding any choice of law principles. This Agreement, together with the Employment Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and may not be amended, discharged, or terminated, nor may any of its provisions be waived, except upon the execution of a valid written instrument executed by Employee and NASDAQ OMX.

(b) If any term or provision of this Agreement (or any portion thereof) is determined by an arbitrator or a court of competent jurisdiction to be invalid, illegal, or incapable of being enforced, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect. Upon a determination that any term or provision (or any portion thereof) is invalid, illegal, or incapable of being enforced, NASDAQ OMX and Employee agree that an arbitrator or reviewing court shall have the authority to amend or modify this Agreement so as to render it enforceable and effect the original intent of the Parties to the fullest extent permitted by applicable law.

13. Miscellaneous. (a) For purposes of this Agreement, the connectives "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of a sentence all facts or information that might otherwise be construed to be outside of its scope.

(b) This Agreement (i) may be executed in identical counterparts, which together shall constitute a single agreement; (ii) shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either Party, notwithstanding which Party may have drafted it; and (iii) the headings herein are included for reference only and are not intended to affect the meaning or interpretation of the Agreement.

(c) Without limiting the scope or generality of the terms of this Agreement in any way, Employee acknowledges and agrees that the terms of this Agreement and all

discussions regarding this Agreement are confidential, and accordingly Employee agrees not to disclose any such information to any third party, except to Employee's attorney(s), or as otherwise may be required by law. Notwithstanding the foregoing, Employee may disclose to any prospective employer the fact and existence of this Agreement, and provide copies of Paragraphs 3, 4, 5, 6, 7, 8, 9, and 10 of this Agreement to such entity (redacting all other portions of the Agreement). The Company has the right to apprise any prospective employer or other entity or person of the terms of Paragraphs 3, 4, 5, 6, 7, 8, 9, and 10 of this Agreement and provide copies of Paragraphs 3, 4, 5, 6, 7, 8, 9, and 10 to any such persons or entities.

(d) This Agreement is binding upon, and shall inure to the benefit of, Employee and the Company and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the Parties hereto acknowledge the acceptance of the terms of this Agreement as of the Effective Date, by the signatures of their respective duly authorized representatives.

EMPLOYEE

/s/ Adena Friedman
Adena Friedman

THE NASDAQ OMX GROUP, INC.

/s/ Robert Greifeld
By: Robert Greifeld

Its: Chief Executive Officer

Release of Claims

GENERAL RELEASE

WHEREAS, Adena Friedman (hereinafter referred to as the "*Executive*") and The NASDAQ OMX Group, Inc. (hereinafter referred to as "*Employer*") are parties to an Employment Agreement, dated June 16, 2014 (the "*Employment Agreement*"), which provided for the Executive's employment with Employer on the terms and conditions specified therein; and

WHEREAS, the Executive has agreed to execute a release of the type and nature set forth herein as a condition to her entitlement to certain payments and benefits upon her termination of employment with Employer.

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained and for other good and valuable consideration received or to be received by the Executive in accordance with the terms of the Employment Agreement, it is agreed as follows:

1. Excluding enforcement of the covenants, promises and/or rights reserved herein, the Executive hereby irrevocably and unconditionally releases, acquits and forever discharges Employer and each of Employer's owners, stockholders, predecessors, successors, assigns, directors, officers, employees, divisions, subsidiaries, affiliates (and directors, officers and employees of such companies, divisions, subsidiaries and affiliates) and all persons acting by, through, under or in concert with any of them (collectively "*Releasees*"), or any of them, from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to, rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, or any tort or any legal restrictions on Employer's right to terminate employees, or any Federal, state or other governmental statute, regulation or ordinance, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Federal Age Discrimination In Employment Act of 1967 ("*ADEA*"), as amended, the Employee Retirement Income Security Act ("*ERISA*"), as amended, the Civil Rights Act of 1991, as amended, the Rehabilitation Act of 1973, as amended, the Older Workers Benefit Protection Act ("*OWBPA*"), as amended, the Worker Adjustment Retraining and Notification Act ("*WARN*"), as amended, the Fair Labor Standards Act ("*FLSA*"), as amended, the Occupational Safety and Health Act of 1970 ("*OSHA*"), the New York State Human Rights Law, as amended, the New York Labor Act, as amended, the New York Equal Pay Law, as amended, the New York Civil Rights Law, as amended, the New York Rights of Persons With Disabilities Law, as amended, and the New York Equal Rights Law, as amended, that the Executive now has, or has ever had, or ever will have, against each or any of the Releasees, by reason of any and all acts, omissions, events, circumstances or facts existing or occurring up through the date of the Executive's execution hereof that directly or indirectly arise out of, relate to, or are connected with, the

Executive's services to, or employment by Employer (any of the foregoing being a "Claim" or, collectively, the "Claims"); *provided, however*, that this release shall not apply to any of the obligations of Employer or any other Releasee under the Employment Agreement, or under any agreements, plans, contracts, documents or programs described or referenced in the Employment Agreement; and *provided, further*, that this release shall not apply to any rights the Executive may have to obtain contribution or indemnity against Employer or any other Releasee pursuant to contract, Employer's certificate of incorporation and by-laws or otherwise.

2. The Executive expressly waives and relinquishes all rights and benefits afforded by California Civil Code Section 1542 and does so understanding and acknowledging the significance of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Thus, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Releasees, the Executive expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims that the Executive does not know or suspect to exist in the Executive's favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such Claim or Claims.

3. The Executive understands that she has been given a period of 21 days to review and consider this General Release before signing it pursuant to the Age Discrimination In Employment Act of 1967, as amended. The Executive further understands that she may use as much of this 21-day period as the Executive wishes prior to signing.

4. The Executive acknowledges and represents that she understands that she may revoke the waiver of her rights under the Age Discrimination In Employment Act of 1967, as amended, effectuated in this Agreement within 7 days of signing this Agreement. Revocation can be made by delivering a written notice of revocation to Office of the General Counsel, The NASDAQ OMX Group, Inc., One Liberty Plaza, New York, New York 10006. For this revocation to be effective, written notice must be received by the General Counsel no later than the close of business on the seventh day after the Executive signs this Agreement. If the Executive revokes the waiver of her rights under the Age Discrimination In Employment Act of 1967, as amended, Employer shall have no obligations to the Executive under Section 8 (other than the Base Obligations) of the Employment Agreement.

5. The Executive and Employer respectively represent and acknowledge that in executing this Agreement neither of them is relying upon, and has not relied upon, any representation or statement not set forth herein made by any of the agents, representatives or attorneys of the Releasees with regard to the subject matter, basis or effect of this Agreement or otherwise.

6. This Agreement shall not in any way be construed as an admission by any of the Releasees that any Releasee has acted wrongfully or that the Executive has any rights whatsoever against any of the Releasees except as specifically set forth herein, and each of the Releasees specifically disclaims any liability to any party for any wrongful acts.

7. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under law. Should there be any conflict between any provision hereof and any present or future law, such law will prevail, but the provisions affected thereby will be curtailed and limited only to the extent necessary to bring them within the requirements of law, and the remaining provisions of this Agreement will remain in full force and effect and be fully valid and enforceable.

8. The Executive represents and agrees (a) that the Executive has to the extent she desires discussed all aspects of this Agreement with her attorney, (b) that the Executive has carefully read and fully understands all of the provisions of this Agreement, and (c) that the Executive is voluntarily entering into this Agreement.

9. This General Release shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of laws principles thereof or to those of any other jurisdiction which, in either case, could cause the application of the laws of any jurisdiction other than the State of New York. This General Release is binding on the successors and assigns of, and sets forth the entire agreement between, the parties hereto; fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof; and may not be changed except by explicit written agreement to that effect subscribed by the parties hereto.

PLEASE READ CAREFULLY. THIS GENERAL RELEASE
INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN
CLAIMS.

This General Release is executed by the Executive and Employer as of the ____ day of _____, 20__.

Adena Friedman

THE NASDAQ OMX GROUP, INC

By: _____
Name:
Title: Chief Executive Officer

CERTIFICATION

I, Robert Greifeld, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The NASDAQ OMX Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Robert Greifeld

Name: Robert Greifeld
Title: Chief Executive Officer

Date: August 6, 2014

CERTIFICATION

I, Lee Shavel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The NASDAQ OMX Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Name: /s/ Lee Shavel
 Title: Lee Shavel
 Chief Financial Officer and Executive
 Vice President, Corporate Strategy

Date: August 6, 2014

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of The NASDAQ OMX Group, Inc. (the "Company") for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert Greifeld, as Chief Executive Officer of the Company, and Lee Shavel, as Chief Financial Officer and Executive Vice President, Corporate Strategy of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

/s/ Robert Greifeld
Name: Robert Greifeld
Title: Chief Executive Officer
Date: August 6, 2014

/s/ Lee Shavel
Name: Lee Shavel
Title: Chief Financial Officer and Executive
Vice President, Corporate Strategy
Date: August 6, 2014

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.
