facility in one or more securities in which it is registered. The facility will update the market maker's quotation automatically by a quotation interval designated by the market maker, once its exposure limit in the security has been exhausted. The facility will update the market maker's quotation in either the bid or the offer side of the market by the interval designated and will reestablish the market maker's displayed size and either the default size or the minimum exposure limit; or the facility will close the market maker quote for five minutes.

5. Matched or crossed file. If a market maker's quotation change matches or crosses a limit order residing in the NAqcess limit order file, the system will automatically provide a notification to the market maker that informs the market maker of its obligation to protect all limit orders residing in the NAqcess file that would be affected by the quotation change. If the market maker enters the matching or crossing quotation change after this notification, limit orders in the file for the particular security will be automatically executed against the matching or crossing market maker, provided however, that if the number of shares in the limit order file that would be matched or crossed is greater than five times the maximum market order size for that particular security, or if the quotation change matches and crosses multiple price levels, the quotation change will be rejected. To effect such quotation change, the market maker first must manually enter a takeout order for the affected orders in the file prior to re-entering its quotation update.

6. The market maker may terminate its obligation by keyboard withdrawal from NAqcess at any time. However, the market maker has the specific obligation to monitor its status in NAqcess to assure that a withdrawal has in fact occurred. Except as otherwise permitted by Section 70 of the Uniform Practice Code regarding the Association's authority to declare clearly erroneous transactions void, (''UPC Section 70''), any transaction occurring prior to the effectiveness of the withdrawal may remain the responsibility of the market maker. In the case of a Nasdaq SmallCap security, a market maker whose exposure limit is exhausted will be deemed to have withdrawn from NAqcess and may reenter at any time. In the case of a Nasdaq National Market security, a market maker whose exposure limit is exhausted will have a closed quote in Nasdaq and NAqcess and will be permitted a standard grace period of five minutes within which to take action to restore its exposure limit,

if the market maker has not authorized use of the automated quotation update facility. A market maker that fails to renew its exposure limit in a Nasdaq National Market security within the allotted time will be deemed to have withdrawn as a market maker. Except as provided in subsection 7 below, a market maker that withdraws from a Nasdaq National Market security may not re-register in NAqcess as a market maker in that security for twenty (20) business days.

7. Notwithstanding the provisions of subsection 6 above, (i) a market maker that obtains an excused withdrawal pursuant to Part V of Schedule D to the NASD By-Laws prior to withdrawing from NAqcess may reenter NAqcess according to the conditions of its withdrawal; and (ii) a market maker that fails to maintain a clearing arrangement with a registered clearing agency or with a member of such an agency, and is thereby withdrawn from participation in ACT and NAqcess for Nasdaq National Market securities, may reenter NAqcess after a clearing arrangement has been reestablished and the market maker has complied with ACT participant requirements, provided however, that if the Association finds that the ACT market maker's failure to maintain a clearing arrangement is voluntary, the withdrawal of quotations will be considered voluntary and unexcused pursuant to Schedule D and these rules.

8. In the event that a malfunction in the market maker's equipment occurs rendering on-line communications with the NAqcess service inoperable, the NAqcess market maker is obligated to immediately contact the Market Operations Center by telephone to request a closed quote status from NAqcess. For Nasdaq securities, such request must be made pursuant to the requirements of Part V, Schedule D to the NASD By-Laws. If the closed quote status is granted, Market Operations personnel will enter such status notification into NAqcess from a supervisory terminal. Such manual intervention, however, will take a certain period of time for completion and, unless otherwise permitted by the Association pursuant to its authority under UPC Section 70, the NAqcess market maker may continue to be obligated for any transaction executed prior to the effectiveness of its closed quote.

B. Order Entry

1. Only market and limit agency orders may be entered in NAqcess by the NAqcess order entry firm through either its Nasdaq Workstation or computer interface. The system will

transmit to the order entry firm on the Nasdaq Workstation screen and printer, if requested, or through a computer interface, as applicable, an execution report generated following each execution. NAqcess market makers may enter limit agency orders in NAqcess for any NAqcess eligible security, but may not enter agency market orders or marketable limit orders in securities in which they make markets, unless such orders are self-directed. As a limited exception to the prohibition of the entry of proprietary orders into NAqcess, NAqcess market makers may place marker orders into NAqcess. The benefit of any such marker order execution must be passed immediately to one or more customer limit orders held by the firm placing the marker order. Marker orders may not be placed with respect to customer limit orders held by the firm that exceed the maximum limit order size permitted by these rules.

2. NAqcess will accept both market and limit agency orders of appropriate size for execution. Agency orders may be directed to a specific NAqcess market maker, self-directed by the NAqcess market maker, or may be non-directed, thereby resulting in execution against the next available NAqcess market maker. If an order is directed to a market maker by an order entry firm from which it has not agreed to accept direct orders, the order will be executed on a non-directed basis.

3. Only agency orders no larger than the maximum market and limit order sizes may be entered by a NAqcess order entry firm into NAqcess for execution against an NAqcess market maker or against an executable limit order. Orders in excess of the maximum order sizes may not be divided into smaller parts for purposes of meeting the size requirements for orders entered into NAqcess. All orders based on a single investment decision that are entered by a NAqcess order entry firm for accounts under the control of associated persons or public customers, whether acting alone or in concert with other associated persons or public customers, shall be deemed to constitute a single order and shall be aggregated for determining compliance with the maximum order size limits. Orders entered by the NAqcess order entry firm within any five-minute period in accounts controlled by associated persons or public customers, acting alone or in concert with other associated persons or public customers, shall be presumed to be based on a single investment decision. An associated person or customer shall be deemed to control an account if the account is his or her personal account or an account in