

Overview:

- NASDAQ was established in 1971 as a subsidiary of the National Association of Securities Dealers (NASD) to electronically disseminate quotes for stocks not listed on exchanges in the over-the-counter (OTC) market - hence the name "National Association of Securities Dealers Automated Quotation System" (NASDAQ). Prior to NASDAQ, quotes were disseminated by paper copy, newspapers, and private electronic systems.
- NASDAQ has evolved through successive technology and functionality enhancements to include order routing, execution, data dissemination, and transaction reporting. NASDAQ is the equities market leader in the # of listed companies and the 2nd largest in trading volume and trading value in the world.
- On a typical day, NASDAQ systems process 37 million quote updates, 12 million trades, 88 million orders, and 2 billion shares. Each day at market open and close, NASDAQ systems must reliably handle transaction processing peaks in excess of 20,000 transactions per second, while maintaining 1/100th of a second response time to trader workstations and screens located throughout North America.
- NASDAQ's network connects thousands of traders in hundreds of trading firms dispersed throughout North America. The network takes in data from more than 350,000 terminals/workstations around the world, and more than 2 million users in 83 countries have access to screens displaying NASDAQ data.
- The reliability of individual systems and services is exceptional. In 2004 NASDAQ achieved 99.993% uptime for its trade execution platform and 100.000% uptime for data feeds.
- SEC rule 11Ac1-5 execution quality statistics shows that NASDAQ's technology provides the highest quality executions for investors. On NASDAQ, investors receive faster executions, lower execution costs, and better prices than in NYSE comparables.
- In 2001, NASDAQ became the first and only exchange to meet ISO 9001 Quality Standards. ISO is recognized worldwide for quality management standards, and ISO certification gives NASDAQ's computer operations, facilities, and technical services a world-recognized seal of approval.

Infrastructure:

- NASDAQ has two Data Centers and a "MarketSite" Media Center in Times Square. The Data Centers have the similar capacity, reliability, and functionality; are separated by 300 miles; and have separate utility and data communications providers.
- Disaster Recovery testing is conducted bi-monthly using multiple "most likely to occur" scenarios with both external exchanges and market makers participating. Twenty-seven scheduled tests were conducted in 2004, and NASDAQ lead two market-wide disaster recovery tests in 2004 as part of its ongoing continuity planning.
- NASDAQ.com receives an average of 25 million hits per day equating to over 6 million page views per day. Of those, over 30 percent are generated from international visitors.
- The outcome of NASDAQ's long standing planning, investment, implementation, and testing of business continuity initiatives has been evident in all recent events including the terrorist attack on September 11, 2001, and the blackout on August 14, 2003. All infrastructure systems functioned as designed in providing for no interruption to NASDAQ systems and networks throughout these two events.
- In the event that NYSE is not operational to trade its securities for an extended period of time, NASDAQ can also support their quote update and order processing. This capability can be implemented with 2-3 days notice if neither NASDAQ nor NASDAQ employees are impacted by the catastrophe