which he or she has a beneficial interest; the person exercises discretion over the account; the person has been granted a power of attorney over the account; or the account is the account of an immediate family member as that term is defined in the Board of Governors Interpretation on Free-Riding and Withholding, Article III, Section 1 of the NASD Rules of Fair Practice.

No order will be considered an agency order from a public customer if it is for any account of a person associated with any member firm or any account controlled by such an associated person. No order will be considered an agency order from a public customer if it is for any account of a member of the "immediate family" (as that term is defined in the NASD Free-Riding and Withholding Interpretation, Article III, Section 1 of the Rules of Fair Practice) of an associated person who has physical access to a terminal capable of entering orders into NAqcess.

5. No member or person associated with a member shall utilize NAqcess for the execution of agency orders in a SmallCap security in which the member is a Nasdaq market maker but is not a NAqcess market maker.

6. NAqcess will accept the following types of agency orders during normal market hours: (a) day orders; (b) goodtill-canceled ("GTC"); and (c) good till date ("GTD").

V. Execution of NAqcess Orders

A. General Execution Procedures: Orders in Nasdaq equity securities entered into NAqcess may be directed or non-directed. Non-directed market orders and non-directed marketable limit orders will be processed according to the procedures established below. Non-directed odd-lot orders that are market orders or marketable limit orders will be automatically executed in NAqcess against the next available market maker at the inside market and execution reports will be delivered to the order entry firm and the market maker.

1. Entry of Limit Orders: Limit orders may be entered into NAqcess by order entry firms and by market makers up to the maximum limit order size allowed for a particular security. Limit orders priced away from the Nasdaq inside bid or offer (as the case may be) as well as limit orders consolidated in the inside market will be stored in the NAqcess limit order file. Limit orders in securities priced at \$10 or more shall be priced in increments of an eighth or more; limit orders in securities that are priced at under \$10 may be placed in increments of a sixteenth or less depending upon the dealer quotation increments permitted.

2. Display of NAqcess Limit Orders: (a) Consolidated Display of Limit Orders In Inside Market: If a NAqcess limit order to buy or sell for 100 shares or more is better than the best dealer bid or offer, the limit order to buy or sell will be displayed in the Nasdaq inside market. Such display will contain the limit order price, size (which shall be aggregated if two or more limit orders are at the same best price) and an indicator to note that the inside market consists of a limit order rather than a market maker or UTP exchange quotation. If a NAqcess limit order of 100 shares or more is at the same price as the best dealer bid or offer, the size displayed in the inside market will be an aggregation of any same-priced limit orders and a single dealer quote at the best price.

(b) Full Limit Order File Display: All Nasdaq market makers in a particular security may request via Nasdaq Workstations a display of all limit orders in such security entered in the NAqcess limit order file. Such displays will be available on a query basis only to a registered market maker in a particular security.

3. Execution of Limit Orders: A limit order that matches or crosses a limit order on the opposite side of the market will be automatically executed against the matching or crossing order when such orders are at the inside market or better, and have priority over the dealer quotation. The priority rules for limit order interaction shall be that orders that are best in price shall be executed against each other first. If two or more orders are at the same price on the same side of the market, then the order that was received first in time shall be accorded priority over other orders at the same price. Limit orders that cross each other in price shall be executed at the price of the order that entered the file first. A limit order matches a limit order on the file when: the limit orders are consolidated in the inside market on Nasdaq; are on opposite sides of the market; and are equal in price. A limit order crosses a limit order on the file when: both limit orders are either consolidated in the inside market or better than the inside market; are on opposite sides of the market from each other; and the subsequent limit order is at a superior price to the existing limit order (i.e., the sell (buy) limit order is priced below (above) a limit order to buy (sell)). Execution of limit orders will occur up to the size of the initial limit order or the subsequent limit order, whichever is smaller, and without the participation of a market

maker. The unexecuted balance of a limit order is entered into the NAqcess file for subsequent matching, unless such balance is less than 100 shares, in which case the balance is automatically executed against the next available market maker, if equal to the inside quotation. If there is a limit order at the same price as the best dealer quotation (i.e., if a limit order to buy is the same as the best dealer bid, or a limit order to sell is the same as the best dealer offer), the order or quote that has time priority shall be matched against the incoming limit order.

4. Takeouts of Limit Orders: Any NASD member firm, acting as principal or as agent, may enter into NAqcess an order or orders that execute(s) any limit order(s) consolidated in the inside market or otherwise displayed in the NAqcess limit order file. Such orders shall be known as "takeout" orders. A takeout order may be for any size up to the aggregate amount of shares displayed in the NAqcess limit order file at a particular price. Takeout orders must be executed against limit orders on the opposite side of the market in order of price and time. A firm entering a takeout order for limit orders at multiple prices may enter a single takeout order at a price either at or above or below the NAqcess limit orders, as the case may be, and each limit order will be executed at each such price. Takeout orders do not reduce a firm's exposure limit.

5. Entry and Execution of Market Orders: (a) Market orders up to the maximum market order size for NAqcess eligible security may be entered into NAqcess. If at the time a market order is entered into NAqcess there is a limit order on the opposite side of the market that resides in the NAqcess limit order file and is reflected in the inside market as the best bid or offer, the incoming market order will be automatically executed against the limit order at the limit order price without the participation of a market maker. If a market order is not fully executed against the limit order file, the balance of such market order will be treated as any other market order as set forth in subparagraph (b) below, provided that if the balance of the market order is oddlot size, the balance will be automatically executed against the next available market maker at the inside quotation. If there is a limit order consolidated in the inside market at the same price as a dealer bid or offer (i.e., if a limit order to buy is the same as the best dealer bid, or a limit order to sell is the same as the best dealer offer), the order or quote that has time priority