NASDAQ OMX GROUP, INC.
Form 10-K
February 27, 2009
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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

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

**For the fiscal year ended December 31, 2008**

**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** | **52-1165937** |
| **(State or Other Jurisdiction of** | **(I.R.S. Employer** |
| **Incorporation or Organization)** | **Identification No.)** |
| **One Liberty Plaza, New York, New York** | **10006** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**Registrant s telephone number, including area code:**

**+1 212 401 8700**

**Securities registered pursuant to Section 12(b) of the Act:**

| **Title of each class** | **Name of each exchange on which registered** |
|---|---|
| Common Stock, $.01 par value per share | The NASDAQ Stock Market |

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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. (Check one):

| | |
|---|---|
| Large accelerated filer x | 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 x

As of June 30, 2008, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was approximately $3.7 billion (this amount represents approximately 139 million shares of The NASDAQ OMX Group Inc. s common stock based on the last reported sales price of $26.55 of the common stock on The NASDAQ Stock Market on such date).

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 February 13, 2009 |
|---|---|
| Common Stock, $.01 par value per share | 201,926,244 shares |

**DOCUMENTS INCORPORATED BY REFERENCE**

| Document | Parts Into Which Incorporated |
|---|---|
| Proxy Statement for the 2009 Annual Meeting of Stockholders | Part III |

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## About This Form 10-K

The NASDAQ OMX Group, Inc. is a holding company created by the business combination of The Nasdaq Stock Market, Inc. and OMX AB (publ) which was completed on February 27, 2008. Under the purchase method of accounting, Nasdaq was treated as the accounting and legal acquirer in this business combination. As such, Nasdaq is the predecessor reporting entity of NASDAQ OMX and the results of operations of OMX are only included in NASDAQ OMX s consolidated results of operations beginning February 27, 2008.

Throughout this Form 10-K, unless otherwise specified:

NASDAQ OMX, we, us and our refer to The NASDAQ OMX Group, Inc.

Nasdaq refers to The Nasdaq Stock Market, Inc., as that entity operated prior to the business combination with OMX AB.

The NASDAQ Exchange, The NASDAQ Stock Market and NASDAQ refer to the registered national securities exchange operated by The NASDAQ Stock Market LLC.

OMX AB refers to OMX AB (publ), as that entity operated prior to the business combination with Nasdaq.

OMX refers to OMX AB (publ) subsequent to the business combination with Nasdaq.

NASDAQ OMX Nordic refers to collectively, NASDAQ OMX Stockholm (formerly OMX Nordic Exchange Stockholm), NASDAQ OMX Copenhagen (formerly OMX Nordic Exchange Copenhagen), NASDAQ OMX Helsinki (formerly OMX Nordic Exchange Helsinki) and NASDAQ OMX Iceland (formerly OMX Nordic Exchange Iceland).

NASDAQ OMX Baltic refers to collectively, NASDAQ OMX Tallinn (formerly Tallinn Stock Exchange), NASDAQ OMX Riga (formerly Riga Stock Exchange) and NASDAQ OMX Vilnius (formerly Vilnius Stock Exchange).

PHLX refers to the Philadelphia Stock Exchange, Inc. and its subsidiaries, as that entity operated prior to its acquisition by NASDAQ OMX.

NASDAQ OMX PHLX refers to NASDAQ OMX PHLX, Inc. subsequent to its acquisition by NASDAQ OMX.

SEK or Swedish Krona refers to the lawful currency of Sweden.

NOK or Norwegian Krone refers to the lawful currency of Norway.

This Form 10-K 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 Form 10-K for initial public offerings, or IPOs, is based on data provided by Thomson Financial, which does not include best efforts underwritings, and we have chosen to exclude closed-end funds; therefore, the data may not be comparable to other publicly-available IPO data. Data in this Form 10-K for secondary offerings for The NASDAQ Stock Market also is based on data provided by Thomson Financial. Data in this Form 10-K for new listings of equity securities on The NASDAQ Stock Market is based on data generated internally by us, which includes best efforts underwritings and issuers that switched from other listing venues, closed-end funds and exchange traded funds, or ETFs. OMX data in this Form 10-K for IPOs and new listings of equities securities on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic is also based on data generated internally by us. IPOs, secondary offerings 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, including those discussed in Item 1A. Risk Factors in this Form 10-K.

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**Forward-Looking Statements**

*The U.S. Securities and Exchange Commission, or 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 Annual Report on Form 10-K 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 operating results or financial performance identify forward-looking statements. These include, among others, statements relating to:*

*2009 outlook;*

*the scope, nature or impact of acquisitions, dispositions, investments or other transactional activities;*

*the integration of our recently acquired businesses, including accounting decisions relating thereto;*

*the effective dates for, and expected benefits of, ongoing initiatives;*

*the cost and availability of liquidity;*

*the settlement of tax audits; and*

*the outcome of any litigation and/or government investigation to which we are a party and other contingencies.*

*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;*

*our ability to successfully integrate our recently 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;*

*loss of significant trading volume or listed companies;*

*covenants in our credit facilities, indentures and other agreements governing our indebtedness which may restrict the operation of our business;*

*economic, political and market conditions and fluctuations, including interest rate and foreign currency risk, inherent in U.S. and international operations;*

*the current global economic and credit crises;*

*government and industry regulation; 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 more fully described under the caption Item 1A. Risk Factors, in this Form 10-K. 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 Form 10-K, including Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and the related notes. Except as required by the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to 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.*

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**Part I**

**Item 1. Business**

**Overview**

We are a leading global exchange group that delivers trading, exchange technology, securities listing, and public company services across six continents. Our global offerings are diverse and include trading across multiple asset classes, market data products, financial indexes, capital formation solutions, financial services and market technology products and services. Our technology powers markets across the globe, supporting cash equity trading, derivatives trading, clearing and settlement 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 electronic cash equities securities market in the U.S. in terms of number of listed companies and in the world in terms of share value traded. As of December 31, 2008, The NASDAQ Stock Market was home to over 3,000 listed companies with a combined market capitalization of approximately $2.6 trillion. In addition, in the U.S. we operate NASDAQ OMX PHLX, the third largest U.S. options market, The NASDAQ Options Market, a second options market, NASDAQ OMX BX, a second cash equities trading market, and NASDAQ OMX Futures Exchange (formerly the Philadelphia Board of Trade), or NFX, a futures market.

In Europe, we operate exchanges in Stockholm (Sweden), Copenhagen (Denmark), Helsinki (Finland), and Iceland as NASDAQ OMX Nordic and exchanges in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania) as NASDAQ OMX Baltic. In addition, we operate NASDAQ OMX Europe, our new marketplace for pan-European blue chip trading, as well as NASDAQ OMX Commodities, our new offering for trading and clearing commodities, and the Armenian Stock Exchange.

The exchanges that comprise NASADQ OMX Nordic and NASDAQ OMX Baltic offer trading in cash equities, bonds, structured products and ETFs, as well as trading and clearing of derivatives. Our Nordic and Baltic operations also offer alternative marketplaces for smaller companies. As of December 31, 2008, the exchanges within NASDAQ OMX Nordic and NASDAQ OMX Baltic were home to over 800 listed companies with a combined market capitalization of approximately $605 billion.

**History and Structure**

Nasdaq was founded in 1971 as a wholly-owned subsidiary of the Financial Industry Regulatory Authority, or FINRA (then known as the National Association of Securities Dealers, Inc.). Beginning in 2000, FINRA restructured and broadened ownership in Nasdaq by selling shares to FINRA members, investment companies and issuers listed on The NASDAQ Stock Market.

In connection with this restructuring, Nasdaq applied to the SEC to register The NASDAQ Stock Market as a national securities exchange. Prior to operating as an exchange, The NASDAQ Stock Market operated under an SEC-approved plan that provided a delegation of legal authority from FINRA to The NASDAQ Stock Market to operate as a stock market. FINRA fully divested its ownership of Nasdaq in 2006, and The

NASDAQ Stock Market became fully operational as an independent registered national securities exchange in 2007.

In 2006, Nasdaq also reorganized its operations into a holding company structure. As a result, our exchange licenses and exchange and broker-dealer operations are held by our subsidiaries.

On February 27, 2008, Nasdaq and OMX AB combined their businesses and Nasdaq was renamed The NASDAQ OMX Group, Inc. Prior to the combination, OMX AB owned and operated the largest securities marketplace in Northern Europe.

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**Recent Acquisitions and Strategic Initiatives**

We believe that an exchange company s scale and technology have become very important factors in maintaining a competitive advantage due to the liberalization and globalization of world markets and regulatory changes in the U.S. and Europe. As a result, we recently completed several strategic acquisitions and investments that we believe further strengthen our competitive position.

***The combination with OMX and strategic partnership with Borse Dubai Limited.*** On February 27, 2008, Nasdaq and OMX AB combined their businesses pursuant to an agreement with Borse Dubai Limited, a Dubai company, or Borse Dubai. The purchase price of OMX AB was approximately $4.3 billion, consisting of an equity component and a cash component. We believe that the combination with OMX AB created a premier global exchange company, bringing together complementary businesses, diversifying our operations, enhancing our existing product offerings and solidifying our leadership in global exchange technology.

Concurrently with the business combination with OMX AB, we also acquired 33 $^{1}/3$% of the equity of the Dubai International Financial Exchange, or DIFX, in exchange for a contribution of $50 million in cash and the entry into certain technology and trademark licensing agreements. DIFX, which has been renamed NASDAQ Dubai, is an international financial exchange serving the region between Western Europe and East Asia.

We believe that the strategic partnership with Borse Dubai and our investment in NASDAQ Dubai provide us with significant resources and valuable expertise in the growing Middle Eastern and North African financial markets, as well as enhance the globalization of the NASDAQ OMX brand name, further increasing strategic opportunities. In November 2008, we listed our common stock on NASDAQ Dubai.

***The acquisition of the Philadelphia Stock Exchange.*** In July 2008, we completed our acquisition of the Philadelphia Stock Exchange, Inc., or PHLX, expanding our presence in the derivatives market. The acquisition of PHLX provided us with the third largest options market in the U.S. and with increased exposure to a fast growing asset class and diversification into an area adjacent to our core equity trading business. PHLX, renamed NASDAQ OMX PHLX, Inc., operates as a distinct market alongside The NASDAQ Options Market, our options platform that was launched in March 2008. With the acquisition of PHLX and the launch of The NASDAQ Options Market, we have substantially increased our footprint in global derivatives. As of December 31, 2008, we had a combined market share of approximately 17.3% in the trading of U.S. equity options.

***The acquisition of the Boston Stock Exchange.*** We closed the acquisition of the Boston Stock Exchange, Incorporated, or BSX, in August 2008. The BSX acquisition provided us with an additional license for trading both equities and options and a clearing license. We used the BSX license to create a second U.S. cash equities market, called NASDAQ OMX BX, which was launched in January 2009. With NASDAQ OMX BX, we offer a second quote within the U.S. equities marketplace, providing our customers enhanced trading choices and price flexibility. We have been able to leverage our INET trading system, which runs The NASDAQ Stock Market, to operate NASDAQ OMX BX, providing customers an additional fast and efficient cash equities market.

We have announced plans to launch a clearing service for U.S. cash equities, using the clearing license obtained in the acquisition of BSX. The new clearinghouse, to be called NASDAQ Clearing Corporation (NCC), is subject to regulatory approval and is expected to launch in 2009.

***The acquisition of certain businesses from Nord Pool ASA.*** In October 2008, we acquired Nord Pool ASA s clearing, international derivatives and consulting subsidiaries. As a result of the acquisition, we launched NASDAQ OMX Commodities, which offers energy and carbon derivatives products. NASDAQ OMX Commodities, together with third party partner Nord Pool, provides access to the world s largest power derivatives markets and one of Europe s largest carbon markets.

***The acquisition of a majority interest in International Derivatives Clearing Group.*** In December 2008, we acquired an 81% interest in the International Derivatives Clearing Group, or IDCG, and IDCG became an

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independently operated subsidiary of NASDAQ OMX. IDCG has been granted approval by the U.S. Commodity Futures Trading Commission, or CFTC, to clear over-the-counter, or OTC, interest rate swap futures contracts and other fixed income derivatives contracts. In December 2008, IDCG began providing central counterparty, or CCP, clearing for interest rate swap products through its clearinghouse subsidiary, International Derivatives Clearinghouse, LLC, or IDCH. NFX is serving as the designated contract market for trading of these interest rate swap products.

***Investment in EMCF.*** In January 2009, we acquired a 22% stake in European Multilateral Clearing Facility N.V., or EMCF, a leading European clearing house. In addition, we signed an agreement with EMCF to use its CCP services for all Nordic transactions. The strategic investment in EMCF and the introduction of CCP services in the Nordic markets is part of our broader commitment to reducing clearing and settlement costs for customers in Europe.

***Investment in Agora-X.*** In 2008, we acquired a 20% equity interest in Agora-X, LLC. Agora-X has launched an electronic communications network, or ECN, designed to enable institutional traders to efficiently negotiate OTC transactions in agricultural swaps and swaptions, as well as swaps and options on ethanol. The platform provides a more liquid and transparent marketplace for price discovery and negotiation.

**Competitive Strengths**

***Premier global exchange company.*** We are a premier global exchange company that is the largest electronic cash equities market in terms of share volume traded in the world. For the twelve months ended December 31, 2008, The NASDAQ Stock Market and the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic had an average daily trading volume of 12.3 million trades in cash equities, representing a value of approximately $25.2 trillion. In addition, across our markets, we had over 3,800 listings representing 38 countries as of December 31, 2008. We have many of the world s largest companies listed on our marketplaces, with a leading market share of listings in the information technology, biotech and paper product industries. Our wholly-owned subsidiary The NASDAQ Stock Market continues to be the single largest liquidity pool for trading cash equities in the U.S.

***Leader in global exchange technology.*** We believe we are the leader in global exchange technology. As the world s first electronic stock exchange, we pioneered electronic trading and have continued to innovate over the last 30 years. Our INET platform processes trades at sub-millisecond transaction speeds with close to 100% system reliability. In addition, our platforms are highly scalable with current capacity at twice the level of daily peaks, allowing significantly higher transaction volume to be handled at low incremental cost. Furthermore, through OMX AB, we were the first exchange to offer electronic trading and integrated derivatives trading and clearing to other exchanges and today have a global technology customer base of more than 70 marketplaces in over 50 countries worldwide, including China (Hong Kong), Singapore, Australia and the U.S. We believe that we will continue to provide leading technology for the world s competitive and demanding capital markets, which increasingly require that exchanges be able to constantly secure the best price for investors and issuers, a natural strength of our technology and electronic trading platforms.

***Diversified operations and products.*** We have a diversified business, both in terms of geography and product offerings. The recent acquisitions of OMX, PHLX and BSX, the strong derivatives exchange business of our options markets, the launch of NASDAQ OMX Commodities and our recent investments in IDCG, EMCF and Agora-X have significantly diversified our product offerings. In addition, our recently launched pan-European market, named NASDAQ OMX Europe, and our offerings in derivatives clearing and settlement further diversify our product offerings and enhance our growth opportunities in Europe.

***Proven and disciplined management team.*** We have a proven and disciplined management team that has substantial industry experience and expertise in making and integrating strategic acquisitions. Led by Robert Greifeld, our Chief Executive Officer, our executive management team has significant experience in the financial

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services industry. The combination with OMX AB brought the addition of Magnus Böcker, our President and previously the President and Chief Executive Officer of OMX AB. We believe the NASDAQ OMX management team has demonstrated an ability to innovate and respond effectively to market opportunities.

***Commitment to regulatory integrity.*** As a global exchange company, our business is subject to regulation in many jurisdictions worldwide. We are charged by regulators with maintaining fair and orderly markets for the benefit of investors and we work to fulfill this obligation in several ways. We have entered into agreements with independent third parties to provide regulatory oversight that is separate from our markets. In addition, we operate real-time market surveillance programs relating to trading and compliance-monitoring and enforcement programs with respect to listings on our markets. We are committed to strong and effective regulation and believe that regulatory integrity benefits investors, strengthens the NASDAQ OMX brand and attracts companies seeking to do business with us or to list securities on our markets.

**Products and Services**

We operate in three segments: Market Services, Issuer Services and Market Technology. Of our total 2008 revenues of $3,648.7 million, 87.9% was from our Market Services segment, 9.1% was from our Issuer Services segment, 2.9% was from our Market Technology segment and 0.1% related to other revenues. Of our total 2007 revenues of $2,436.6 million, 88.3% was from our Market Services segment and 11.7% was from our Issuer Services segment. Of our total 2006 revenues of $1,657.8 million, 84.9% was from our Market Services segment and 15.1% was from our Issuer Services segment.

See Note 21, Segments, to the consolidated financial statements for additional financial information about our segments and geographic data.

**Market Services**

Our Market Services segment includes our U.S. and European Transaction Services businesses, as well as our Market Data and Broker Services businesses. We offer trading on multiple exchanges and facilities across several asset classes, including equities, derivatives, debt, commodities, structured products and ETFs.

***U.S. Transaction Services***

In the U.S., we offer trading in equity securities, derivatives and ETFs on The NASDAQ Stock Market, NASDAQ OMX PHLX, NASDAQ OMX BX and NFX. Our transaction-based platforms in the U.S. provide market participants with the ability to access, process, display and integrate orders and quotes for cash equities and derivatives. 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.

*Equities Trading.* The NASDAQ Stock Market is the largest single pool of liquidity for trading U.S.-listed cash equities, matching an average of 30% of all U.S. equities volume for 2008. The NASDAQ Stock Market also is a significant source of liquidity for securities listed on the New York Stock Exchange, or NYSE, closing 2008 with 20% matched market share of NYSE-listed securities.

Our fully electronic U.S. transaction-based platform provides members with the ability to access, process, display and integrate orders and quotes on The NASDAQ Stock Market and NASDAQ OMX BX. Market participants include market makers, broker-dealers, ECNs and registered securities exchanges. These services are offered for NASDAQ-listed and non-NASDAQ-listed securities. Specifically, our platform:

- Provides a comprehensive display of the interest by market participants at the highest price a participant is willing to buy a security (best bid) and also the lowest price a participant is willing to sell that security (best offer).

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Provides subscribers quotes, orders and total anonymous interest at every price level for exchange-listed securities and critical data for the Opening Cross, Closing Cross, Halt Cross, IPO Cross and the Intraday Cross.

Provides anonymity to market participants, i.e., participants do not know the identity of the firm displaying the order unless that firm chooses to reveal its identity, which can contribute to improved pricing for securities by reducing the potential market impact that transactions by investors whose trading activity, if known, may influence others.

*Trade Reporting.* All U.S. registered national securities exchanges and securities associations are required to establish a transaction reporting plan for the central collection of price and volume information concerning trades executed in those markets. Trades executed on The NASDAQ Stock Market and NASDAQ OMX BX are automatically reported under the appropriate transaction reporting plan. Currently market participants are not charged for the reporting of most of these trades. The NASDAQ Stock Market and NASDAQ OMX BX, however, earn revenues for all of these trades in the form of shared market information revenues under the Unlisted Trading Privileges Plan, or the UTP Plan, for NASDAQ-listed securities and under the Consolidated Tape and Consolidated Quotation Plans for NYSE-listed, NYSE Alternext-listed and other exchange-listed securities.

Through The FINRA/NASDAQ Trade Reporting Facility, or FINRA/NASDAQ TRF, we collect reports of trades executed by broker-dealers outside of our exchanges. The FINRA/NASDAQ TRF collects trade reports as a facility of FINRA. A large percentage of these trades result from orders that broker-dealers have matched internally, or internalized, and are submitted to the FINRA/NASDAQ TRF for reporting purposes only. The FINRA/NASDAQ TRF does not charge market participants for locked in reporting of most trades, but it does earn shared market information revenues with respect to the trades. The FINRA/NASDAQ TRF also generates revenues by providing trade comparison to broker dealers by matching and locking-in the two parties to a trade that they have submitted to the FINRA/NASDAQ TRF for reporting and clearing.

In addition to trade reporting and trade comparison services, we provide clearing firms with risk management services to assist them in monitoring their exposure to their correspondent brokers.

*U.S. Derivatives Trading.* With the recent acquisition of PHLX and the launch of The NASDAQ Options Market, we have strengthened our position in the U.S. marketplace for the trading of equity options, index options and currency options. The NASDAQ Options Market, which was launched in March 2008, is designed to leverage our existing technology, customer connectivity and market structure. In the third quarter of 2008, we acquired PHLX, providing us with the third largest U.S. options market in the U.S. Renamed NASDAQ OMX PHLX, it operates a hybrid electronic and floor-based market as a distinct market alongside The NASDAQ Options Market. As of December 31, 2008, NASDAQ OMX PHLX and The NASDAQ Options Market had a combined market share of 17.3% in the U.S. equity options market. Our options trading platforms provide trading opportunities to both retail investors and high frequency trading firms, who tend to prefer electronic trading, and institutional investors, who typically pursue more complex trading strategies and often prefer to trade on the floor.

In the U.S., we also operate NFX which offers trading for currency futures and other financial futures. All futures traded on NFX clear at The Options Clearing Corporation, or OCC. In addition, NFX is serving as the designated contract market for interest rate swap products that are cleared through IDCH.

*Access Services.* We provide market participants with several alternatives for accessing our markets for a fee. Shifting connectivity from proprietary networks to third-party networks has significantly reduced technology and network costs and increased our systems scalability without affecting performance or reliability.

Our U.S. marketplaces may be accessed via a number of different protocols. The Financial Information Exchange product that uses the FIX protocol, a standard method of financial communication between trading

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firms and vendors, enables firms to leverage their existing FIX technology with cost-effective connections to our markets. Market participants may also access our systems using QIX, a proprietary programming interface that provides a more streamlined and efficient protocol for our users with expanded functionality, including quotation updates, and computer-to-computer interface, a protocol that allows market participants to enter transactions directly from their computer systems to our computer systems. Finally, firms may use former INET protocols, such as OUCH and RASH, to access our single trading platform. As an alternative to firm-developed trading front-end, our system offers the NASDAQ Workstation, an internet browser based interface that allows market participants to view market data and enter orders, quotes and trade reports.

The NASDAQ Stock Market also provides co-location services to market participants whereby firms may lease space for equipment within our data center. These participants are charged fees for cabinet space, connectivity and support. We also offer our customers memberships to our multiple exchanges for an annual and monthly fee.

***European Transaction Services***

*Nordics.* NASDAQ OMX Nordic s operations comprise the exchanges in Stockholm (Sweden), Copenhagen (Denmark), Helsinki (Finland), and Iceland. The exchanges offer trading for equities and bonds and trading and clearing services for derivatives. Our platform allows the exchanges to share the same trading system which enables efficient cross-border trading and settlement, cross membership and one source for Nordic market data.

Cash trading is offered in Nordic securities such as equities and depository receipts, warrants, convertibles, rights, fund units, ETFs, bonds and other interest-related products. NASDAQ OMX Stockholm and NASDAQ OMX Copenhagen also offer trading in derivatives, such as stock options and futures, index options and futures, fixed-income options and futures and stock loans.

On NASDAQ OMX Stockholm, we offer clearing services for fixed-income options and futures, stock options and futures and index options and futures by serving as the central counterparty. In doing so, we guarantee the completion of the transaction and market participants can thereby limit their counterparty risk. We also act as the counterparty for certain over-the-counter contracts. The transactions are reported electronically prior to central counterparty clearing and we thereby guarantee the completion of the transaction. Following the completion of a transaction, settlement takes place between parties with the exchange of the securities and funds. The transfer of ownership is registered and the securities are stored on the owner s behalf. Settlement and registration of cash trading takes place in Sweden and Finland via the local central securities depositories.

*Pan-European.* NASDAQ OMX Europe is a new marketplace designed for high performance trading of the most actively traded European stocks. It currently is the most competitively priced multilateral trading facility in Europe, and the first platform to connect European liquidity pools with pan-European routing. As of December 31, 2008, NASDAQ OMX Europe traded approximately 800 securities including constituents of the main European indices, ETFs and other highly liquid securities.

*Baltics.* NASDAQ OMX Baltic operations comprise the exchanges in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania). We hold a majority interest in these exchanges. In addition, we own the central securities depositories in Estonia and Latvia, and 40% of the central securities depository in Lithuania.

In the Baltic markets, NASDAQ OMX exchanges offer their members trading, clearing, payment and custody services. Issuers, primarily large local companies, are offered listing and a distribution network for their securities. The securities traded are mainly equities, bonds and treasury bills. Clearing, payment and custody services are offered through the central securities depositories in Estonia, Latvia and Lithuania. In addition, in Estonia and Latvia, NASDAQ OMX offers registry maintenance of fund units included in obligatory pension funds, and in Estonia, the maintenance of shareholder registers for listed companies. The Baltic central securities depositories offer a complete range of cross-border settlement services.

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*Commodities Trading and Clearing.* NASDAQ OMX Commodities, together with our third party partner Nord Pool, provides access to the world s largest power derivatives markets and one of Europe s largest carbon markets. NASDAQ OMX Commodities offers international derivatives and carbon products, operates a clearing business and offers consulting services to commodities markets globally. Nord Pool is responsible for exchange operations and trading activities, including ownership of Nordic derivatives products. NASDAQ OMX Commodities and Nord Pool have more than 400 members from 22 countries across a wide range of energy producers and consumers, as well as financial institutions. With NASDAQ OMX Commodities, our goal is to create a global leader in energy derivatives and carbon products, by combining Nord Pool s footprint in the energy market with NASDAQ OMX s global distribution capabilities and world-leading technology platform. As a global company, we are in the position to offer cross-market trading in multiple asset classes, and also expect to introduce new commodity products to our existing portfolio. The NASDAQ OMX Commodities offering is designed for banks, brokers, hedge funds and other financial institutions, as well as power utilities, industry, manufacturing and oil companies.

***Market Data***

We earn Market Data revenues from U.S. tape plans and U.S. and European market data products.

*U.S. Tape Plans.* The NASDAQ Stock Market operates as the exclusive Securities Information Processor of the UTP Plan for the collection and dissemination of best bid and offer information and last transaction information from markets that quote and trade in NASDAQ-listed securities. The NASDAQ Stock Market also is a participant in the UTP Plan and shares in the net distribution of revenue according to the plan on the same terms as the other plan participants. In the role as the Securities Information Processor, The NASDAQ Stock Market collects and disseminates quotation and last sale information for all transactions in NASDAQ-listed securities whether traded on The NASDAQ Stock Market or other exchanges. We sell this information to market participants and to data distributors and the data distributors then sell to the public. After deducting costs associated with acting as an exclusive Securities Information Processor, we distribute the tape fees to the respective UTP Plan participants, including The NASDAQ Stock Market, based on a formula required by Regulation NMS that takes into account both trading and quoting activity. In addition, all quotes and trades in NYSE- and NYSE Alternext-listed securities are reported and disseminated in real time, and as such, we share in the tape fees for information on NYSE- and NYSE Alternext-listed securities.

*U.S. Market Data Products.* Our data products enhance transparency and provide critical information to the professional and non-professional marketplace. We collect and process information and earn revenues as a distributor of our market data. We provide varying levels of quote and trade information to market participants and to data distributors, who in turn sell subscriptions for this information to the public. We earn revenues primarily based on the number of data subscribers and distributors of our data.

We distribute this proprietary market information to both market participants and non-participants through a number of proprietary products. We use our broad distribution network of more than 2,000 market data distributors to deliver data regarding our market depth, index values, mutual fund valuation, order imbalances, market sentiment and other analytical data. We offer a range of proprietary data products, including NASDAQ TotalView, our flagship market depth quote product. TotalView shows subscribers quotes, orders and total anonymous interest at every price level in The NASDAQ Stock Market for NASDAQ-listed securities and critical data for the Opening, Closing, Halt and IPO Crosses.

TotalView is offered through distributors to professional subscribers for a monthly fee per terminal and to non-professional subscribers for a lower monthly fee per terminal. We also offer a TotalView enterprise license to facilitate broad based distribution of this data to large audiences. In addition, we charge the distributor a monthly distributor fee.

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We operate several other proprietary services and data products to provide market information, which include:

- NASDAQ Last Sale, launched in 2008, to provide broad based and universal access to real-time last sale information via internet portals;

- NASDAQ Market Replay, launched in 2008, as a powerful replay and analysis tool allowing users to view order book and trade data for NASDAQ, NYSE and NYSE Alternext listed securities at any point in time;

- NASDAQ OMX DataStore, one aspect of NASDAQ OMX s Web 2.0 initiative to transform the market data industry through use of plug-and-play technology to deliver new proprietary information content;

- Mutual Fund Quotation Service, a listing service for over 25,000 mutual funds, money market funds and unit investment trusts that supports fund data, including net asset values, and capital gains and dividend income distribution and provides print and electronic media exposure for the funds;

- Mutual Fund Dissemination Service, a service that facilitates the real-time and end-of-day recap dissemination of all mutual fund pricing information and is used by data vendors and media to receive complete net asset value data on funds listed with us;

- Global Index Dissemination Service, a real-time data feed that carries the values for a number of broad-based and sector indexes and ETFs, developed in 2008 for release in 2009; and

- NASDAQ OMX Trader.com, a financial website that provides broker-dealers and market data vendors with information and data regarding our corporate initiatives (such as Open, Closing, Halt and IPO Crosses) and other products and services for a monthly subscription fee.

*European Market Data Products.* Nordic and Baltic market data products and services provide critical market transparency to the professional and non-professional investors that participate in the NASDAQ OMX Nordic and NASDAQ OMX Baltic marketplaces and, at the same time, give investors greater insight into these markets.

Information products and services are based on the trading information from the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic for three classes of securities: equities, bonds and derivatives instruments. We provide varying levels of quote and trade information to market participants and to data distributors, who in turn sell subscriptions for this information to the public. Revenues from European market data are generated primarily based on the number of data subscribers and distributors of our data.

We provide a wide range of data products including products in real-time, some with a time delay or in batch delivery. These products and services are packaged for market professionals as well as for private individuals, and include real-time information on market depth, specific transactions and share-price trends, the compilation and calculation of reference information such as indexes and the presentation of statistics.

Significant European market data products include:

Nordic Equity TotalView provides full market insight, with 20 level order book, news and analysis data for all Nordic equities. The product also includes index values and weights and liquidity measure indicators;

Nordic Derivative Level 2 provides listing details, trade information, derived information and order book information with the five best levels of bid and ask prices with the respective total quantity;

Nordic Fixed Income Level 2 provides listing details, order book information, bid and ask quotes for up to five levels, trade information, derived information, indicative bid and ask quotes, daily turnover statistics and company disclosures;

Corporate Action and Accounting Data; and

European Last Sale, launched in 2008 (along with the NASDAQ Last Sale Product in the U.S.), to provide broad based and universal access to real-time last sale information via internet portals.

***Broker Services***

Our Broker Services operations offer technology and customized securities administration solutions to financial participants in the Nordic market and in the United Kingdom. The primary services include flexible back-office systems. Our services allow customers to entirely or partly outsource their company s back-office functions.

We offer customer and account registration, business registration, clearing and settlement, corporate action handling for reconciliations and reporting to authorities. Available services also include direct settlement with the Nordic central securities depositories, real-time updating and communication via the Society for Worldwide Interbank Financial Telecommunication, or SWIFT, to deposit banks.

**Issuer Services**

Our Issuer Services segment includes our Global Listing Services and Global Index Group businesses. We offer capital raising solutions to companies around the globe and have more worldwide listings than any other global exchange group over 3,800 companies representing $3.2 trillion in total market value as of December 31, 2008.

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. As a strategic partner in Dubai s international financial exchange, NASDAQ OMX facilitates access to issuers to the Middle Eastern capital markets through NASDAQ Dubai. In addition, we offer a consolidated global listing application to companies to enable them to apply for listing on any NASDAQ OMX market, including The NASDAQ Stock Market and the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, as well as NASDAQ Dubai.

***Global Listing Services***

*U.S. Listings.* Companies listed on The NASDAQ Stock Market represent a diverse array of industries including telecommunication services and information technology, financial services, healthcare, consumer products, industrials and energy.

Companies seeking to list securities on The NASDAQ Stock Market must meet minimum listing requirements, including specified financial and corporate governance criteria. Once listed, companies must meet continued listing standards. The NASDAQ Stock Market currently has three listing tiers: The NASDAQ Global Select Market, The NASDAQ Global Market and The NASDAQ Capital Market. All three market tiers maintain rigorous listing and corporate governance standards (both initial and ongoing) and issuers listing on these markets have the opportunity to leverage an array of NASDAQ OMX corporate services.

As of December 31, 2008, a total of 3,023 companies listed securities on The NASDAQ Stock Market, with 1,288 listings on The NASDAQ Global Select Market, 1,222 on The NASDAQ Global Market and 513 on The NASDAQ Capital Market.

We aggressively pursue new listings from companies, including those undergoing IPOs as well as companies seeking to switch from alternative exchanges. In 2008, The NASDAQ Stock Market attracted 177 new listings. Included in these listings were 13 IPOs, almost 46% of the total U.S. IPOs in 2008. The new listings were comprised of the following:

| | |
|---|---|
| New Listings on The NASDAQ Stock Market | 177 |
| Switches from NYSE/NYSE Alternext and Dual Listings | 61 |
| IPOs | 13 |
| Upgrades from Over-the-Counter Bulletin Board (OTCBB) | 45 |
| ETFs, Structured Products and Other Listings | 58 |

In 2008, the following nine NYSE-listed companies switched to The NASDAQ Stock Market, representing $129.9 billion in market capitalization: News Corporation, Automatic Data Processing, Inc., CA, Inc., CME Group Inc., Jack in the Box Inc., Celera Corporation, Mylan Inc., Seagate Technology and Global-Tech Advanced Innovations Inc. A total of 51 companies switched from the American Stock Exchange (now renamed NYSE Alternext) to The NASDAQ Stock Market in 2008.

We charge issuers an initial listing fee, a listing of additional shares fee and an annual renewal fee. The initial listing fee for securities listed on The NASDAQ Stock Market includes a listing application fee and a total shares outstanding fee. The fee for listing of additional shares is based on the total shares outstanding, which we review quarterly. Annual renewal fees for securities listed on The NASDAQ Stock Market are based on total shares outstanding.

*Nordic and Baltic Listings.* We also offer listings on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic. As of December 31, 2008, a total of 824 companies listed securities on our Nordic and Baltic exchanges. Measured in terms of the market capitalization of listed companies, as of December 31, 2008, NASDAQ OMX Nordic was the largest marketplace in Europe for IT companies, the largest marketplace in the world for the paper industry, the second largest marketplace in the world for apparel retail and third largest marketplace in the world for industrial machinery.

Our European listing customers are organizations such as companies, funds or governments that issue and list securities on the exchanges of NASDAQ OMX Nordic and NASDAQ OMX Baltic. Customers issue securities in the forms of equities and depository receipts, warrants, ETFs, convertibles, rights, options, bonds and other fixed-income related products. In 2008, a total of 31 new companies were listed on our Nordic and Baltic exchanges.

For smaller companies and growth companies, we offer access to the financial markets through the NASDAQ OMX First North alternative marketplaces. NASDAQ OMX First North added 17 new companies in 2008.

*Corporate Services.* Our Corporate Services business provides customer support services, products and programs to companies, including companies listed on our exchanges. Through our corporate services offerings, companies gain access to innovative products and services that facilitate transparency, mitigate risk, maximize board efficiency and facilitate better corporate governance. Through our wholly-owned subsidiaries, we provide corporate services in key areas of focus:

*Investor Relations*. We provide industry-leading investor relations and news distribution products designed to make it easier for companies to interact and communicate with analysts and investors while meeting corporate governance and disclosure requirements.

*Market Monitoring*. We offer unique proprietary services that help companies monitor their stock and track peer performance. In November 2008, we acquired Bloom Partners, a leading market intelligence firm, enhancing our market monitoring services.

*Board Practice*. We offer board member recruiting and management solutions to ensure board member effectiveness.

*Global Visibility.* We provide ways for companies to increase their visibility through our Marketsite offerings and access to discounts and special offers from other listed companies.

*Risk Management.* We provide offerings intended to assist companies in risk management through our corporate insurance brokerage subsidiary offering executive liability risk management services.

*PORTAL and The PORTAL Alliance.* In addition to traditional public offerings, SEC Rule 144A provides public and private companies with another option for effectively raising capital at a lower cost and with fewer regulatory hurdles. We have managed the process to designate SEC Rule 144A unregistered securities as PORTAL securities since 1990.

In late 2007, we and a group of leading securities firms announced our intention to form The PORTAL Alliance, an open, industry-standard 144A equity trading platform with the goal of providing a better market for investors and issuers. The PORTAL Alliance members intend to develop a neutral process for investor qualification and tracking of transaction settlement and dissemination of issuer and trading information for Rule 144A securities. The PORTAL Alliance is expected to launch in 2009.

***Global Index Group***

We are one of the world s leading index providers. We develop and license NASDAQ OMX branded indexes, associated derivatives and financial products as part of our Global Index business. We believe that these indexes and products leverage, extend and enhance the NASDAQ OMX brand. License fees for our trademark licenses vary by product based on assets, number or underlying dollar value of contracts issued. In addition to generating licensing revenues, these products, particularly mutual funds and ETFs, lead to increased investments in companies listed on The NASDAQ Stock Market, which enhances our ability to attract new U.S. listings.

Our flagship index, the NASDAQ-100 Index, includes the top 100 non-financial companies listed on The NASDAQ Stock Market. With the addition in 2008 of OMX and PHLX, we now have nearly 2,000 diverse indexes, with 53 launched in 2008. NASDAQ OMX indexes are the basis for over 1,000 financial products in 37 countries. In 2008, we licensed 16 new ETFs based on NASDAQ OMX indexes. We also license cash-settled options, futures and options on futures on our indexes.

**Market Technology**

*Technology Solutions.* We are the world s leading technology solutions provider and partner to exchanges, alternative trading venues and clearing organizations. The systems solutions we offer support trading, clearing and settlement and information dissemination for many types of instruments, ranging from equities to complex derivative products. Furthermore, the solutions we offer can handle all classes of assets, including currencies, different types of interest-bearing securities, commodities and energy products.

In addition to systems solutions, we offer advisory services, facility management and systems integration and operations and support of all components included in a turn-key information technology solution for a marketplace. We currently manage operations for 17 marketplaces and our solutions enable efficient securities transactions for more than 70 marketplaces in over 50 countries, including markets operated by NASDAQ OMX. We are able to offer our customers analysis and advisory services on efficiency, as well as operational security and support in the creation of regional marketplaces.

Our trading solutions are sold throughout the world and are utilized by exchanges, alternative-trading venues and banks and securities brokers with marketplace offerings of their own. Our platforms are designed to meet client requirements as well as ensure the highest level of availability, security and reliability. NASDAQ

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OMX s trading solutions are utilized by, among others, the Australian Securities Exchange, Hong Kong Exchanges and Clearing, International Securities Exchange, or ISE, Plus Markets Group, SIX Swiss Exchange, Singapore Exchange and Wiener Börse.

In the post trade stage, we offer integrated systems solutions for clearing (risk management) and settlement (settlement and delivery) of both cash equities and derivatives to clearing organizations around the world. We also offer the systems for handling the administration of securities in securities depositories. These systems have been designed to be able to communicate with various trading systems and with other clearing or securities systems. Clearing and settlement solution customers include the Australian Securities Exchange, Hong Kong Exchanges and Clearing and Wiener Börse.

We offer standardized systems for disseminating raw data, such as prices, trades and order amounts, and refined data, such as indexes, to meet the extensive need for data for trading. Our information dissemination solution customers include ICAP, ISE, Singapore Exchange and Wiener Börse.

*Systems Integration, Operation and Support.* A central part of many projects is facility management and systems integration. This service is based on our many years of experience in operating marketplaces and implementing change projects involving technical infrastructure. Through our integration services, we can assume total responsibility for projects involving migration to a new system and the establishment of entirely new marketplaces. We also offer operation and support for the applications, systems platforms, networks and other components included in a turn-key information technology solution. By transferring the operation and support of systems to us, the customer can focus on its core operations and reduce its operational risk level. At the same time, economies of scale can be achieved, by allowing the customer access to existing, effective technology and infrastructure.

*Advisory Services.* Our advisory services are designed to support our customers strategies and help them with critical decisions in a highly demanding business environment. Operating our own exchanges and in partnering with global technology customers, we continually gain insight on developments in the financial world. We understand first-hand how marketplaces operate, the challenges they face and the complex technology infrastructures that support them. Our consultants have deep experience in strategy, operations and change management, and are backed by the combined knowledge of NASDAQ OMX as well as a network of external experts in the exchange industry.

*Research and development.* We continuously develop our product offering to ensure our position as a market leader and driving force in the exchange industry. Investment decisions are made based on customer needs and general market trends.

This year we introduced a new technology roadmap for our next generation trading system, GENIUM. The roadmap builds on NASDAQ OMX s combined experience and insight gained from operating exchanges and in supporting the operations of more than 70 exchanges, clearing organizations and central securities depositories around the world. Two key assets will be leveraged to realize the new roadmap:

- INET, currently used by NASDAQ OMX for the U.S. equities markets and NASDAQ OMX Europe. Delivering sub-millisecond transaction speeds, the INET system is proven in handling trading volumes of more than five billion shares daily and routinely handles over 268,000 messages per second.

- CLICK, the world s most widespread trading system for integrated derivatives and equity trading, today powers derivatives trading on the exchanges of NASDAQ OMX Nordic and leading markets around the world, including Australian Securities Exchange, Hong Kong Exchanges and Clearing, ICAP, ISE, and Singapore Exchange. CLICK also offers integrated clearing functionality through

SECUR.

GENIUM has been designed not only to be the world s fastest trading system, but also to combine innovative functionality with a modular approach to more efficiently manage change and create new advantages

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to existing and new customers. The foundation for GENIUM is a common service delivery platform built for the exchange industry. It provides high performance transaction handling and availability as well as common functional features, like reference data and session management. The platform is based on industry standard operating environments and holds unified models for business and technical operations.

**Intellectual property**

We own or have licensed rights to trade names, trademarks, domain names and service marks that we use in conjunction with our operations and services. We have registered many of our most important trademarks in the United States and in foreign countries. For example, our primary NASDAQ mark is a registered trademark in the United States and in over 50 other countries worldwide and the OMX trademark also has been registered worldwide. We also have trademark registrations for the most important names of NASDAQ OMX Nordic and our operations in Europe. Many of these trademarks are registered in a number of countries. An example of the registered trademarks used in our European operations include: OMX, GENIUM, SECUR, CLICK XT and EXIGO.

We also maintain copyright protection in our NASDAQ-branded materials and pursue patent protection for NASDAQ OMX-developed inventions and processes. Our patent department focuses on gaining patent protection for the software functionality that we develop in order for us to fully benefit from our research and development investments. Our patent department accomplishes this through the evaluation of inventions, the preparation, filing and prosecution of patent applications for inventions deemed worthwhile to pursue, the maintenance of granted patents, the coordination of information within the organization about patents and the monitoring of competitors for possible use of patented information.

**Competition**

*Market Services.* The equity securities markets are intensely competitive. We compete in the U.S. against NYSE Euronext, BATS Exchange, regional exchanges and ECNs. In Europe, our major competitors include NYSE Euronext, Deutsche Börse, the London Stock Exchange Group plc, or LSE, the Spanish Exchanges and SIX Swiss Exchange. We also compete globally with other major exchanges around the world, including the Tokyo Stock Exchange, the Korea Exchange, the Hong Kong Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, the Sydney Stock Exchange, the Bombay Stock Exchange, the Sao Paolo Stock Exchange and the Toronto Stock Exchange. Competition also comes from broker-dealers and from off-board or OTC trading in the U.S. and elsewhere.

In bond trading, we compete in Europe with alternative marketplaces such as MTS. For derivatives products, competition comes in the form of trading and clearing that takes place through OTC trading, usually through banks and brokerage firms, or through trading and clearing competition with other exchanges. The competitive significance in Europe of these varied alternative trading venues is likely to increase in the future, with the regulatory environment in Europe becoming more favorable to alternative trading venues as a result of the reforms required by the Markets in Financial Instruments Directive, or MiFID, and a broader effort to increase competition in financial services.

Competition is based on a number of factors, including the quality of our technological and regulatory infrastructure, total transaction costs, the depth and breadth of liquidity, the quality of value-added customer services, reputation and cost of trade execution.

*Equity securities trading.* The U.S. marketplace continues to evolve as ECNs active in the equity trade execution business attract market participants investment and become exchanges or acquire regional exchanges. Additional new entrants may emerge, potentially posing a competitive threat to more established industry participants. While many of the new entrants may have limited liquidity, some may attract significant levels of equity order volume through aggressive pricing and from volume originating with broker-dealer investors. In

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addition, there remains interest in electronic trading systems specializing primarily in large block trades, such as LiquidNet, Pipeline Trading and Investment Technology Group s POSIT platform. Also, regional exchanges, such as the International Securities Exchange, have agreed to be acquired by ECNs, with the objective of enabling them to better compete with other exchanges.

The European landscape is in its early days of adapting to the competitive forces released by MiFID in November 2007. Throughout Europe new multilateral trading facilities, or MTFs, are being created with the most prominent MTFs (Chi-X, Turquoise, NASDAQ OMX Europe, and BATS) launching in the United Kingdom and attracting a significant share of electronically matched volume. Trade reporting alternatives to incumbent exchanges, such as Markit BOAT, or BOAT, have also been launched. BOAT is currently the largest market trading reporting platform in Europe. Electronic trading systems interested in pursuing block business have long been active in Europe and are looking to grow their businesses under MiFID. Finally, smaller existing exchanges such as PLUS Markets and the Berliner Boerse are looking to enter new markets and expand their businesses. In the Nordics, a new MTF, Burgundy, has indicated that it intends to launch in 2009. These entrants pursue many of the same strategies to attract order flow as in the U.S., which include attractive pricing, participant investment, technological innovation, and pursuit of exchange status. Because of the success of the new entrants, incumbent exchanges have lowered prices, adopted new technology, and prepared to compete aggressively for trading volumes and revenue. While the state of competition in Europe remains evolutionary, the level of competition faced by incumbent national exchanges is clearly rising.

As a result of the conditions in the U.S. and Europe, we experience competition in our core trading activities such as execution services, quoting and trading capabilities, and reporting services. Many of our competitors have engaged in aggressive price competition by reducing the trade execution transaction fees they charge their customers. As a result of this competition, we significantly reduced the trade execution transaction fees we charge our customers in the past, particularly our large-volume customers. We periodically reexamine our pricing structure to ensure that our fees remain competitive.

*Derivatives.* Our principal competitors for trading options in the U.S. include the Chicago Board Options Exchange, or CBOE, ISE, NYSE ARCA, NYSE Alternext and the Boston Options Exchange, or BOX. Competition is focused on providing market participants with greater functionality, trading system stability, customer service, efficient pricing, and speed of execution. NASDAQ OMX operates two exchanges with different market structures. NASDAQ OMX PHLX operates a pro-rata hybrid electronic and floor based exchange and competes most directly with CBOE, ISE and NYSE Alternext. As a result of this competition, NASDAQ OMX PHLX added new functionality aimed at retail customers and reduced fees for our largest customers. The NASDAQ Options Market operates a price/time priority exchange and competes most directly with NYSE ARCA and the BOX. The NASDAQ Options Market competes primarily by providing meaningful price improvement to incoming orders and by offering a fast, stable trading system. During 2008, The NASDAQ Options Market increased the rebate it pays to liquidity providers on price improving execution to encourage price improvement.

MiFID does not address competition between derivatives markets to the extent that it addresses equities trading and consequently has been slower to affect competition in trading derivative securities. Exchange based competition for trading in European derivatives continues to occur mainly where there is competition in trading for the underlying equities and our competition for options on European equities is primarily with EUREX, LIFFE, EDX and, to a limited extent, the U.S. options exchanges. Such competition is limited to options on a small number of equity securities although these securities tend to be among the most active. New competition in this area is expected to come from Project Rainbow, a new dealer-sponsored derivative multi-lateral facility.

In addition to exchange based competition in derivatives we continue to face competition from OTC derivative markets. Bilateral and CCP-like innovations such as NYSE Euronext s Bclear and BEST-Execution Services (BEST) which is a collaboration between the Dutch market s two largest providers of liquidity, BinckBank and Optiver are also creating increasing competition for derivatives, mainly in the OTC and

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covered warrants markets. We market NASDAQ OMX s market operations, and trading and clearing services to these new entrants.

As trading in Europe evolves under MiFID, competition for trading volumes in derivatives will likely increase. Both current and potential competition requires us to constantly reassess our pricing and product offerings in order to remain competitive.

*Clearing.* In both the U.S. and Europe, equity clearing has been organized along national lines. Typically, a single clearing house would serve essentially all equity trading involving securities listed on exchanges within a nation s borders. Some countries, such as Sweden, do not have a clearing house at all. In some countries such as the U.S., the clearing house is part of the same organization as the Central Securities Depository, or CSD. In some, such as Germany, the clearing house and the stock exchange are part of the same corporate structure, and in others such as the U.K., the clearing house, exchange, and CSD are separate. Furthermore, there is a much shorter history of using CCP Services in European clearing than in the U.S. Regardless of past practice, competition is beginning to come to clearing in response to the European Code of Conduct in Clearing and Settlement in Europe and initiatives by NASDAQ OMX in the U.S. At this time, competition in clearing remains limited with a few new non-national clearing houses such as EMCF, X-Clear and EuroCCp being launched in Europe to serve non-national multilateral trading facilities. Our announced intention that the NASDAQ OMX Nordic exchanges will introduce a non-national central counterparty to our markets may spur competition for clearing services in Europe.

In the U.S., competition in equity clearing has been legislatively called for since 1975 but only recently have technological advances made competitive clearing in the U.S. a viable possibility. Should clearing competition become a vibrant reality in the U.S. or Europe it may have an impact on equity trading and on our business as clearing is a non-trivial cost of trade execution. We believe that clearing in both the U.S. and Europe will benefit from competition and intend to compete actively for clearing business.

*Market data services.* Our revenues from the sale of market data products and services are under competitive threat from other securities exchanges that trade NASDAQ-listed securities. Current SEC regulations permit these regional exchanges and FINRA s Alternative Display Facility to quote and trade NASDAQ-listed securities. Trade reporting facilities regulated by FINRA are also operated by The NASDAQ Stock Market and other exchanges. The UTP Plan entitles these exchanges, FINRA s Alternative Display Facility, and the trade reporting facilities to a share of UTP Plan tape fees, based on the formula required by Regulation NMS that takes into account both trading and quoting activity. In addition, The NASDAQ Stock Market similarly competes for the tape fees from the sale of information on NYSE- and NYSE Alternext-listed securities for those respective tape plans.

Participants in the tape plans have used tape fee revenues to establish payment for order flow arrangements with their members and customers. In January 2004, we implemented a new tiered pricing structure and the Nasdaq General Revenue Sharing Program, which provided incentives for quoting market participants to send orders and report trades to The NASDAQ Market Center. We continuously evaluate and refine both programs. To remain competitive, in July 2006, we changed the terms of the program and established a new Nasdaq Data Revenue Sharing Program. In January 2008, we again changed the terms of the program. We may adjust either program in the future to respond to competitive pressures.

The sale of our proprietary products are under competitive threat from alternative exchanges and trading venues that offer similar products at a lower price or free of charge. Our market data business competes with other exchanges and third party vendors in providing information to market participants. Consequently our data products must be competitive in speed, reliability, content and price to succeed in the marketplace. New exchanges and trading systems entering the market have recognized the strong connection between market data and transactions volume and new entrants could price their market data very aggressively in order to grow transactions volume thereby limiting our flexibility in pricing market data. Any action by a market participant to

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provide information to another exchange or market data vendor could have a negative impact on our data products. The market data business must also adapt to a rapidly changing information delivery technologies and constantly invest in innovative product design and development. Other market data providers may not face the regulatory obligations we face and may consequently be more flexible in pricing and more agile in deploying new products and business methods to our detriment.

*Listing and corporate services.* Our primary competitor for larger company listings in the U.S. on The NASDAQ Stock Market is the NYSE. The NASDAQ Stock Market also competes with NYSE Alternext for listing of smaller companies.

Competition for listings in Europe relates to the exchange choices available to companies considering a new or secondary listing. In addition to the larger exchanges, companies are able to consider smaller markets and quoting facilities, such as LSE s Alternative Investment Market, Euronext s Alternext, Deutsche Börse s Entry Standard, Borsa Italiana s Expandi Market, PLUS Markets plc, the Pink Sheets LLC and the Over-the-Counter Bulletin Board. Other exchanges in Sweden include the Nordic Growth Market and Aktietorget, which primarily serve companies with smaller market capitalizations.

In Europe, our main competitors for our company news service, a comprehensive communication service for listed companies on the NASDAQ OMX Nordic exchanges, are Cision and Hugin, the latter of which is owned by NYSE Euronext.

*Indexes.* The NASDAQ Stock Market is subject to intense competition for the listing of financial products from other exchanges. The indexes on which these products are based face competition from other indexes which can be considered competitive with NASDAQ OMX indexes. For example, there are a number of indexes that aim to track the technology sector and may from time to time have a high degree of correlation with the NASDAQ-100 Index and the NASDAQ Composite Index. We face competition from investment banks, markets or other product developers in designing products that meet investor needs.

*Market Technology.* Many exchanges, clearing organizations and securities depositories have traditionally developed their own technology systems for trading, clearing, settlement, depository and information dissemination internally, often assisted by consulting companies and local suppliers of components. The competitive landscape is changing and the implementation of third party solutions is growing more popular. Two types of competitors are emerging: other exchanges providing solutions, including NYSE Euronext, and pure technology providers focused on the exchange industry.

**Regulation**

We are subject to extensive regulation in the United States and Europe.

***U.S. Regulation***

U.S. federal securities laws establish a two-tiered system for the regulation of securities markets, market participants and listed companies. The SEC occupies the first tier and has primary responsibility for enforcing federal securities laws. Self-Regulatory Organizations, or SROs, which are non-governmental organizations, occupy the second tier. SROs, such as national securities exchanges, are registered with the SEC and are subject to the SEC s extensive regulation and oversight.

This regulatory framework applies to our U.S. business in the following ways:

- regulation of our registered national securities exchanges; and

- regulation of our U.S. broker-dealer subsidiaries.

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The rules and regulations that apply to our business are focused primarily on safeguarding the integrity of the securities markets and of market participants and investors generally. While we believe that regulation improves the quality of exchanges and, therefore, our company, these rules and regulations are not focused on the protection of our stockholders. U.S. federal securities laws and the rules that govern our operations are subject to frequent change.

*Regulation of U.S. Exchanges.* With the registration of The NASDAQ Stock Market as a national securities exchange in 2006, we received our own SRO status through our exchange subsidiary, separate from that of FINRA. With the acquisitions of the Philadelphia Stock Exchange and the Boston Stock Exchange, we acquired additional SRO licenses. As SROs, each entity has separate rules pertaining to its members and listed companies regarding listing, membership and trading that are distinct and separate from those rules applicable to broker-dealers that are administered by FINRA. Broker-dealers may choose to become members of The NASDAQ Stock Market, NASDAQ OMX PHLX or NASDAQ OMX BX in addition to their other SRO memberships, including membership in FINRA.

All of our U.S. national securities exchanges are subject to the SEC s oversight, as prescribed by the Securities Exchange Act of 1934, or the Exchange Act, including periodic and special examinations by the SEC. Our exchanges also are potentially subject to regulatory or legal action by the SEC or other interested parties at any time in connection with alleged regulatory violations. We have been subject to a number of routine reviews and inspections by the SEC. To the extent such actions or reviews and inspections result in regulatory or other changes, we may be required to modify the manner in which we conduct our business, which may adversely affect our business. We are also subject to Section 17 of the Exchange Act, which imposes record-keeping requirements, including the requirement to make records available to the SEC for examination.

Section 19 of the Exchange Act provides that our exchanges must submit proposed changes to any of the SROs rules, practices and procedures, including revisions to provisions of our certificate of incorporation and by-laws that constitute SRO rules, to the SEC. The SEC will typically publish the proposal for public comment, following which the SEC may approve or disapprove the proposal, as it deems appropriate. The SEC s action is designed to ensure that applicable SRO rules and procedures are consistent with the aims of the Exchange Act and its rules and regulations. In addition, pursuant to the requirements of the Exchange Act, our exchanges must file all proposals for a change in their pricing structure with the SEC.

SROs in the securities industry are an essential component of the regulatory scheme of the Exchange Act for providing fair and orderly markets and protecting investors. The Exchange Act and the rules thereunder impose on the SROs many regulatory and operational responsibilities, including the day-to-day responsibilities for market and broker-dealer oversight. In general, an SRO is responsible for regulating its members through the adoption and enforcement of rules and regulations governing the business conduct of its members.

NASDAQ OMX currently operates two equities and two options markets in the United States. We operate The NASDAQ Stock Market and The NASDAQ Options Market pursuant to The NASDAQ Stock Market s SRO license, the NASDAQ OMX BX equities market, launched in January 2009, pursuant to the NASDAQ OMX BX SRO license, and the NASDAQ OMX PHLX options market pursuant to the NASDAQ OMX PHLX SRO license. In addition, NASDAQ OMX BX regulates BOX pursuant to a regulatory services agreement between a subsidiary of NASDAQ OMX BX and BOX. NASDAQ OMX does not have an ownership interest in BOX, and we are compensated by BOX based on the cost of the regulatory services we provide to BOX.

FINRA provides regulatory services to the equities and options markets of The NASDAQ Stock Market and, once fully implemented in March 2009, the markets operated or regulated by NASDAQ OMX BX, including the regulation of trading activity and surveillance and investigative functions. We have a limited direct regulatory role in conducting real-time market monitoring rulemaking and certain membership functions through our MarketWatch department. Suspicious trading behavior discovered by our regulatory staff and all other employees of The NASDAQ Stock Market and the markets operated and regulated by NASDAQ OMX BX is referred to FINRA for further investigation.

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The regulatory group within NASDAQ OMX PHLX handles all regulatory operations for its options market, which trades options on equity securities, indexes, ETFs, and world currencies. The NASDAQ OMX PHLX options marketplace combines its highly sophisticated trading technology with a physical trading floor where the on-floor Surveillance Department monitors the open-outcry hybrid environment on a real time basis and acts in the capacity of options exchange officials, rendering decisions on trade-related rulings. Subsequently, the options reviews department performs all non-real-time trading analysis and surveillance. NASDAQ OMX PHLX also has an Examinations Department that conducts routine inspections of its member firms and monitors their financial condition for net capital requirements. These departments then refer unusual or suspicious activity to the Investigations Department that develops cases and ultimately to the Enforcement Department that prosecutes violations of exchange rules and applicable federal securities laws.

As of February 2009, NASDAQ OMX PHLX does not use FINRA for any material regulatory services besides the joint industry agreements and Rule 17d-2 agreements discussed below.

*Broker-dealer regulation.* NASDAQ OMX s broker-dealer subsidiaries are subject to regulation by the SEC, the SROs and the various state securities regulators. Nasdaq Execution Services, LLC currently operates as our routing broker for sending orders from The Nasdaq Market Center to other venues for execution. NASDAQ Options Services, LLC performs a comparable function with respect to routing of orders from The NASDAQ Options Market.

Nasdaq Execution Services is registered as a broker-dealer with the SEC and in all 50 states, the District of Columbia and Puerto Rico. It is also a member of The NASDAQ Stock Market, NASDAQ OMX BX, NASDAQ OMX PHLX, NYSE, NYSE Alternext, NYSE Arca, FINRA, BATS Exchange, CBOE, Chicago Stock Exchange, ISE and the National Stock Exchange.

NASDAQ Options Services is registered as a broker-dealer with the SEC and in all 50 states, the District of Columbia and Puerto Rico. It is also a member of The NASDAQ Stock Market, NASDAQ OMX PHLX, FINRA, NYSE Alternext, BOX, ISE and NYSE Arca.

The SEC, NYSE and FINRA adopt rules and examine broker-dealers and require strict compliance with their rules and regulations. The SEC, SROs and state securities commissions may conduct administrative proceedings which can result in censures, fines, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, its officers or employees. The SEC and state regulators may also institute proceedings against broker-dealers seeking an injunction or other sanction. The SEC and SRO rules cover many aspects of a broker-dealer s business, including capital structure and withdrawals, sales methods, trade practices among broker-dealers, use and safekeeping of customers funds and securities, record-keeping, the financing of customers purchases, broker-dealer and employee registration and the conduct of directors, officers and employees. All broker-dealers have an SRO that is assigned by the SEC as the broker-dealer s designated examining authority, or DEA. The DEA is responsible for examining a broker-dealer for compliance with the SEC s financial responsibility rules. NYSE is Nasdaq Execution Services current DEA and FINRA is NASDAQ Options Services DEA.

As registered broker-dealer subsidiaries, Nasdaq Execution Services and NASDAQ Options Services are subject to regulatory requirements intended to ensure their general financial soundness and liquidity, which requires that they comply with certain minimum capital requirements. The SEC and FINRA impose rules that require notification when net capital falls below certain predefined criteria, dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the Uniform Net Capital Rule and FINRA rules impose certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC and FINRA for certain withdrawals of capital.

As of December 31, 2008, we were in compliance with all of such capital requirements.

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*Regulatory contractual relationships with FINRA.* The NASDAQ Stock Market and NASDAQ OMX BX have signed a series of regulatory service agreements covering the services FINRA provides to the respective SROs, including some of the regulatory services we perform for BOX. Under these agreements, FINRA personnel act as our agents in performing the regulatory functions outlined above. FINRA bills us a fee for each required service. These agreements have enabled us to reduce our headcount while ensuring that the markets for which we are responsible are properly regulated. However, our SROs retain ultimate regulatory responsibility for all regulatory activities performed under these agreements by FINRA. In addition, our options markets, including NASDAQ OMX PHLX, have entered into a joint agreement with the other options exchanges for conducting insider trading surveillance, but our SROs continue to monitor the activities conducted under the agreement and continue to have regulatory responsibility in this area.

Exchange Act Rule 17d-2 permits SROs to enter into agreements, commonly called Rule 17d-2 agreements, approved by the SEC with respect to enforcement of common rules relating to common members. Our SROs have entered into several such agreements under which we are relieved of regulatory responsibility:

- agreements with FINRA covering the enforcement of common rules, the majority of which relate to the regulation of members of The NASDAQ Stock Market and NASDAQ OMX BX;

- joint industry agreements with FINRA and NYSE Regulation covering responsibility for enforcement of insider trading rules;

- joint industry agreement with FINRA covering enforcement of rules related to equity sales practices and certain other non-market related rules; and

- joint industry agreement covering enforcement of rules related to options sales practices.

*Regulation NMS and Options Intermarket Linkage Plan.* We are subject to Regulation NMS for our cash equities markets, and our options markets have joined the Options Intermarket Linkage Plan. These are designed to facilitate the routing of orders among exchanges to create a national market system as mandated by the Exchange Act. One of the principal purposes of a national market system is to assure that brokers may execute investors orders at the best market price. Both Regulation NMS and the Options Intermarket Linkage Plan require that exchanges avoid trade-throughs, locking or crossing of markets and provide market participants with electronic access to the best prices among the markets for the applicable equity or options order.

*CFTC Regulation.* With the acquisition of PHLX, we also acquired its subsidiary, NASDAQ OMX Futures Exchange, Inc. (formerly PBOT), a designated contract market under the Commodity Exchange Act. As a designated contract market, NFX is subject to regulatory oversight by the CFTC, an independent agency with the mandate to regulate commodity futures and option markets in the U.S. NFX currently lists trading futures contracts on stock indexes, foreign currencies and interest rate swaps. The National Futures Association provides certain regulatory services to NFX pursuant to a Regulatory Services Agreement. The CFTC also regulates IDCH, a designated clearing organization under the Commodity Exchange Act that is wholly owned by IDCG. IDCH clears interest rate swap futures contracts listed by NFX. NFA also provides regulatory services to IDCH.

***European regulation***

Recent directives from the European Union have focused on the harmonization of regulation with respect to financial services, offering, listing and trading of securities and market abuse. These directives are in turn providing opportunities for companies such ours. As the regulatory environment continues to change and related opportunities arise, we intend to use our position in the industry to continue product development, and ensure that the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic maintain favorable liquidity and offer efficient trading. One such opportunity that has been utilized is the approval of our multilateral trading facility, NASDAQ OMX Europe, in the U.K.

Confidence in capital markets is paramount for trading to function properly. NASDAQ OMX Nordic carries out market regulation through an independent unit that is separated from the business operations. Our surveillance consists of three surveillance departments, one at each NASDAQ OMX Nordic exchange in Sweden, Finland and Denmark, and separate surveillance functions at NASDAQ OMX Iceland. These departments are in turn organized into two groups or functions: one for the listing of instruments and surveillance of companies (issuer surveillance) and one for surveillance of trading (trading surveillance). In Iceland, the surveillance activities are carried out by specially appointed persons. In addition, there are special personnel who carry out surveillance activities at each of the three Baltic Exchanges. Currently, there are two surveillance committees at NASDAQ OMX Nordic, one in Sweden and one in Finland. In Sweden and Finland, decisions to list new companies are made by the listing committees of the exchanges. In Denmark and Iceland, listing decisions are made by the President of the exchange, a duty delegated by the board of NASDAQ OMX Nordic Copenhagen and NASDAQ OMX Iceland, respectively.

If there is suspicion that a listed company or member has acted in breach of exchange regulations, the matter is dealt with by the market regulation division. Serious breaches are considered by the respective disciplinary committee in Sweden and Finland. In Denmark, all matters are dealt with by the surveillance department. In Iceland, enforcement committees handle all breaches of exchange regulations, while disciplinary committees handle the determination of fines. Suspected insider trading is reported to the appropriate authorities in the respective country or countries.

We continue the harmonization of the structure and processes for market regulation in the Nordic region. When NASDAQ OMX Nordic was launched, the listing requirements for our exchanges in Sweden, Denmark and Finland were harmonized. NASDAQ OMX Iceland adopted the harmonized requirements in April 2007.

The entities that operate trading venues in the Nordic and Baltic countries are each subject to local regulation. In Sweden, general supervision of the exchange market operated by NASDAQ OMX Stockholm is carried out by the Swedish Financial Supervisory Authority, or SFSA, while NASDAQ OMX Stockholm s role as central counterparty in the clearing of derivatives is overseen by the SFSA and the Swedish central bank, Riksbanken. Additionally, as a function of the Swedish two-tier supervisory model, certain surveillance in relation to the exchange market is carried out by us, acting through our surveillance division.

NASDAQ OMX Stockholm s exchange and clearing activities are regulated primarily by the Swedish Securities Markets Act 2007:528, or SSMA, which sets up basic requirements regarding the board of the exchange or clearinghouse and its share capital, and which also outlines the conditions on which exchange and clearing licenses are issued. The SSMA also provides that any changes to the exchange s articles of association following initial registration must be approved by the SFSA.

With respect to ongoing operations, the SSMA requires exchanges to conduct their activities in an honest, fair and professional manner, and in such a way as to maintain public confidence in the securities markets. When operating a regulated market, an exchange must apply the principles of free access (i.e., that each person which meets the requirements established by law and by the exchange may participate in trading), neutrality (i.e., that the exchange s rules for the regulated market are applied in a consistent manner to all those who participate in trading) and transparency (i.e., that the participants must be given speedy, simultaneous and correct information concerning trading and that the general public must be given the opportunity to access this information). Additionally, the exchange operator must identify and manage the risks which may arise in its operations, use secure technical systems and identify and handle the conflicts of interest which may arise between the exchange or its owners interests and the interest in safeguarding effective risk management and secure technical systems. Similar requirements are set up by the SSMA in relation to clearing operations.

The SSMA also contains the framework for both the SFSA s supervisory work in relation to exchanges and clearinghouses and the surveillance to be carried out by the exchanges themselves. The latter includes the requirement that an exchange should have an independent surveillance function with sufficient resources and powers to meet the exchange s obligations. That requires the exchange to, among other things, supervise trading and price information, compliance with laws, regulations and good market practice, participant compliance with

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trading participation rules, financial instrument compliance with relevant listing rules and the extent to which issuers meet their obligation to submit regular financial information to relevant authorities. As mentioned above, this function is carried out by our surveillance division, which consists of three separate departments at each of the exchanges in Stockholm, Copenhagen and Helsinki, as well as separate surveillance functions at the exchanges on Iceland and in the Baltic states.

The regulatory environment in the other Nordic and Baltic countries in which a NASDAQ OMX entity has a trading venue is broadly similar to the regulatory environment in Sweden. Since 2005, there has been a Memorandum of Understanding between the SFSA and the main supervisory authorities in Denmark and Finland, which looks to safeguard effective and comprehensive supervision of NASDAQ OMX Nordic and the systems operated by it, and to ensure a common supervisory approach.

**Employees**

As of December 31, 2008, we had 2,507 employees, of which 1,149 were based in the U.S. and 1,358 were based outside of the U.S. None of our U.S. employees is subject to collective bargaining agreements or is represented by a union. Approximately 141 employees based in Denmark and Finland are covered by local union agreements.

**NASDAQ OMX Website and Availability of SEC Filings**

We file periodic reports, proxy statements and other information with the SEC. The public may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (such as us). The address of that site is http://www.sec.gov.

Our website is www.nasdaqomx.com. Information on our website is not a part of this Form 10-K. We will make available free of charge on our website, or provide a link to, our Forms 10-K, Forms 10-Q and Forms 8-K and any amendments to these documents, that are filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. To access these filings, go to NASDAQ OMX s website and click on Investor Relations, then click on Financial Information, then click on SEC Filings.

We intend to use our website, www.nasdaqomx.com, as a means of disclosing material non-public information and for complying with disclosure obligations under SEC Regulation FD. These disclosures will be included on our website under Investor Relations Events and Presentations.

**Item 1A. Risk Factors.**

*The risks and uncertainties described below 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. If any of the following risks actually occur, our business, financial condition, or operating results could be adversely affected.*

**Risks Relating to our Business**

***We may not be able to successfully integrate our recently acquired businesses, which may result in an inability to realize the anticipated benefits of our acquisitions.***

We continue to rationalize, coordinate and integrate the operations of our recently acquired businesses. This process involves complex technological, operational and personnel-related challenges, which are time-consuming and expensive and may disrupt our business. The difficulties, costs and delays that could be encountered may include:

- unforeseen difficulties, costs or complications in combining the companies operations, which could lead to us not achieving the synergies we anticipate;
- unanticipated incompatibility of systems and operating methods;
- inability to use capital assets efficiently to develop the business of the combined company;
- the difficulty of complying with government-imposed regulations in both the U.S. and Europe, which may be different from each other;
- resolving possible inconsistencies in standards, controls, procedures and policies, business cultures and compensation structures among the combined companies;
- the diversion of management s attention from ongoing business concerns and other strategic opportunities;
- the integration of the respective businesses, operations and workforces;
- unforeseen difficulties in operating acquired businesses in parallel with similar businesses that we operated previously;
- unforeseen difficulties in operating businesses we have not operated before;
- unanticipated difficulty of integrating multiple acquired businesses simultaneously;
- the retention of key employees and management;
- the implementation of disclosure controls, internal controls and financial reporting systems at non-U.S. subsidiaries to enable us to comply with U.S. generally accepted accounting principles, or U.S. GAAP, and U.S. securities laws and regulations, including the Sarbanes Oxley Act of 2002, required as a result of our status as a reporting company under the Exchange Act;
- the coordination of geographically separate organizations;
- the coordination and consolidation of ongoing and future research and development efforts;
- possible tax costs or inefficiencies associated with integrating the operations of the combined company;

pre-tax restructuring and revenue investment costs;

the retention of strategic partners and attracting new strategic partners; and

negative impacts on employee morale and performance as a result of job changes and reassignments.

For these reasons, we may not achieve the anticipated financial and strategic benefits from our recent acquisitions. Any actual cost savings and synergies may be lower than we currently expect and may take a longer time to achieve than we currently anticipate, and we may fail to realize the anticipated benefits of the recent acquisitions.

***The global financial and credit market crises are ongoing and may adversely affect our business.***

Ongoing global financial turmoil has reduced the availability, and increased the cost, of credit and capital and reduced the value of financial assets. The economy has entered a recession. We continue to monitor the effects on our business of these events. The ongoing turmoil could reduce customer demand for our services and the ability of our customers, lenders and other counterparties to meet their obligations to us. For example, the consequences of a prolonged recession may include a decline in trading volume, deterioration of the economic welfare of our listed companies and a reduction in the demand for our products, including our market data, indexes and market technology.

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***We will need to invest in our operations to integrate our recent acquisitions and to maintain and grow our business, and we may need additional funds, which may not be readily available.***

We depend on the availability of adequate capital to maintain and develop our business. Although we believe that we can meet our current capital requirements from internally generated funds, cash on hand and available borrowings under our existing credit facility, if the capital and credit markets continue to experience volatility, access to capital or credit may not be available on terms acceptable to us or at all. Limited access to capital or credit could have an impact on our ability to refinance debt, maintain our credit rating, meet our regulatory capital requirements, engage in strategic initiatives, make acquisitions or strategic investments in other companies or react to changing economic and business conditions. If we are unable to fund our capital or credit requirements, it could have an adverse effect on our business, financial condition and operating results.

In addition to our debt obligations, we will need to continue to invest in our operations for the foreseeable future to integrate our recently acquired businesses. If we do not achieve the expected operating results, we will need to reallocate our cash resources. This may include borrowing additional funds to service debt payments, which may impair our ability to make investments in our business or to integrate the recently acquired businesses.

Should we need to raise funds through issuing additional equity, our equity holders will suffer dilution. Should we need to raise funds through incurring additional debt, we may become subject to covenants even more restrictive than those contained in the indenture governing our notes or our other debt instruments. Furthermore, if adverse economic conditions persist or worsen, we could experience decreased revenues from our operations which could affect our ability to satisfy financial and other restrictive covenants to which we are subject under our existing indebtedness.

***Our leverage limits our financial flexibility, increases our exposure to weakening economic conditions and may adversely affect our ability to obtain additional financing.***

Our indebtedness as of December 31, 2008 was approximately $2.5 billion. In connection with the closing of our business combination with OMX AB on February 27, 2008, we incurred a significant amount of indebtedness, including the issuance of $475 million aggregate principal amount of 2.50% convertible senior notes due 2013 and the borrowing of $1,050.0 million of senior secured loans under our credit facilities. On July 24, 2008 in connection with our acquisition of PHLX, we borrowed an additional $650.0 million of senior secured loans under our credit facilities. On August 27, 2008, in connection with our acquisition of certain businesses of Nord Pool, we borrowed an additional $300.0 million of senior secured loans under our credit facilities. We may also borrow up to an additional $75.0 million under a revolver that is part of our credit facilities.

Our leverage could:

- reduce funds available to us for operations and general corporate purposes or for capital expenditures as a result of the dedication of a substantial portion of our consolidated cash flow from operations to the payment of principal and interest on our indebtedness;
- increase our exposure to a continued downturn in general economic conditions;

place us at a competitive disadvantage compared with our competitors with less debt; and

affect our ability to obtain additional financing in the future for refinancing indebtedness, acquisitions, working capital, capital expenditures or other purposes.

In addition, we must comply with the covenants in our credit facilities. Among other things, these covenants restrict our ability to grant liens, incur additional indebtedness, pay dividends, sell assets, make certain payments, conduct transactions with affiliates and merge or consolidate. Failure to meet any of the covenant terms of our credit facilities could result in an event of default. If an event of default occurs, and we are unable to receive a waiver of default, our lenders may increase our borrowing costs, restrict our ability to obtain additional borrowings, accelerate all amounts outstanding or enforce their interest against all collateral pledged.

***A decrease in trading volume will decrease our trading revenues.***

Trading volume is directly affected by economic, political and market conditions, broad trends in business and finance, unforeseen market closures or other disruptions in trading, the level and volatility of interest rates, inflation, changes in price levels of securities and the overall level of investor confidence. The current recession may reduce trading volumes across our markets. Because a significant percentage of our revenues is tied directly to the volume of securities traded on our markets, it is likely that a general decline in trading volumes would lower revenues and may adversely affect our operating results. Declines in volumes may also impact our market share or pricing structures.

***Current economic conditions could adversely affect our market data revenues.***

Market data revenues may be significantly affected by the global economic and credit markets crises. Professional subscriptions to our market data are at risk due to the extensive layoffs and staff reductions announced throughout the financial services industry. As these reductions occur, we may see significant reductions in our professional user revenue from our market data. While volatility in the markets may help the non-professional segment of our market data subscribers, the global loss of wealth and the steep decline in markets may cause a reduction in the number of non-professional investors who leave their investments in the market. Therefore, we may see a declining population of non-professional investors, which could result in lower non-professional subscriptions to our market data.

***Declines in the initial public offering market could have an adverse effect on our revenues.***

The pace of initial public offerings has declined to levels not seen since the 1970s. The outlook for recovery in the market for initial public offerings is closely tied to the availability of risk capital which may not return to historic levels for some time following the 2008 credit crisis. Stagnation or decline in the initial public offering market will impact the number of new listings on The NASDAQ Stock Market and the exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic, and thus our related revenues. We recognize revenue from new listings on The NASDAQ Stock Market on a straight-line basis over an estimated six-year service period. As a result, a stagnant market for initial public offerings could cause a decrease in deferred revenues for future years. Furthermore, as initial public offerings are typically actively traded following their offering date, a prolonged decrease in the number of initial public offerings could negatively impact the growth of our transactions revenues.

***The global economic turmoil may affect the ability of our listed companies to comply with our listing requirements.***

Global economic conditions may jeopardize the ability of our listed companies to comply with the continued listing requirements of our exchanges. For example, companies listed on The NASDAQ Stock Market are required to achieve at least a $1 closing bid price for a period of 30 consecutive business days, and listed companies are also required to comply with thresholds regarding the market level of their publicly held shares. Given the current extraordinary market conditions, The NASDAQ Stock Market has temporarily suspended these requirements, with the approval of the SEC, until April 19, 2009. If global economic conditions do not improve by this deadline and we are unable to further extend the suspension of our listing requirements, we may see an increase in companies delisting from our markets, either voluntarily or involuntarily. A reduction in the number of our listed companies could adversely affect our business, financial condition and operating results.

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***The securities market business is highly competitive.***

We face competition from numerous entities in the securities market industry, including competition for trading services, listings, and indexes from other exchanges and market centers. This competition includes both product and price competition and could increase as a result of the registration of new exchanges and market centers in the United States and Europe.

In addition, the liberalization and globalization of world markets have resulted in greater mobility of capital, greater international participation in local markets and more competition. Both in the U.S. and in other countries, the competition among exchanges and other execution venues has become more intense.

In the last several years, the structure of the securities industry has changed significantly through demutualizations and consolidations. In response to growing competition, many marketplaces in both Europe and the United States have demutualized to provide greater flexibility for future growth. The securities industry is also experiencing consolidation, creating a more intense competitive environment. In addition, a high proportion of business in the securities market is becoming increasingly concentrated in a smaller number of institutions and our revenue may therefore become concentrated in a smaller number of customers.

Examples of these new competitive forces include:

- the creation of NYSE Euronext, Inc. in April 2007 and its subsequent acquisition of Amex;
- ECNs operating in the U.S. cash equities trading market, such as Direct Edge and Lava Flow;
- new U.S. exchanges, such as BATS;
- the announced acquisition of the equity exchange business of the International Securities Exchange by the Direct Edge ECN;
- the combination of Deutsche Börse AG and International Securities Exchange Holdings, Inc.;
- active alternative equity trading platforms in Europe such as Equiduct, Chi-X, Turquoise, BATS and Plus Markets;
- active alternative trade reporting platforms in Europe such as Reuters Trade Publication and Markit BOAT;
- a number of investment banks have announced a multilateral trading facility in the Nordic region, also known as Burgundy;
- a number of investment banks have announced alternative derivative trading platforms in Europe such as Rainbow and Best;

- the announced launch of multilateral equity trading facilities in Europe backed by incumbent exchanges, such as Baikal and NYSE Arca Europe, by the LSE and NYSE Euronext, respectively;

- the trend toward partial re-mutualization, whereby exchanges, ECNs, and multilateral trading facilities have investment agreements with other participants in the securities industry;

- the globalization of electronic trading systems specializing in large volume trades, such as LiquidNet, Pipeline Trading and Investment Technology Group s POSIT platform; and

- global electronic interdealer brokers, such as ICAP.

Because of these market trends, we face intense competition. Competitors may develop market trading platforms that are more competitive than ours. If we are unable to compete successfully in this environment, our business, financial condition and operating results will be adversely affected.

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***Price competition has affected and could continue to affect our business.***

The securities trading industry is characterized by intense price competition. We have in the past lowered prices and in the U.S. increased market data rebates for trade executions to attempt to gain or maintain market share. These strategies have not always been successful and have at times hurt operating performance. Additionally, we have also been, and may once again be, required to adjust pricing to respond to actions by competitors, which adversely impacts operating results. We are also subject to potential price competition from new competitors and from new and existing regulated markets and multilateral trading facilities.

The securities trading industry also competes with respect to the pricing of market data. In addition, we are subject to price competition with respect to products for pre-trade book data and for post-trade last sale data. In the future, our competitors may offer market data rebates for quotes and trades on their systems. The success of competitors for trade executions, pressure from users for lower data fees and regulatory changes could also affect our non-U.S. market data business.

Our U.S. trade reporting facility (which we operate jointly with FINRA for the purpose of accepting reports of off-exchange trades) faces competition from the trade reporting facility operated jointly with FINRA by the NYSE. Our U.S. trade reporting facility also faces competition from FINRA s alternative display facility. Our competitors market data rebate programs for trade reporting could lead to a loss of market share and decreased revenues.

***We face significant competition in our securities trading business, which could reduce our transactions and trade reporting revenues and negatively impact our financial results.***

The NASDAQ Stock Market competes for trading of securities listed on NASDAQ, NYSE and NYSE Alternext. Any decision by market participants to quote, execute or report their trades in the U.S. through other exchanges, ECNs or the alternative display facility maintained by FINRA, could have a negative impact on our share of quotes and trades in securities traded through our platform. In particular, NYSE Euronext has enhanced its electronic trading capabilities, which compete directly with ours and may result in NYSE Euronext s trading volume increasing to our detriment. The acquisition of Amex enhances NYSE Euronext s scale in U.S. options, ETFs, closed-end funds, structured products and cash equities. If NYSE Euronext or any other competitor succeeds in attracting disproportionately more trading volume, this may have a negative impact on our business, financial condition and operating results.

The exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic and our multilateral trading facility, NASDAQ OMX Europe, also compete for the trading of securities. Any decision by market participants to quote, execute or report their trades in Europe through another regulated market or multilateral trading facility could have a negative impact on our share of quotes and trades in securities traded through the exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic and through NASDAQ OMX Europe.

***The implementation of MiFID increases competition for quoting, trade execution and reporting revenues in Europe.***

Our competitive position could be adversely affected by legislation and regulation implementing MiFID, which required all European Union countries to have MiFID regulation in force by November 1, 2007. MiFID is intended to create a unified European financial services market, with common regulation regarding investments and trading in European Union countries. MiFID enables greater transparency and competition among exchanges (regulated markets), investment firms and banks that internalize their order flow (systematic internalizers), and multilateral trading facilities. MiFID encourages competition for quotation, trade execution, trade reporting and market data distribution and introduces a European-wide requirement for best execution by requiring investment firms to establish and publish execution policies for all traded instruments.

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MiFID provides that trades may be executed on regulated markets, on multilateral trading facilities via over-the-counter trading or through systematic internalization. As a result, MiFID creates an opportunity for exchanges, new multilateral trading facilities, over-the-counter and internalization arrangements to be developed on either a single country or a pan-European basis, thereby removing entry barriers and facilitating entry of alternative off-exchange trading facilities and increasing the attractiveness of such alternative facilities to users. In addition, investment firms will have to ensure that they obtain the best execution conditions for their clients, and will therefore have to direct orders to the most favorable execution venue, without any regulatory incentive to favor established regulated markets.

Taken together, these changes to the regulatory environment are making it easier for multilateral trading facilities to establish themselves in Europe as low-cost alternatives to regulated exchanges, thereby increasing the level of competition with and between market operators. The exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic face competition from other exchanges as well as from multilateral trading facilities and alternative trading systems, and this competition may intensify in the near future especially as technological advances create pressure to reduce the costs of trading. Increased competition from alternative trading facilities and operators could cause us to lose market share or to lower our fees in order to remain competitive, either of which could lead to lower revenues and/or lower margins, harming profitability.

***The market data business faces significant competitive threats.***

The quality of our market data products is closely related to our transactions business. Maintaining or increasing our transactions market share in all our operating environments is important to the success of many of our market data products.

In addition, our market data business competes with other exchanges and third party vendors in providing information to market participants. Consequently our data products must be competitive in speed, reliability, content and price to succeed in the marketplace. New exchanges and trading systems entering the market have recognized the strong connection between market data and transactions volume and new entrants could price their market data very aggressively in order to grow transactions volume thereby limiting our flexibility in pricing market data. Any action by a market participant to provide information to another exchange or market data vendor could have a negative impact on our data products. The market data business must also adapt to a rapidly changing information delivery technologies and constantly invest in innovative product design and development. Other market data providers may not face the regulatory obligations we face and may consequently be more flexible in pricing and more agile in deploying new products and business methods to our detriment.

***We must adapt to significant competition in our listing businesses.***

We must adapt to significant competition in our listing businesses from other exchanges. NYSE Euronext s recent mergers and acquisitions has created a strong competitor of The NASDAQ Stock Market for listings of larger domestic and international companies. The exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic face competition from various European exchanges. In addition, on occasion, issuers may transfer their listings from our markets to other venues. While the reduction in initial listings or the loss of one or more large issuers could decrease our listing revenues, it could cause an even more significant decrease in revenues from the quoting, reporting and trading of those issuers securities.

***Our revenues may be affected by competition in the business for indexes, associated derivatives and other financial products.***

We have grown the business of our Global Index Group, which creates indexes and licenses them for NASDAQ OMX branded financial products. These financial products are subject to intense competition from other ETFs, derivatives and structured products as investment alternatives. Our revenues may be adversely affected by increasing competition from competitors financial products and/or indexes designed to replicate or

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correlate with the performance of our indexes. In addition, the legal and regulatory climate, which supports the licensing of these indexes, has changed in a manner that may adversely impact our ability to successfully license our indexes. Further, many other entrants have recently emerged who not only compete with us for future growth opportunities, but who may also introduce indexes that erode the position of our current offerings, thereby adversely affecting our business, financial condition and operating results.

***Our revenues may be affected by competition in the business for market technology.***

We have a significant market technology business, which provides technology, operating, and advisory services for exchanges and markets around the world. The technology business is subject to intense competition from other exchanges, specialized market technology companies, and large generalized technology providers. Our revenues may be adversely affected by increasing competition from competitors whose offerings may be technologically superior, more attractively priced, or offer strategic benefits not directly related to product performance. Further, any intellectual property protections we may have on our market technologies may not be adequate to prevent key employees from departing and entering into direct competition with us. In addition, the legal and regulatory constraints on technology exports may limit which market technologies we can offer for sale.

***We may experience fluctuations in our operating results, which may adversely affect the market price of our common stock.***

The financial services industry is risky and unpredictable and is directly affected by many national and international factors beyond our control, including:

- economic, political and geopolitical market conditions;
- natural disasters, terrorism, war or other catastrophes;
- broad trends in industry and finance;
- changes in price levels and volatility in the stock markets;
- the level and volatility of interest rates;
- changes in government monetary or tax policy;
- other legislative and regulatory changes;
- the perceived attractiveness of the U.S. or European capital markets; and

inflation.

Any one of these factors could have a material adverse effect on our business, financial condition and operating results by causing a substantial decline in the financial services markets and reduced trading volume.

Additionally, since borrowings under our credit facilities bear interest at variable rates, any increase in interest rates on debt that we have not fixed using interest rate hedges will increase our interest expense and reduce our cash flow. Other than variable rate debt, we believe our business has relatively large fixed costs and low variable costs, which magnifies the impact of revenue fluctuations on our operating results. As a result, a decline in our revenue may lead to a relatively larger impact on operating results. A substantial portion of our operating expenses will be related to personnel costs, regulation and corporate overhead, none of which can be adjusted quickly and some of which cannot be adjusted at all. Our operating expense levels will be based on our expectations for future revenue. If actual revenue is below management s expectations, or if our expenses increase before revenues do, both revenues less liquidity rebates, brokerage, clearance and exchange fees and operating results would be materially and adversely affected. Because of these factors, it is possible that our operating results or other operating metrics may fail to meet the expectations of stock market analysts and investors. If this happens, the market price of our common stock may be adversely affected.

***We may not be able to keep up with rapid technological and other competitive changes affecting our industry.***

The markets in which we compete are characterized by rapidly changing technology, evolving industry standards, frequent enhancements to existing products and services, the introduction of new services and products and changing customer demands. If our platforms fail to function as expected, our business would be negatively affected. In addition, our business, financial condition and operating results may be adversely affected if we cannot successfully develop, introduce or market new services and products or if we need to adopt costly and customized technology for our services and products. Further, our failure to anticipate or respond adequately to changes in technology and customer preferences, especially in our market technology business, or any significant delays in product development efforts, could have a material adverse effect on our business, financial condition and operating results.

***System limitations, failures or security breaches could harm our business.***

Our businesses depend on the integrity and performance of the computer and communications systems supporting them. If our systems cannot expand to cope with increased demand or otherwise fail to perform, we could experience unanticipated disruptions in service, slower response times and delays in the introduction of new products and services. These consequences could result in trade outages, lower trading volumes, financial losses, decreased customer service and satisfaction and regulatory sanctions. NASDAQ and the exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic experienced occasional systems failures and delays in the past and could experience future systems failures and delays.

If our trading volume increases unexpectedly, we will need to expand and upgrade our technology, transaction processing systems and network infrastructure. We do not know whether we will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade our systems and infrastructure to accommodate any increases in a timely manner.

Our systems and operations also are vulnerable to damage or interruption from human error, natural disasters, power loss, sabotage or terrorism, computer viruses, intentional acts of vandalism and similar events. We have programs in place to identify and minimize our exposure to these vulnerabilities and work in collaboration with the technology industry to share corrective measures with our business partners. Although we currently maintain and expect to maintain multiple computer facilities that are designed to provide redundancy and back-up to reduce the risk of system disruptions and have facilities in place that are expected to maintain service during a system disruption, such systems and facilities may prove inadequate. Any system failure that causes an interruption in service or decreases the responsiveness of our services could impair our reputation, damage our brand name and negatively impact our business, financial condition and operating results.

***We are subject to risks relating to litigation, potential securities law liability and other liability.***

Many aspects of our business potentially involve substantial liability risks. Although we are immune from private suits for self-regulatory organization activities, this immunity only covers certain of our activities, and we could be exposed to liability under national and local laws, court decisions and rules and regulations promulgated by regulatory agencies.

In the U.S., we are subject to oversight by the SEC, and our subsidiaries NFX and IDCG are subject to oversight by the CFTC. In the case of non-compliance with our obligations under either the securities or commodities laws, we could be subject to investigation and judicial or administrative proceedings that may result in substantial penalties.

Our non-U.S. business is regulated both at the national level in several countries and at the European Union level. Implementation and application of these regulations may be undertaken by one or more regulatory authorities, which may challenge compliance with one or more aspects of such regulations. If a regulatory authority makes a finding of non-compliance, conditional fines can be imposed and our licenses can be revoked.

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Some of our other liability risks arise under the laws and regulations relating to the insurance, tax, anti-money laundering, technology export, foreign asset controls and foreign corrupt practices areas. Liability could also result from disputes over the terms of a trade, claims that a system failure or delay cost a customer money, claims we entered into an unauthorized transaction or claims that we provided materially false or misleading statements in connection with a securities transaction. As we intend to defend any such litigation actively, significant legal expenses could be incurred.

***The regulatory framework under which we operate and new regulatory requirements or new interpretations of existing regulatory requirements could require substantial time and resources for compliance, which could make it difficult and costly for us to operate our business.***

Our business is subject to extensive regulation. Under current U.S. federal securities laws, changes in NASDAQ s rules and operations, including our pricing structure, must be reviewed and in many cases explicitly approved by the SEC. The SEC may approve, disapprove, or recommend changes to proposals that we submit. In addition, the SEC may delay either the approval process or the initiation of the public comment process. Any delay in approving changes, or the altering of any proposed change, could have an adverse effect on our business, financial condition and operating results. We must compete not only with ECNs that are not subject to the same SEC approval process but also with other exchanges that have lower regulation and surveillance costs than us. There is a risk that trading will shift to exchanges that charge lower fees because, among other reasons, they spend significantly less on regulation.

In addition, our registered broker-dealer subsidiaries, Nasdaq Execution Services, LLC and NASDAQ Option Services, LLC are subject to regulation by the SEC, FINRA and other self-regulatory organizations. These subsidiaries are subject to regulatory requirements intended to ensure their general financial soundness and liquidity, which require that they comply with certain minimum capital requirements. The SEC and FINRA impose rules that require notification when net capital falls below certain predefined criteria, dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the Uniform Net Capital Rule and NYSE and FINRA rules impose certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC, the NYSE and FINRA for certain withdrawals of capital. Any failure to comply with these broker-dealer regulations could have a material adverse effect on the operation of our business, financial condition and operating results.

Our non-U.S. business is subject to regulatory oversight in all the countries in which we operate regulated businesses, such as operating exchanges or CSDs. The countries in which we currently operate regulated businesses are Sweden, Finland, Denmark, Iceland, Estonia, Lithuania, Latvia, Armenia, Switzerland and the United Kingdom.

In all the aforementioned countries, we have received authorization from the relevant authorities to conduct our regulated business activities. The authorities may revoke this authorization if we do not suitably carry out our regulated business activities. The authorities are also entitled to request that we adopt measures in order to ensure that we continue to fulfill the authorities requirements.

Furthermore, we hold minority stakes in other regulated entities, and certain of our customers operate in a highly regulated industry. Regulatory authorities with jurisdiction over our non-U.S. entities could impose regulatory changes that could impact the ability of our customers to use our European exchanges or NASDAQ OMX Europe. The loss of a significant number of customers or a reduction in trading activity on any of our European exchanges or NASDAQ OMX Europe as a result of such changes could have a material adverse effect on our business, financial condition and operating results.

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***Regulatory changes and changes in market structure, especially in response to the global economic crisis, could have a material adverse effect on our business.***

In recent years, the securities trading industry and, in particular, the securities markets, have been subject to significant regulatory changes. Moreover, in the past few months, the securities markets have been the subject of increasing governmental and public scrutiny in response to the global economic crisis. During the next year, it is likely that there will be significant changes in our regulatory environment, although we cannot predict the nature of these changes or their impact on our business at this time.

Our market participants also operate in a highly regulated industry. The SEC, the Swedish Financial Supervisory Authority, or SFSA, and other regulatory authorities could impose regulatory changes that could impact the ability of our market participants to use The NASDAQ Stock Market, our European exchanges or NASDAQ OMX Europe or could adversely affect The NASDAQ Stock Market, our European exchanges or NASDAQ OMX Europe. Regulatory changes by the SEC, the SFSA or other regulatory authorities could result in the loss of a significant number of market participants or a reduction in trading activity on The NASDAQ Stock Market, our European exchanges or NASDAQ OMX Europe.

***We have self-regulatory obligations and also operate for-profit businesses, and these two roles may create conflicts of interest.***

We have obligations to regulate and monitor activities on our markets and ensure compliance with applicable law and the rules of our markets by market participants and listed companies. In the U.S., the SEC staff has expressed concern about potential conflicts of interest of for-profit markets performing the regulatory functions of a self-regulatory organization. Although The NASDAQ Stock Market and, once fully implemented in March 2009, the markets operated or regulated by NASDAQ OMX BX, outsource the majority of their market regulation functions to FINRA, we do perform regulatory functions related to our listed companies and our markets. Any failure by us to diligently and fairly regulate our markets or to otherwise fulfill our regulatory obligations could significantly harm our reputation, prompt SEC scrutiny and adversely affect our business and reputation.

The exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic also monitor trading on those exchanges and compliance with listing standards. They monitor the listing of equities and other financial instruments. The prime objective of such monitoring activities is to maintain confidence in the exchanges among the general public. The monitoring functions within the exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic are the responsibility of the surveillance departments or other surveillance personnel. The surveillance departments or personnel are intended to strengthen the integrity of and confidence in the exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic and to avoid conflicts of interest. Any failure to diligently and fairly regulate the exchanges comprising NASDAQ OMX Nordic and NASDAQ OMX Baltic could significantly harm our reputation, prompt scrutiny from regulators and adversely affect our business and reputation.

***Regulatory changes may have an adverse impact on our market data fees.***

A significant percentage of our market data revenue in the U.S. is derived from products subject to the three consolidated market information plans. As the formulas governing revenue allocations by those plans are subject to regulatory oversight, our revenue from the plans is at risk to any change in U.S. regulatory policy. In Europe, active regulatory discussions about the distribution of exchange information through consolidated plans may lead to policy decisions which negatively our market data revenues.

***We are exposed to counterparty risk for all transactions that are cleared through our markets.***

We clear a range of equity-related and fixed-income-related derivative products. We assume the counterparty risk for all transactions that are cleared through our markets and guarantee that our cleared contracts

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will be honored. We enforce minimum financial and operational criteria for membership eligibility, require members and investors to provide collateral, and maintain established risk policies and procedures to ensure that the counterparty risks are properly monitored and pro-actively managed; however, none of these measures provides absolute assurance against defaults by our counterparties on their obligations. No guarantee can be given that the collateral provided will at all times be sufficient. Although we maintain clearing capital resources to serve as an additional layer of protection to help ensure that we are able to meet our obligations, these resources may not be sufficient. In addition, our high leverage could limit our flexibility in the operation of our clearing business.

***We are exposed to credit risk from third parties, including customers, counterparties and clearing agents.***

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.

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 clearing and routing services Nasdaq Execution Services and NASDAQ Options Services provides for our trading customers. System trades in NASDAQ-listed securities, NYSE-listed securities and trades routed to other market centers for members of The NASDAQ Stock Market are cleared by Nasdaq Execution Services, as a member of the National Securities Clearing Corporation, or NSCC. 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. Pursuant to the rules of the NSCC and Nasdaq Execution Services clearing agreement, Nasdaq Execution Services is liable for any losses incurred due to 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 also liable for any losses incurred due to 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. 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.

In addition, through our NASDAQ OMX Stockholm clearing operations, we act as a counterparty in each transaction and thereby guarantee the fulfillment of each contract. We are required to pledge collateral for commitments with other clearinghouses.

We also have credit risk related to transaction fees that are billed to customers on a monthly basis, in arrears. Our customers are financial institutions whose ability to satisfy their contractual obligations may be impacted by volatile securities markets.

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

***Failure to attract and retain key personnel may adversely affect our ability to conduct our business.***

Our future success depends, in large part, upon our ability to attract and retain highly qualified professional personnel. Competition for key personnel in the various localities and business segments in which we operate is intense. Our ability to attract and retain key personnel, in particular senior officers, will be dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. There is no guarantee that we will have the continued service of key employees who we rely upon to execute our business strategy and identify and pursue strategic opportunities and initiatives. In particular, we may have to incur costs to replace senior executive officers or other key employees who leave,

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and our ability to execute our business strategy could be impaired if we are unable to replace such persons in a timely manner.

We are highly dependent on the continued services of Robert Greifeld, our Chief Executive Officer, and Magnus Böcker, our President, and other executive officers and key employees who possess extensive financial markets knowledge and technology skills. We do not have employment agreements with some of these key executive officers. We do not maintain key person life insurance policies on any of our executive officers, managers, key employees or technical personnel. The loss of the services of these persons for any reason, as well as any negative market or industry perception arising from those losses, could have a material adverse effect on our business, financial condition and operating results.

***Failure to protect our intellectual property rights could harm our brand-building efforts and ability to compete effectively.***

To protect our intellectual property rights, we rely on a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with our affiliates, clients, strategic partners and others. The protective steps that we take may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights.

We have registered, or applied to register, our trademarks in the United States and in over 50 foreign jurisdictions and have pending U.S. and foreign applications for other trademarks. We also maintain copyright protection on our branded materials and pursue patent protection for software products, inventions and other processes developed by us. We also hold a number of patents, patent applications and licenses.

Effective trademark, copyright, patent and trade secret protection may not be available in every country in which we offer our services. Failure to protect our intellectual property adequately could harm our brand and affect our ability to compete effectively. Further, defending our intellectual property rights could result in the expenditure of significant financial and managerial resources.

***Damage to our reputation could have a material adverse effect on our businesses.***

One of our competitive strengths is our strong reputation and brand name. Various issues may give rise to reputational risk, including issues relating to:

- the representation of our business in the media;
- the accuracy of our financial statements and other financial and statistical information;
- the accuracy of our financial guidance or other information provided to our investors;
- the quality of our corporate governance structure;

the quality of our products, including the reliability of our transaction-based business, the accuracy of the quote and trade information provided by our market data business and the accuracy of calculations used by our Global Index Group for indexes and unit investment trusts;

any negative publicity surrounding our listed companies;

security breaches, including any unauthorized delivery of proprietary data to third parties or physical security breaches;

management of our outsourcing partnerships, especially our relationship with FINRA; and

any misconduct or fraudulent activity by our employees or other persons formerly or currently associated with us.

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Damage to our reputation could cause some issuers not to list their securities on our exchanges, as well as reduce the trading volume on our exchanges or cause us to lose customers in our market data, index or market technology businesses. This, in turn, may have a material adverse effect on our business, financial condition and operating results.

***We are a holding company that depends on cash flow from our subsidiaries to meet our obligations, and any restrictions on our subsidiaries ability to pay dividends or make other payments to us may have a material adverse effect on our results of operations and financial condition.***

We are a holding company with no direct operating businesses other than the equity interests of our subsidiaries. We require dividends and other payments from our subsidiaries to meet cash requirements or to pay dividends. Minimum capital requirements mandated by regulatory authorities having jurisdiction over some of our regulated subsidiaries indirectly restrict the amount of dividends paid upstream. If our subsidiaries are unable to pay dividends and make other payments to us when needed, we may be unable to satisfy our obligations, which would have a material adverse effect on our business, financial condition and operating results.

***Future acquisitions, partnerships and joint ventures may require significant resources and/or result in significant unanticipated losses, costs or liabilities.***

Over the past year, our business combination with OMX AB, as well as our acquisitions of PHLX, BSX, certain businesses of Nord Pool and Bloom Partners have been significant factors in our growth. Although we cannot predict our rate of growth as the result of acquisitions with complete accuracy, we believe that additional acquisitions or entering into partnership and joint ventures will be important to our growth strategy. Many of the other potential purchasers of assets in our industry have greater financial resources than we have. Therefore, we cannot be sure that we will be able to complete future acquisitions on terms favorable to us.

We may finance future acquisitions by issuing additional equity and/or debt. The issuance of additional equity in connection with any such transaction could be substantially dilutive to existing shareholders. The issuance of additional debt could increase our leverage substantially. In addition, announcement or implementation of future transactions by us or others could have a material effect on the price of our common stock. We could face financial risks associated with incurring additional debt, particularly if the debt results in significant incremental leverage. Additional debt may reduce our liquidity, curtail our access to financing markets, impact our standing with credit agencies and increase the cash flow required for debt service. Any incremental debt incurred to finance an acquisition could also place significant constraints on the operation of our business.

These equity, debt and managerial commitments may impair the operation of our businesses. Furthermore, any future acquisitions of businesses or facilities could entail a number of additional risks, including:

- problems with effective integration of operations;
- the inability to maintain key pre-acquisition business relationships;
- increased operating costs;

the diversion of our management team from its other operations;

problems with regulatory bodies;

exposure to unanticipated liabilities;

difficulties in realizing projected efficiencies, synergies and cost savings; and

changes in our credit rating and financing costs.

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***Our non-U.S. business operates in various emerging markets that are subject to greater political, economic and social uncertainties than developed countries.***

The operations of our non-U.S. business are subject to the risk inherent in international operations, including but not limited to, risks with respect to operating in Iceland, the Baltics, Central and Eastern Europe, the Middle East and Asia. Some of these economies may be subject to greater political, economic and social uncertainties than countries with more developed institutional structures. Political, economic or social events or developments in one or more of these countries could adversely affect our operations and financial results.

***We have invested substantial capital in system platforms, and a failure to successfully implement such systems could adversely affect our business.***

In our technology operations, we have invested substantial amounts in the development of system platforms. Although investments are carefully planned, there can be no assurance that the demand for such platforms will justify the related investments and that the future levels of orders will be sufficient to generate an acceptable return on such investments. If we fail to generate adequate revenue from planned system platforms, or if we fail to do so within the envisioned timeframe, it could have an adverse effect on our results of operations and financial condition.

***Because we have operations in several countries, we are exposed to currency risk.***

We have operations in the U.S., several of the Nordic and Baltic markets, the U.K. and many other foreign countries. We therefore have significant exposure to exchange rate movements between the Swedish Krona, Danish Krone, Icelandic Krόna, Norwegian Krone, British Pound Sterling, Euro, U.S. dollar and other foreign currencies. Significant inflation or disproportionate changes in foreign exchange rates with respect to one or more of these currencies could occur as a result of general economic conditions, acts of war or terrorism, changes in governmental monetary or tax policy or changes in local interest rates. These exchange rate differences will affect the translation of our non-U.S. results of operations and financial condition into U.S. dollars as part of the preparation of our consolidated financial statements.

***Our investment in NASDAQ Dubai may be unsuccessful and could harm us in other ways.***

In exchange for $50 million and the entry into certain licensing and technology agreements, we have acquired 33 $^{1}/3$% of the outstanding equity of NASDAQ Dubai. We have also committed to providing additional capital of up to $25 million to NASDAQ Dubai under certain circumstances. Our investment in NASDAQ Dubai may not result in a return. Additionally, the licensing and technology agreements we have entered into with NASDAQ Dubai may have an adverse effect on our brand and on us. We may not be able to terminate these agreements or end our association with NASDAQ Dubai in a manner that would prevent lasting and potentially significant harm to our brand and reputation, particularly in certain key emerging markets. Our agreements with NASDAQ Dubai also prevent or limit us from seeking opportunities to grow our business in certain regions, and this may have a negative impact on us in the future.

***We may incur goodwill or intangible asset impairment charges in the future.***

Our business acquisitions typically result in the recording of goodwill and intangible assets, and the recorded values of those assets may become impaired in the future. As of December 31, 2008, goodwill totaled approximately $5.4 billion and intangible assets, net of accumulated amortization, totaled approximately $1.8 billion. The determination of the value of such goodwill and intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements. We are required to test goodwill for impairment at the reporting unit level annually, or in interim periods if certain events occur indicating that the carrying value may be impaired. We assess potential impairments to goodwill and indefinite-lived intangible assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an

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asset may not be recovered. Our judgments regarding the existence of impairment indicators and future cash flows related to goodwill and intangible assets are based on operational performance of our acquired businesses, market conditions, relevant trading multiples of comparable companies, the trading price of our common stock and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use are consistent with our internal planning. However, disruptions to our business, such as continued economic weakness and unexpected significant declines in operating results of reporting units, may result in our having to perform a goodwill impairment test for some or all of our reporting units prior to the required annual assessment. These types of events and the resulting analysis could result in goodwill or intangible asset impairment charges in the future. For goodwill, if the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill is less than the carrying value. For indefinite-lived intangible assets, impairment exists if the carrying value of the intangible asset exceeds its fair value.

***Charges to earnings resulting from acquisition, restructuring and integration costs may materially adversely affect the market value of our common stock.***

In accordance with U.S. GAAP, we are accounting for the completion of our acquisitions using the purchase method of accounting. We are allocating the total estimated purchase prices to net tangible assets, amortizable intangible assets and non-amortized intangibles, and based on their fair values as of the date of completion of the acquisitions, recording the excess of the purchase price over those fair values as goodwill. Our financial results, including earnings per share, could be adversely affected by a number of financial adjustments required by U.S. GAAP including the following:

- we will incur additional amortization expense over the estimated useful lives of certain of the intangible assets acquired in connection with the acquisitions during such estimated useful lives;
- we may have additional depreciation expense as a result of recording purchased tangible assets at fair value, in accordance with U.S. GAAP, as compared to book value as recorded;
- to the extent the value of goodwill or intangible assets with indefinite lives becomes impaired, we may be required to incur material charges relating to the impairment of those assets; and
- we will incur certain adjustments to reflect the financial condition and operating results under U.S. GAAP and U.S. dollars.

We have incurred costs associated with the acquisitions, including financial advisors fees and legal and accounting fees. In addition, we expect to incur costs associated with realizing synergies from the acquisitions. These costs may be substantial and may include those related to the severance and stock option acceleration provisions of employee benefit plans, as well as other exit costs. We face potential costs related to employee retention and deployment of physical capital and other integration costs. We have not yet determined the final amount of these costs. Costs that are not directly related to the acquisitions, including retention and integration costs, will be recorded as incurred and will negatively impact earnings, which could have a material adverse effect on our operating results and the price of our common stock.

In addition, from the date of the completion of the acquisitions, our results of operations include the acquired entities operating results, presented in accordance with U.S. GAAP. Certain of the acquired entities historical consolidated financial statements have been prepared in accordance with IFRS, which differ in certain material respects from U.S. GAAP. For instance, U.S. GAAP requires OMX to recognize revenue under certain of its technology contracts over the term of the contract rather than at the beginning of the contract. Accordingly, the U.S. GAAP presentation of OMX s results of operations may not be comparable to OMX AB s historical financial statements.

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**Risks Relating to an Investment in Our Common Stock**

***Volatility in our stock price could adversely affect our stockholders.***

The market price of our common stock is likely to be volatile. Broad market and industry factors may adversely affect the market price of our common stock, regardless of our actual operating performance. Factors that could cause fluctuations in our stock price may include, among other things:

- actual or anticipated variations in our quarterly operating results;
- changes in financial estimates by us or by any securities analysts who might cover our common stock;
- conditions or trends in our industry, including trading volumes, regulatory changes or changes in the securities marketplace;
- conditions or trends in the credit markets;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- additions or departures of key personnel; and
- sales of our common stock, including sales of our common stock by our directors and officers, significant stockholders or our strategic investors.

***The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public markets.***

Sales of a substantial number of shares of our common stock in the public markets, or the perception that these sales might occur, could cause the market price of our common stock to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities. As of December 31, 2008, there were 201,896,700 shares of our common stock outstanding. All of our common stock is freely transferable, except shares held by our affiliates, as defined in Rule 144 under the Securities Act.

The number of freely transferable shares of our common stock will increase upon any exercise of outstanding options pursuant to our stock compensation and stock award plan for our employees. There were 5,588,936 million options exercisable as of December 31, 2008 at a weighted average exercise price of $10.38. The number of shares of our common stock outstanding will also increase upon any conversion of our 3.75%

convertible notes held by Silver Lake Partners, or SLP, and VAB Investors LLC, or VAB, and their respective affiliates, which are currently convertible at a conversion price of $14.50 per share into approximately 8,281,162 shares of our common stock. We have registered the shares underlying SLP, VAB and their affiliates notes, as well as shares of common stock they hold outright, on a Form S-3 registration statement, and those shares are freely transferable if sold pursuant to the registration statement.

It is our intent and policy to settle the principal amounts of the 2.50% convertible notes in cash, which will not impact the number of shares of our common stock. However, we have the option to settle the conversion premium in shares of our common stock or cash. The conversion rate will initially be 18.1386 shares of common stock per $1,000 principal amount of notes, which is equivalent to a conversion price of $55.13 per share of common stock.

***Provisions of our certificate of incorporation, by-laws, approved exchange rules (including provisions included to address SEC concerns) and Delaware law could delay or prevent a change in control of us and entrench current management.***

Our organizational documents place restrictions on the voting rights of certain stockholders. Our certificate of incorporation limits the voting rights of persons (either alone or with related parties) owning more than 5% of

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the then outstanding votes entitled to be cast on any matter to 5% of voting power, other than any other person as may be approved by our board of directors prior to the time such person owns more than 5% of the then outstanding votes entitled to be cast on any matter. Any change to the 5% voting limitation would require SEC approval.

In response to the SEC s concern about a concentration of our ownership, NASDAQ s rules include a rule prohibiting any NASDAQ member or any person associated with a member from beneficially owning more than 20% of our outstanding voting interests. SEC consent would be required before any investor could obtain more than a 20% voting interest in us. NASDAQ s rules also require the SEC s approval of any business ventures with one of our members, subject to exceptions.

Our organizational documents contain provisions that may be deemed to have an anti-takeover effect and may delay, deter or prevent a change of control of us, such as a tender offer or takeover proposal that might result in a premium over the market price for our common stock. Additionally, certain of these provisions make it more difficult to bring about a change in the composition of our board of directors, which could result in entrenchment of current management.

Our certificate of incorporation and by-laws:

- require supermajority stockholder approval to remove directors;
- do not permit stockholders to act by written consent or to call special meetings;
- require certain advance notice for director nominations and actions to be taken at annual meetings;
- require supermajority stockholder approval with respect to certain amendments to our certificate of incorporation and by-laws (including in respect of the provisions set forth above); and
- authorize the issuance of undesignated preferred stock, or blank check preferred stock, which could be issued by our board of directors without stockholder approval.

Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more (or, in some cases, a holder who previously held 15% or more) of our common stock. In general, Delaware law prohibits a publicly held corporation from engaging in a business combination with an interested stockholder for three years after the stockholder becomes an interested stockholder, unless the corporation s board of directors and stockholders approve the business combination in a prescribed manner.

**Item 1B. Unresolved Staff Comments.**

None.

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**Item 2. Properties.**

The following is a description of our principal properties.

| Location | Use | Size (approximate, in square feet) | Type of possession |
|---|---|---|---|
| New York, New York | Location of MarketSite | 26,000 | Lease |
| New York, New York | U.S. headquarters | 115,000 | Subleased from FINRA with 17,931 square feet leased back to FINRA |
| New York, New York | General office space | 53,000 | Subleased to third parties |
| New York, New York | General office space | 48,000 | Lease |
| Philadelphia, Pennsylvania | Location of NASDAQ OMX PHLX | 129,000 | Lease |
| Rockville, Maryland | General office space | 78,000 | Lease |
| Shelton, Connecticut | General office space | 29,000 | Lease |
| Stockholm, Sweden | European headquarters | 409,000 | Lease |
| London, England | Location of NASDAQ OMX Europe | 71,000 | Lease |
| Helsinki, Finland | General office space | 39,000 | Lease |
| Copenhagen, Denmark | General office space | 35,000 | Lease |

We also maintain local headquarters in each of the other European countries where we operate an exchange and office space in countries in which we conduct sales and operations, including Armenia, Australia, Canada, China, Estonia, Hong Kong, Iceland, India, Italy, Japan, Latvia, Lithuania, Norway, Scotland and Singapore.

In addition to the above, we currently lease administrative, sales and disaster preparedness facilities in California, Florida, Illinois, Massachusetts, Minnesota, New Jersey, Oregon and Washington, DC.

Generally, our properties are not earmarked for use by a particular segment; instead, most of our properties are used by two or more segments.

**Item 3. Legal Proceedings.**

We are not currently a party to any litigation that we believe could have a material adverse effect on our business, 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 4. Submission of Matters to a Vote of Security Holders.**

None.

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**Part II**

**Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

**Market Information**

Our common stock has been listed on The Nasdaq Global Select Market (formerly The Nasdaq National Market) since February 10, 2005, under the ticker symbol NDAQ. From July 1, 2002 through February 9, 2005, our common stock traded on the OTCBB under the symbol NDAQ.

The following chart lists the quarterly high and low sales prices for shares of our common stock for 2008 and 2007. These prices are between dealers and do not include retail markups, markdowns or other fees and commissions and may not represent actual transactions.

| | High | Low |
|---|---|---|
| *Fiscal 2008* | | |
| Fourth quarter | $ 34.88 | $ 14.96 |
| Third quarter | 38.81 | 22.76 |
| Second quarter | 42.29 | 26.47 |
| First quarter | 49.90 | 34.75 |
| *Fiscal 2007* | | |
| Fourth quarter | $ 50.47 | $ 37.65 |
| Third quarter | 39.00 | 28.48 |
| Second quarter | 34.96 | 29.05 |
| First quarter | 37.45 | 26.57 |

As of February 13, 2009, we had approximately 1,142 holders of record of our common stock. As of February 13, 2009, the closing price of our common stock was $21.39. Our credit facilities restrict our ability to pay dividends. Before our credit facilities were in place, it was not our policy to declare or pay cash dividends on our common stock.

**Issuer Purchases of Equity Securities**

Repurchases made in the fiscal quarter ended December 31, 2008 (in whole number of shares):

| Period | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid per Share (or Units) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| October 2008 | 1,009 | $ 30.58 | | |

| | | |
|---|---|---|
| November 2008 | 57 | 28.56 |
| December 2008 | 7,555 | 26.21 |
| Total | 8,621 | $ 26.74 |

The shares repurchased during the fourth quarter of 2008 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock grants.

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**PERFORMANCE GRAPH**

The following graph compares the total return of our common stock with certain indices and a peer group. These include the NASDAQ Composite Stock Index and the Standard & Poor s, or S&P, 500 Stock Index as well as the peer group. The peer group includes the CME Group Inc., Deutsche Börse AG, Intercontinental Exchange Inc., the London Stock Exchange Group plc, or LSE, and NYSE Euronext. Information for the indices and the peer group is provided from December 31, 2003 through December 31, 2008. The figures represented below assume an initial investment of $100 in the common stock or index at the closing price on December 31, 2003 and the reinvestment of all dividends.

| | 12/03 | 12/04 | 12/05 | 12/06 | 12/07 | 12/08 |
|---|---|---|---|---|---|---|
| The NASDAQ OMX Group, Inc. | 100.00 | 107.94 | 372.28 | 325.82 | 523.70 | 261.48 |
| NASDAQ Composite | 100.00 | 110.08 | 112.88 | 126.51 | 138.13 | 80.47 |
| S&P 500 | 100.00 | 110.88 | 116.33 | 134.70 | 142.10 | 89.53 |
| Peer Group | 100.00 | 177.11 | 282.36 | 491.76 | 763.99 | 253.45 |

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**Item 6. Selected Financial Data.**

On February 27, 2008, Nasdaq and OMX AB combined their businesses and Nasdaq was renamed The NASDAQ OMX Group, Inc. Under the purchase method of accounting, Nasdaq was treated as the accounting and legal acquirer in the business combination with OMX AB. We also completed our acquisitions of PHLX on July 24, 2008, BSX on August 29, 2008 and certain businesses of Nord Pool on October 21, 2008. These acquisitions also have been treated as purchases for accounting purposes, with NASDAQ OMX treated as the acquirer. On December 19, 2008, we purchased a majority stake in IDCG. The financial results of OMX are included in the consolidated financial results beginning on February 27, 2008. PHLX is included beginning July 24, 2008, BSX is included beginning August 29, 2008, certain businesses of Nord Pool are included beginning October 21, 2008 and IDCG is included beginning December 19, 2008.

The following table sets forth selected financial data on a historical basis for NASDAQ OMX. The following information should be read in conjunction with the consolidated financial statements and notes thereto of NASDAQ OMX included elsewhere in this Form 10-K.

**Selected Financial Data**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| | (in thousands, except share and per share amounts) | | | | |
| **Statements of Income Data:** | | | | | |
| Total revenues[1] | $ 3,648,693 | $ 2,436,592 | $ 1,657,776 | $ 879,919 | $ 540,441 |
| Cost of revenues[1] | (2,188,615) | (1,624,353) | (970,381) | (353,908) | (55,845) |
| Revenues less liquidity rebates, brokerage, clearance and exchange fees | 1,460,078 | 812,239 | 687,395 | 526,011 | 484,596 |
| Total operating expenses | 819,893 | 446,800 | 467,349 | 412,348 | 476,413 |
| Net income from continuing operations | 319,880 | 518,401 | 127,893 | 61,690 | 1,804 |
| Net income from discontinued operations, net of taxes[2] | | | | | 9,558 |
| Net income | 319,880 | 518,401 | 127,893 | 61,690 | 11,362 |
| Net income (loss) applicable to common stockholders | 319,880 | 518,401 | 127,203 | 55,093 | (1,826) |
| Basic and diluted earnings (loss) per share: | | | | | |
| Basic earnings (loss) per share: | | | | | |
| Continuing operations | $ 1.68 | $ 4.47 | $ 1.22 | $ 0.68 | $ (0.14) |
| Discontinued operations | | | | | 0.12 |
| Total basic earnings (loss) per share | $ 1.68 | $ 4.47 | $ 1.22 | $ 0.68 | $ (0.02) |
| Diluted earnings (loss) per share: | | | | | |
| Continuing operations | $ 1.58 | $ 3.46 | $ 0.95 | $ 0.57 | $ (0.14) |
| Discontinued operations | | | | | 0.12 |
| Total diluted earnings (loss) per share | $ 1.58 | $ 3.46 | $ 0.95 | $ 0.57 | $ (0.02) |
| Weighted-average common shares outstanding for earnings (loss) per share: | | | | | |
| Basic | 190,362,605 | 116,064,240 | 104,311,040 | 80,543,397 | 78,607,126 |
| Diluted | 204,514,862 | 152,528,691 | 144,228,855 | 111,913,715 | 78,607,126 |

| | 2008 | 2007 | December 31, 2006 (in thousands) | 2005 | 2004 |
|---|---|---|---|---|---|
| **Balance Sheets Data:** | | | | | |
| Cash and cash equivalents and financial investments(3) | $ 793,065 | $ 1,325,314 | $ 1,950,204 | $ 344,606 | $ 233,099 |
| Total assets(3) | 12,694,875 | 2,979,397 | 3,716,452 | 2,046,786 | 814,820 |
| Total long-term liabilities(3) | 3,375,221 | 359,917 | 1,798,466 | 1,467,453 | 449,941 |
| Total stockholders equity | 4,241,422 | 2,208,283 | 1,457,355 | 253,007 | 156,563 |

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(1) Pursuant to Emerging Issues Task Force, or EITF, of the Financial Accounting Standards Board, or FASB, Issue No. 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent, or EITF 99-19, we record execution revenues from transactions on a gross basis in revenues and record related expenses as cost of revenues. We have recorded execution revenues related to the Brut and INET platforms on a gross basis since the related acquisitions, as Brut and INET have historically had risk as principal on transactions executed through their respective platforms. On February 1, 2006, Brut and INET merged together into a single broker-dealer, Brut, LLC, which was later renamed, Nasdaq Execution Services, LLC. Starting with the second quarter of 2005, we have reported execution revenues from transactions on our legacy platform on a gross basis in revenues and reported related expenses as cost of revenues, as we have certain risk associated with trade execution, subject to rule limitations and caps, as a result of our Limitation of Liability Rule and procedures. This change in presentation was implemented on a prospective basis beginning April 1, 2005 as required under U.S. GAAP, as a direct result of the rule change. This rule change did not have a material impact on the consolidated financial position or results of operations of NASDAQ OMX.

(2) Net of tax provision for income taxes of $5,595 in 2004.

(3) At December 31, 2006, cash and cash equivalents and financial investments included our investment in the LSE, accounted for in accordance with Statement of Financial Accounting Standards, or SFAS, No. 115 Accounting for Certain Investments in Debt and Equity Securities, or SFAS 115. See Note 7, Financial Investments, at Fair Value, to the consolidated financial statements for further discussion. Unrealized gains and losses, including foreign currency gains, were included in accumulated other comprehensive income until the sale of the shares in September 2007. On September 25, 2007, we completed the sale of shares at that time representing 28.0% of the share capital of the LSE to Borse Dubai for $1.6 billion in cash. We sold the remaining substantial balance of our holdings in the LSE in open market transactions for approximately $193.5 million in cash on September 26, 2007 for total proceeds of $1.8 billion. As a result of the sale, we recognized a $431.4 million pre-tax gain which is net of $18.0 million of costs directly related to the sale, primarily broker fees. On September 28, 2007, we used approximately $1.1 billion of the proceeds from the above transactions to repay in full and terminate our credit facilities.

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**Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.**

You should read the following discussion and analysis of the financial condition and results of operations of NASDAQ OMX in conjunction with our consolidated financial statements and related notes included in this Form 10-K, as well as the discussion under Item 1A. Risk Factors.

**Overview**

On February 27, 2008, Nasdaq and OMX AB combined their businesses and Nasdaq was renamed The NASDAQ OMX Group, Inc. Under the purchase method of accounting, Nasdaq was treated as the accounting and legal acquirer in the business combination with OMX AB. We also completed our acquisitions of PHLX on July 24, 2008, BSX on August 29, 2008 and certain businesses of Nord Pool on October 21, 2008. These acquisitions also have been treated as purchases for accounting purposes, with NASDAQ OMX treated as the acquirer. On December 19, 2008, we purchased a majority stake in IDCG. The financial results of OMX are included in the consolidated financial results beginning on February 27, 2008. PHLX is included beginning July 24, 2008, BSX is included beginning August 29, 2008, certain businesses of Nord Pool are included beginning October 21, 2008 and IDCG is included beginning December 19, 2008.

**Financial Highlights**

The comparability of our operating results for the year ended December 31, 2008 to the same periods in 2007 and 2006 are significantly impacted by our business combination with OMX AB as well as our acquisition of PHLX. In our discussion and analysis of results of operations, we have quantified the contribution of additional revenues or expenses resulting from OMX and NASDAQ OMX PHLX operations wherever such amounts were material. While identified amounts may provide indications of general trends, the analysis cannot completely address the effects attributable to integration efforts.

The following pre-tax items impacted our 2008 results:

- Improved revenues less liquidity rebates, brokerage, clearance and exchange fees from our Market Services segment, which increased $490.6 million, or 92.9%, to $1,018.7 million in 2008, compared with $528.1 million in 2007 due to the following:
  - Increases in the average daily share volume and trade execution market share for NYSE-listed securities and regional-listed securities, partially offset by higher cost of revenues; and
  - The inclusion of our European Market Services revenues in 2008 of $324.3 million and NASDAQ OMX PHLX s revenues less liquidity rebates, brokerage, clearance and exchange fees of $70.0 million.
- Increase in our Issuer Services segment revenues of $46.7 million, or 16.4%, to $330.6 million in 2008, compared with $283.9 million in 2007, primarily due to the inclusion of European listing fees in 2008 of $41.0 million.

Market Technology revenues of $106.2 million resulting from OMX operations since the date of the business combination.

Increase in total operating expenses of $373.1 million, or 83.5%, to $819.9 million in 2008, compared with $446.8 million in 2007, primarily due to the inclusion of OMX s operating expenses in 2008 of $308.6 million and NASDAQ OMX PHLX s operating expenses of $43.8 million.

Loss on foreign currency contracts of $57.9 million included in other income (expense), net in the Consolidated Statements of Income, primarily related to the Nord Pool transaction and losses on forward currency contracts used to limit our exposure to foreign currency exchange rate fluctuations on contracted revenue streams, partially offset by gains on foreign currency contracts related to our business combination with OMX AB.

Asset impairment charges of $42.2 million primarily related to a non-cash other-than-temporary impairment on a long-term available-for-sale investment security.

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

**Business Environment**

We serve listed companies, market participants and investors by providing high quality cash equity, fixed-income and derivative markets, thereby facilitating economic growth and corporate entrepreneurship. We also provide market technology to exchanges and markets around the world. 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 regarding the outlook for equity investments, government and private sector demands for capital, the regulatory environment for primary and secondary equity markets, and changing technology in the financial services industry. Our future revenues and net income will continue to be influenced by domestic and international trends including:

- The number of companies seeking equity financing, which is affected by factors such as investor demand, the global economy, alternative sources of financing, and tax and regulatory policies;
- Trading volumes, particularly in U.S. and Nordic equity and derivative securities, which are driven primarily by overall macroeconomic conditions;
- The loss of confidence in the credit markets, which has restricted availability of liquidity to technology customers, our suppliers, trading participants and listed companies from sources such as bank lending, the commercial paper market and the asset securitization market;
- The failure of certain market participants and the partial or complete takeover of financial institutions by national governments;
- The reduction in the ability of our fixed-income issuers to access the credit markets due to ratings downgrades or illiquidity in the market;
- The impact on the economic strength of technology customers and suppliers arising from the securities market declines and the economic slowdown;
- Competition for listings and trading executions related to pricing, and product and service offerings; and
- Other technological advancements and regulatory developments.

Currently our business drivers are characterized by historically high levels of investor uncertainty about the outlook for financial institutions and global economic growth, similarly high levels of market volatility, industry adaptation to major regulatory initiatives (particularly MiFID in the European economic area) and continued rapid evolution and deployment of new technology in the financial services industry. The business environment that influenced our financial performance during the full year 2008 can be characterized as follows:

The slowest pace of equity issuance since the late 1970s with 13 IPOs in the U.S. and 19 on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic relative to the full year 2008;

Continued reduced access to debt and equity capital for both new and established companies;

Very strong 51% annual growth relative to the full year 2007 in equity matched trading volume in the U.S. driven by growth in our market share of NYSE- and regional-listed securities as well as market volatility;

Higher levels of volatility, as well as decreasing trade size, also drove 16% growth relative to the full year 2007 in the number of equity transactions on our Nordic and Baltic exchanges, which was offset by a 28% decrease in the value of equity transactions caused in large part by falling equity prices;

Our Nordic and Baltic exchanges experienced a 1% decline relative to the year 2007 in number of traded derivatives contracts in equity related products;

There was a 12% increase relative to the full year of 2007 in number of cleared derivatives contracts in fixed-income related products on our Nordic and Baltic exchanges;

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Intense competition among U.S. exchanges for both equity trading volume and listings and growing competition in Europe as new trading platforms, including NASDAQ OMX Europe, are launched in response to MiFID;

Globalization of exchanges, customers and competitors extending the competitive horizon beyond national markets;

Consolidation of major global customers as financial institutions are acquired, merge, and restructure; and,

Market trends requiring continued investment in technology to meet customers demands for speed, capacity, and reliability as markets adapt to a global financial industry, as increased numbers of new companies surface, and as emerging countries show ongoing interest in developing their financial markets.

**2009 Outlook**

We closed several acquisitions and launched strategic initiatives during 2008 which should benefit us during the challenging economic environment anticipated for 2009. In 2008, more share value traded on The NASDAQ Stock Market than on any other single equities exchange in the world. Our platform has stood out as a reliable, flexible, and high capacity system delivering high levels of execution quality and speed under even the extremely demanding market conditions that existed in the second half of 2008. For the first time, we expanded the application of our U.S. INET trading system beyond U.S. cash equities with the launch of The NASDAQ Options Market and NASDAQ OMX Europe in 2008. The standout performance and flexibility of our technology has enabled us to enter new markets with a low cost and highly regarded platform offering strong performance to both existing and new clients and creating additional sales opportunities to both our Transactions Services and Market Data businesses.

Our experience with The NASDAQ Options Market and NASDAQ OMX Europe form the basis for our domestic outlook for 2009. Following our acquisition of BSX and SEC approval, we launched NASDAQ OMX BX in early 2009 to provide an additional quote for market participants who want to use NASDAQ OMX s high performance systems to post multiple protected quotes under Regulation NMS. We are also replacing the matching technology of NASDAQ OMX PHLX with a system based on INET technology like The NASDAQ Options Market. The use of INET technology enables us to continue to support the NASDAQ OMX PHLX options market structure as a complement to The NASDAQ Options Market but at significantly reduced technology-related cost. The acquisition of PHLX has opened up new content for enhancing our market data offerings and entering the clearing business for interest rate swaps. We also have announced our intention to enter the clearing business for cash equities as a result of our BSX acquisition.

Internationally, the business combination with OMX AB and the launch of NASDAQ OMX Europe open a number of additional opportunities. We are well underway in preparing to replace the matching technology of the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic with the INET technology platform which will provide the benefits of that system to these marketplaces. NASDAQ OMX Europe is continuing to expand and will benefit relative to many of its competitors from the cost savings associated with operating on a common INET technology with our other markets. Furthermore, we expect the extension of our world class technology systems such as INET across our global exchanges to further enhance our competitive position and to open new opportunities for technology sales. We have begun to leverage the opportunities in market data brought about by the breadth of NASDAQ OMX s data distribution capabilities by offering new data products to the customer base and by strengthening our direct relationships with those customers.

We believe that the challenging economic conditions ahead will likely have a negative impact on our business drivers and our operations. The relatively low prices of equity and turmoil in the banking industry will likely continue to negatively impact our Issuer Services segment by reducing the anticipated number of IPOs and capital formation more generally. We believe that in this challenging environment our aggressive steps in

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meeting our cost, revenue, and technology synergies will enable us to benefit from the acquisitions and initiatives undertaken in 2008. Our global brand has been enhanced from the business combination of Nasdaq and OMX AB, as well as our investment in NASDAQ Dubai, creating new business and strategic opportunities. We expect that we will continue to realize additional sources of revenue from enhanced product offerings and/or acquisitions which are complementary to our existing businesses.

**Business Segments**

We manage, operate and provide our products and services in three business segments: Market Services, Issuer Services and Market Technology.

- The Market Services segment includes our U.S. and European Transaction Services businesses and our Market Data business, which are interrelated because the Transaction Services businesses generate the quote and trade information that we sell to market participants and data distributors. Market Services also includes our Broker Services business.

- The Issuer Services segment includes our Global Listing Services and the Global Index Group businesses. The companies listed on The NASDAQ Stock Market and the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic represent a diverse array of industries. This diversity of companies listed on NASDAQ OMX markets allows us to develop industry-specific and other indexes that we use to develop and license NASDAQ OMX branded indexes, associated derivatives and index products as part of our Global Index Group.

- The Market Technology segment provides technology solutions for trading, clearing and settlement, and information dissemination, and also offers facility management integration and advisory services.

Our management has allocated resources, assessed performance and manages these businesses as three separate segments. See Note 21, Segments, to the consolidated financial statements for further discussion.

**Sources of Revenues and Cost of Revenues**

***Market Services Revenues***

Transaction Services

*U.S. Cash Equity Trading*

U.S. cash equity trading revenues are variable, based on service volumes, and recognized as transactions occur. We charge transaction fees for executing cash equity trades in NASDAQ-listed and other listed securities on The NASDAQ Stock Market as well as on orders that are routed to other market venues for execution.

We credit a portion of the per share execution charge to the market participant that provides the liquidity and record the liquidity rebate as a cost of revenues in the Consolidated Statements of Income. These liquidity rebates are paid on a monthly basis and the amounts due are included in accounts payable and accrued expenses in the Consolidated Balance Sheets. Also, we pay Section 31 fees to the SEC for supervision and regulation of securities markets. We pass these costs along to our customers through our cash equity trading fees. We collect the fees as a pass-through charge from organizations executing eligible trades on The NASDAQ Stock Market platform and we recognize these amounts in cost of revenues when invoiced. Section 31 fees received are included in cash and cash equivalents in the Consolidated Balance Sheets at the time of receipt and, as required by law, the amount due to the SEC is remitted semiannually and recorded as Section 31 fees payable to the SEC in the Consolidated Balance Sheets until paid. Since the amount recorded in revenues is equal to the amount recorded in cost of revenues, there is no impact on our revenues less liquidity rebates, brokerage, clearance and exchange fees. As we hold the cash received until payment to the SEC, we earn interest income on the related cash balances.

We closed the acquisition of BSX in August 2008. We used the BSX license to create a second U.S. cash equities market, called NASDAQ OMX BX, which was launched in January 2009. With NASDAQ OMX BX, we offer a second quote within the U.S. equities marketplace, providing our customers enhanced trading choices and price flexibility. We expect to generate revenues for executing cash equity trades on NASDAQ OMX BX in the same manner as we do for trading on The NASDAQ Stock Market.

*European Cash Equity Trading*

We charge transaction fees for executing trades on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, as well as on NASDAQ OMX Europe. The transaction fee for executing trades on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic is charged per executed order and as per value traded. European cash equity trading revenues on NASDAQ OMX Europe are variable, based on service volumes, and recognized as transactions occur.

*U.S. Derivative Trading*

U.S. derivative trading revenues are variable, based on service volumes, and recognized as transactions occur. The principal types of derivative contracts traded on NASDAQ OMX PHLX and The NASDAQ Options Market are equity options, index options and currency options. In the U.S., we also operate NFX, which offers trading for currency futures and other financial futures.

*European Derivative Trading*

European derivative trading revenues are also variable, are based on service volumes and are recognized as transactions occur. Derivative trading is conducted on NASDAQ OMX Stockholm and NASDAQ OMX Copenhagen. The principal types of derivative contracts traded are stock options and futures, index options and futures, fixed-income options and futures and stock loans. On NASDAQ OMX Stockholm, we offer clearing services for fixed-income options and futures, stock options and futures and index options and futures by serving as the central counterparty. In doing so, we guarantee the completion of the transaction and market participants can thereby limit their counterparty risk. The fee for executing derivative trading on NASDAQ OMX Stockholm is an integrated fee for both trading and clearing service.

European derivative trading revenues also include commodities clearing revenues. NASDAQ OMX Commodities, together with third party partner Nord Pool, provides access to the world s largest power derivatives markets and one of Europe s largest carbon markets. NASDAQ OMX Commodities offers international derivatives and carbon products, operates a clearing business and offers consulting services to commodities markets globally. Nord Pool is responsible for exchange operations and trading activities, including ownership of Nordic derivatives products. Our clearing revenues from trading transactions on Nord Pool are variable, are based on service volumes and are recognized as transactions occur. We also have clearing revenues for contracts traded on the OTC derivative market which are recognized when contracts are registered for clearing.

*Access Services*

We generate revenues by providing market participants with several alternatives for accessing our markets for a fee. The type of connectivity is determined by the level of functionality a customer needs. As a result, Access Services revenues vary depending on the type of connection provided to customers. We also earn revenues from annual and monthly exchange membership and registration fees. Revenues for providing access to our markets and revenues for monthly exchange membership and registration fees are recognized on a monthly basis as the service is provided. Revenues from annual fees for exchange membership and registration fees are recognized ratably over the following 12-month period.

Market Data

Market Data revenues are earned from U.S tape plans and U.S. and European market data products.

*Net U.S. Tape Plans*

Revenues from U.S. tape plans include eligible UTP Plan revenues which are shared among UTP Plan participants. Under the revenue sharing provision of the UTP Plan, we are permitted to deduct costs associated with acting as the exclusive Securities Information Processor from the total amount of tape fees collected. After these costs are deducted from the tape fees, we distribute to the respective UTP Plan participants, including The NASDAQ Stock Market, their share of tape fees based on a formula, required by Regulation NMS that takes into account both trading and quoting activity. In addition, all quotes and trades in NYSE- and NYSE Alternext-listed securities are reported and disseminated in real time, and as such, we share in the tape fees for information on NYSE- and NYSE Alternext-listed securities. Revenues from net U.S. tape plans are recognized on a monthly basis.

*U.S. Market Data Products*

We collect and process information and earn revenues as a distributor of our market data. We provide varying levels of quote and trade information to data distributors, who in turn sell subscriptions for this information to the public. We earn revenues primarily based on the number of data subscribers and distributors of our data. U.S. Market Data revenues are recognized on a monthly basis. These revenues, which are subscription based, are recorded net of amounts due under revenue sharing arrangements with market participants.

*European Market Data Products*

European Market Data revenues, which are subscription based, are generated primarily through the sale and distribution of trading information based on data generated through trading on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic and are recognized on a monthly basis.

Broker Services

Our Broker Services operations offer technology and customized securities administration solutions to financial participants in the Nordic market and in the United Kingdom. The primary services offered include flexible back-office systems. Our services allow customers to entirely or partly outsource their company s back-office functions. Revenues from broker services are based on a fixed basic fee for administration or licensing, maintenance and operations, and a variable portion that depends on the number of transactions completed. Broker Services revenues are recognized on a continuous basis as services are rendered.

***Issuer Services Revenues***

Global Listing Services

Listing Services revenues in the U.S. include annual renewal fees, listing of additional shares fees and initial listing fees. Annual renewal fees are recognized ratably over the following 12-month period. Listing of additional shares fees and initial listing fees are recognized on a straight-line basis over estimated service periods, which are four and six years, respectively, based on our historical listing experience, pursuant to the requirements of SAB Topic 13. European listing fees, which are comprised of issuers revenues derived from annual fees received from listed companies on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, are directly related to the listed companies market capitalization. These revenues are recognized ratably over the following 12-month period.

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Global Listing Services revenues also include fees from Corporate Services which include commission income from Carpenter Moore s insurance agency business, subscription income from Shareholder.com and Directors Desk and fees from GlobeNewswire, formerly PrimeNewswire. For our insurance agency business, commission income is recognized when coverage becomes effective, the premium due under the policy is known or can be reasonably estimated, and substantially all required services related to placing the insurance have been provided. Fee income for services other than placement of insurance coverage is recognized as those services are provided. Broker commission adjustments and commissions on premiums billed directly by underwriters are recognized when such amounts can be reasonably estimated. Shareholder.com revenues are based on subscription agreements with customers. Revenues from subscription agreements are recognized ratably over the contract period, generally one year in length. As part of subscription services, customers are also charged usage fees based upon actual usage of the services provided. Revenues from usage fees and other services are recognized when earned. Directors Desk revenues are based on subscriptions for online services for directors. Subscriptions are one year in length and revenues are recognized ratably over the year. GlobeNewswire generates fees primarily from wire distribution services, and revenues are recognized as services are provided.

Global Index Group

Global Index Group revenues include license fees for our trademark licenses related to index products linked to our indexes issued in the U. S. and abroad. We develop and license NASDAQ OMX branded indexes, associated derivatives and financial products as part of our Global Index Group business. We also generate revenues by licensing and listing third-party structured products and third-party sponsored ETFs. We primarily have two types of license agreements: transaction-based licenses and asset-based licenses. Transaction-based licenses are generally renewable long-term agreements. Customers are charged based on transaction volume or a minimum contract amount, or both. If a customer is charged based on transaction volume, we recognize revenue when the transaction occurs. If a customer is charged based on a minimum contract amount, we recognize revenue on a pro-rata basis over the licensing term. Asset-based licenses are also generally long-term agreements. Customers are charged based on a percentage of assets under management for licensed products, per the agreement, on a monthly or quarterly basis. These revenues are recorded on a monthly or quarterly basis over the term of the license agreement.

***Market Technology Revenues***

The Market Technology segment delivers technology and services to marketplaces throughout the world. Market Technology provides technology solutions for trading, clearing and settlement, and information dissemination, and also offers facility management integration and advisory services. Revenues are derived from three primary sources: licensing, support and project revenues, facility management services revenues and other revenues. Revenues related to Market Technology are accounted for in accordance with SOP 97-2 and SOP 81-1, depending upon the terms of the Market Technology contracts.

We may customize our software technology and make significant modifications to the software to meet the needs of our customers. As such, we account for these Market Technology contracts pursuant to the provisions of SOP 81-1. Under contract accounting, total revenues and costs incurred for a customer under a customer contract are deferred and recognized over the final element, generally the post contract support period. We have included the deferral of this revenue in other liabilities and the deferral of costs in other assets in the Consolidated Balance Sheets.

We enter into sales arrangements with customers for software programs, support and other post-contract services. SOP 97-2 sets out precise requirements for establishing Vendor Specific Objective Evidence, or VSOE, for valuing elements of certain multiple-element arrangements. When VSOE for individual elements of an arrangement cannot be established in accordance with SOP 97-2, revenue is generally deferred and recognized over the term of the final element. We do not have VSOE for certain elements of certain multiple-element arrangements with customers. Therefore, as stated above, for contracts which are accounted for under contract

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accounting, total revenues and costs incurred for a customer under a customer contract are deferred and recognized over the post contract support period after the significant modifications have been completed.

License, support and project revenues are derived from the system solutions developed and sold by NASDAQ OMX. After we have developed and sold a system solution, the customer licenses the right to use the software. Each project involves individual adaptations to the specific requirements of the customer, for instance, relating to functionality and capacity. When NASDAQ OMX provides a system solution, it undertakes to upgrade, develop and maintain the system and receives regular support revenues for this work which is recognized over the contract period. Under contract accounting, 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 the customization and significant modifications are complete and are then recognized over the support period.

Facility management services revenues are derived when NASDAQ OMX assumes responsibility for the continuous operation of a system platform for a customer and receives facility management services revenues which can be both fixed and volume-based. Facility management services revenues are recognized as services are rendered over the contract period after delivery has occurred.

Other revenues include amortization of the deferred revenue related to our contribution of technology licenses to NASDAQ Dubai. See Equity Investment in NASDAQ Dubai, of Note 3, Business Combinations, to the consolidated financial statements for further discussion of our transaction with NASDAQ Dubai. In addition, other revenues include advisory services that are recognized in revenue when earned.

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**NASDAQ OMX s Operating Results**

***Key Drivers***

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| **Market Services** | | | |
| **Cash Equity Trading** | | | |
| Average daily share volume in NASDAQ securities (in billions) | 2.28 | 2.17 | 2.01 |
| Matched market share in NASDAQ securities(1) | 43.2% | 46.1% | 48.5% |
| Market share reported to the FINRA/NASDAQ Trade Reporting Facility in NASDAQ securities(2) | 22.6% | 25.3% | |
| Total market share in NASDAQ securities(3) | 65.8% | 71.4% | 77.2% |
| Matched market share in NYSE securities(1) | 22.2% | 17.1% | 10.4% |
| Market share reported to the FINRA/NASDAQ Trade Reporting Facility in NYSE securities(2) | 19.3% | 18.0% | |
| Total market share in NYSE securities(3) | 41.5% | 35.1% | 25.8% |
| Matched market share in NYSE Alternext (formerly Amex) and regional securities(1) | 35.1% | 33.3% | 24.5% |
| Market share reported to the FINRA/NASDAQ Trade Reporting Facility in NYSE Alternext and regional securities(2) | 16.2% | 19.4% | |
| Total market share in NYSE Alternext and regional securities(3) | 51.4% | 52.7% | 46.4% |
| Matched share volume in all U.S.-listed equities (in billions) | 665.9 | 442.0 | 331.0 |
| Matched market share in all U.S.-listed equities(1) | 29.8% | 29.1% | 27.3% |
| Average daily number of equity trades on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic | 213,481 | | |
| Average daily value of shares traded on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic (in billions) | $ 5.0 | | |
| **Derivative Trading** | | | |
| Average daily volume of U.S. equity contracts (in millions) | 13.0 | | |
| NASDAQ OMX PHLX matched market share of U.S. equity options | 16.4% | | |
| The NASDAQ Options Market matched market share of U.S. equity options | 1.0% | | |
| Average daily volume of equity and fixed-income contracts traded on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic | 418,773 | | |
| Average daily volume of Nordic equity contracts traded on EDX London | 153,686 | | |
| Average daily volume of Finnish option contracts traded on Eurex | 73,870 | | |
| **Issuer Services** | | | |
| Initial public offerings: | | | |
| NASDAQ | 13 | 132 | 137 |
| Exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic | 17 | | |
| New listings: | | | |
| NASDAQ(4) | 177 | 290 | 285 |
| Exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic | 31 | | |
| Number of listed companies: | | | |
| NASDAQ(5) | 3,023 | 3,135 | 3,193 |
| Exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic(6) | 824 | | |
| **Market Technology** | | | |
| Order intake (in millions)(7) | $ 229.0 | | |
| Total order value (in millions)(8) | $ 358.8 | | |

(1) Transactions executed on NASDAQ s systems.
(2) Transactions reported to the FINRA/NASDAQ TRF.
(3) Transactions executed on NASDAQ s systems plus trades reported through the FINRA/NASDAQ TRF.
(4) 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.
(5) Number of listed companies for NASDAQ also includes 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, NASDAQ OMX First North.
(7) Total contract value of orders signed.
(8) Represents total contract value of orders signed that are yet to be recognized as revenue.

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**Segment Operating Results**

Of our total 2008 revenues of $3,648.7 million, 87.9% was from our Market Services segment, 9.1% was from our Issuer Services segment, 2.9% was from our Market Technology segment and 0.1% related to other revenues. Of our total 2007 revenues of $2,436.6 million, 88.3% was from our Market Services segment and 11.7% was from our Issuer Services segment. Of our total 2006 revenues of $1,657.8 million, 84.9% was from our Market Services segment and 15.1% was from our Issuer Services segment.

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

| | Year Ended December 31, | | | Percentage Change | |
|---|---|---|---|---|---|
| | 2008 | 2007 (in millions) | 2006 | 2008 vs. 2007 | 2007 vs. 2006 |
| Market Services | $ 3,207.3 | $ 2,152.4 | $ 1,408.3 | 49.0% | 52.8% |
| Issuer Services | 330.6 | 283.9 | 249.0 | 16.4% | 14.0% |
| Market Technology | 106.2 | | | # | |
| Other | 4.6 | 0.3 | 0.5 | # | (40.0)% |
| Total revenues | $ 3,648.7 | $ 2,436.6 | $ 1,657.8 | 49.7% | 47.0% |
| Cost of revenues | (2,188.6) | (1,624.3) | (970.4) | 34.7% | 67.4% |
| Revenues less liquidity rebates, brokerage, clearance and exchange fees | $ 1,460.1 | $ 812.3 | $ 687.4 | 79.7% | 18.2% |

# Denotes a variance equal to or greater than 100.0%.

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**MARKET SERVICES**

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

| | Year Ended December 31, | | | Percentage Change | |
|---|---|---|---|---|---|
| | 2008 | 2007 (in millions) | 2006 | 2008 vs. 2007 | 2007 vs. 2006 |
| **Transaction Services** | | | | | |
| **Cash Equity Trading Revenues:** | | | | | |
| U.S. cash equity trading[(1)] | $ 2,411.6 | $ 1,806.3 | $ 1,121.2 | 33.5% | 61.1% |
| Cost of revenues: | | | | | |
| Liquidity rebates | (1,717.8) | (1,049.8) | (644.9) | 63.6% | 62.8% |
| Brokerage, clearance and exchange fees[(1)] | (444.2) | (574.5) | (325.5) | (22.7)% | 76.5% |
| Total U.S. cash equity cost of revenues | (2,162.0) | (1,624.3) | (970.4) | 33.1% | 67.4% |
| Net U.S. cash equity trading revenues | 249.6 | 182.0 | 150.8 | 37.1% | 20.7% |
| European cash equity trading | 113.3 | | | # | # |
| **Total cash equity trading revenues** | 362.9 | 182.0 | 150.8 | 99.4 | 20.7% |
| **Derivative Trading Revenues:** | | | | | |
| U.S. derivative trading | 92.4 | | | # | # |
| Cost of revenues: | | | | | |
| Liquidity rebates | (26.5) | | | # | # |
| Brokerage, clearance and exchange fees | (0.1) | | | # | # |
| Total U.S derivative trading cost of revenues | (26.6) | | | # | # |
| Net U.S. derivative trading revenues | 65.8 | | | # | # |
| European derivative trading | 63.2 | | | # | # |
| **Total derivative trading revenues** | 129.0 | | | # | # |
| **Access Services Revenues** | 99.2 | 77.0 | 57.5 | 28.8% | 33.9% |
| **Total Transaction Services revenues less liquidity rebates, brokerage, clearance and exchange fees** | 591.1 | 259.0 | 208.3 | # | 24.3% |
| **Market Data** | | | | | |
| Net U.S. tape plans | 145.6 | 149.9 | 128.9 | (2.9)% | 16.3% |
| U.S. market data products | 106.7 | 89.6 | 69.6 | 19.1% | 28.7% |
| European market data products | 77.5 | | | # | # |
| **Total Market Data revenues** | 329.8 | 239.5 | 198.5 | 37.7% | 20.7% |
| **Broker Services** | 42.6 | | | # | # |
| **Other Market Services** | 55.2 | 29.6 | 31.1 | 86.5% | (4.8)% |

| | | | | | |
|---|---|---|---|---|---|
| **Total Market Services revenues less liquidity rebates, brokerage, clearance and exchange fees** | $ 1,018.7 | $ 528.1 | $ 437.9 | 92.9% | 20.6% |

\# Denotes a variance equal to or greater than 100.0%.

(1) Includes Section 31 fees of $207.3 million in 2008, $365.0 million in 2007 and $170.6 million in 2006. The decrease in 2008 compared with 2007 is primarily due to rate reductions in 2008. The increase in 2007 compared to 2006 is primarily due to fees collected as a result of The NASDAQ Stock Market s operation as a national securities exchange for NASDAQ-listed securities beginning August 1, 2006 and for non-NASDAQ-listed securities beginning February 12, 2007. Section 31 fees are recorded as U.S. cash equity trading revenues with a corresponding amount recorded in cost of revenues.

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**Transaction Services**

*Cash Equity Trading Revenues*

Cash equity trading revenues increased in 2008 compared with 2007 and in 2007 compared with 2006. The increase in 2008 was primarily due to an increase in trade execution market share and average daily share volume in NYSE- and regional-listed securities primarily due to competitive pricing and systems capacity advantages. Partially offsetting this increase were lower Section 31 revenues due to lower rates charged by us to customers beginning January 2008. In 2008, cash equity trading revenues also include European cash equity trading revenues of $113.3 million which includes trading revenues from equity products traded on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic. The increase in 2007 compared to 2006 was primarily due to increases in trade execution market share in NYSE- and NYSE Alternext-listed securities, fees collected as a result of NASDAQ s operation as a national securities exchange and increases in average daily share volume. In February 2007, we announced new equities pricing to harmonize the trading of NASDAQ-listed and non-NASDAQ-listed securities into one pricing schedule. We also announced a pricing change, effective March 1, 2007, that lowered execution and routing fees for high volume customers. As a result of these pricing changes, our matched market share in U.S.-listed equities has increased which also contributed to the increase in our execution and trade reporting revenues.

As discussed above, we record Section 31 fees as 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 liquidity rebates, brokerage, clearance and exchange fees. Section 31 fees were $207.3 million in 2008, $365.0 million in 2007 and $170.6 million in 2006. The decrease in 2008 compared with 2007 is primarily due to rate reductions in 2008. The increase in 2007 compared to 2006 is primarily due to fees collected as a result of The NASDAQ Stock Market s operation as a national securities exchange for NASDAQ-listed securities beginning August 1, 2006 and February 12, 2007 for non-NASDAQ-listed securities.

Liquidity rebates, in which we credit a portion of the per share execution charge to the market participant that provides the liquidity, increased in 2008 compared with 2007 and in 2007 compared with 2006. The increase in liquidity rebates in 2008 compared with 2007 was primarily due to increases in average daily share volume in NYSE- and regional-listed securities. The increase in liquidity rebates in 2007 compared with 2006 was primarily due to increases in trade execution market share for NYSE- and NYSE Alternext-listed securities and the pricing changes discussed above.

Brokerage, clearance and exchange fees decreased in 2008 compared with 2007 and increased in 2007 compared with 2006. The decrease in 2008 compared with 2007 was primarily due to lower rates charged on Section 31 fees in 2008. The increase in 2007 compared with 2006 was primarily due to additional Section 31 fees due to The NASDAQ Stock Market s operation as a national securities exchange and increases in trade execution market share for NYSE- and NYSE Alternext-listed securities. As noted above, effective August 1, 2006, as a result of The NASDAQ Stock Market s operation as a national securities exchange, additional Section 31 fees were recorded as execution and trade reporting revenues as well as a corresponding cost of revenues. Partially offsetting the increase in 2007 was a decline in clearance costs due to our migration to a single trading platform.

*Derivative Trading Revenues*

U.S. derivative trading revenues in 2008 primarily include NASDAQ OMX PHLX s derivative trading revenues of $78.1 million from the date of acquisition and revenues from The NASDAQ Options Market from the date of launch on March 31, 2008. Derivative trading revenues also include European derivative trading revenues of $63.2 million in 2008 which includes trading and clearing revenues from derivative products traded on NASDAQ OMX Stockholm and derivative trading revenues on NASDAQ OMX Copenhagen.

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*Access Services Revenues*

Access services revenues increased in 2008 compared with 2007 primarily due to increases in customer demand for network connectivity and exchange and other membership fees and the inclusion of NASDAQ OMX PHLX s Access Services revenues of $8.0 million.

Access services revenues also increased in 2007 compared with 2006 primarily due to increases in customer demand for network connectivity and exchange membership fees. We began charging exchange membership fees as a result of our operation as a national securities exchange.

**Market Data**

Market Data revenues increased in 2008 compared with 2007 and in 2007 compared with 2006. The increase in 2008 was primarily due to an increase in U.S. market data products revenues and the inclusion of European market data products revenues of $77.5 million, partially offset by a smaller decrease in net U.S. tape plan revenues. The increase in 2007 compared with 2006 was primarily due to an increase in U.S. market data products revenues and an increase in net U.S. tape plan revenues.

U.S. market data products revenues increased in 2008 compared with 2007 primarily due to revenues from OpenView Basic, which was launched in the second quarter of 2007, NASDAQ Last Sale, which was launched in 2008 and growth from other proprietary data products including TotalView, Open View and Level 2, which is the best quote information from each market participant trading NASDAQ-listed securities. The increase in 2007 compared with 2006 was primarily due to an increase in TotalView subscribers and distributors and their related revenues, an increase in Level 2 revenues and the launch of OpenView Basic.

Net U.S. tape plan revenues decreased in 2008 compared with 2007 primarily due to a decrease in our share of trading and quoting activity in NASDAQ-listed securities through the UTP Plan, partially offset by increases in our share of trading and quoting activity in NYSE-listed securities. Under the revenue sharing provision of the UTP Plan, we are permitted to deduct costs associated with acting as the exclusive Securities Information Processor from the total amount of tape fees collected. After these costs are deducted from the tape fees, we distribute to the respective UTP Plan participants, including The NASDAQ Stock Market, their share of tape fees based on a formula, required by Regulation NMS that takes into account both trading and quoting activity. Our tape fee revenue sharing amount allocated to UTP plan participants increased in 2008 compared to 2007 primarily due to a reduction of our percentage earned of the UTP revenue caused, in part by the Regulation NMS market data revenue allocation formula, which became effective April 1, 2007. The increase in 2007 compared with 2006 was primarily due to an increase in trade execution market share in both NYSE- and NYSE Alternext-listed securities.

*Broker Services Revenues*

As a result of our business combination with OMX AB, Broker Services is a new product within our Market Services segment. Broker Services revenues were $42.6 million for 2008.

*Other Market Services Revenues*

Other Market Services revenues increased in 2008 compared with 2007 and decreased in 2007 compared with 2006. The increase in 2008 was primarily due to the inclusion of OMX revenues of $27.7 million. The decrease in 2007 compared with 2006 was primarily due to a decrease in revenues earned from our testing facility, which charges a fee for customers testing new services, due to our migration to a single trading platform.

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**ISSUER SERVICES**

The following table shows revenues from our Issuer Services segment:

| | Year Ended December 31, 2008 | 2007 (in millions) | 2006 | Percentage Change 2008 vs. 2007 | 2007 vs. 2006 |
|---|---|---|---|---|---|
| Global Listing Services: | | | | | |
| Annual renewal fees | $ 122.4 | $ 125.6 | $ 107.9 | (2.5)% | 16.4% |
| Listing of additional shares fees | 40.2 | 40.6 | 36.9 | (1.0)% | 10.0% |
| Initial listing fees | 22.1 | 22.2 | 23.2 | (0.5)% | (4.3)% |
| Total U.S. listing fees | 184.7 | 188.4 | 168.0 | (2.0)% | 12.1% |
| European listing fees | 41.0 | | | # | |
| Corporate Services | 59.6 | 52.6 | 41.5 | 13.3% | 26.7% |
| Total Global Listing Services | 285.3 | 241.0 | 209.5 | 18.4% | 15.0% |
| Global Index Group | 45.3 | 42.9 | 39.5 | 5.6% | 8.6% |
| Total Issuer Services revenues | $ 330.6 | $ 283.9 | $ 249.0 | 16.4% | 14.0% |

# Denotes a variance equal to 100.0%.

Global Listing Services

*U.S. Listing Services Revenues*

Annual renewal fees decreased in 2008 compared with 2007. The number of companies listed on The NASDAQ Stock Market on January 1, 2008 was 3,135, compared to 3,193 on January 1, 2007, the date on which listed companies are billed their annual fees. The decrease in the number of listed companies was due to 348 delistings by NASDAQ OMX during 2007, partially offset by 290 new listings during 2007. The number of listed companies as of January 1, 2008 and 2007 also includes separately listed ETFs.

Annual renewal fees increased in 2007 compared with 2006. The number of companies listed on The NASDAQ Stock Market on January 1, 2007 was 3,193, compared to 3,208 on January 1, 2006, the date on which listed companies are billed their annual fees. The decrease in the number of listed companies was due to 303 delistings by NASDAQ during 2006, partially offset by 285 new listings during 2006. Offsetting the decrease in the number of listed companies was an annual renewal fee increase effective January 1, 2007.

Listing of additional shares fees remained flat in 2008 compared with 2007 and increased in 2007 compared with 2006. The increase in 2007 compared to 2006 was primarily due to amortization of fees. There were 71 secondary offerings in 2008, 197 in 2007 and 214 in 2006.

Initial listing fees remained flat in 2008 compared with 2007 and decreased in 2007 compared with 2006. Initial listing fees decreased in 2007 primarily due to amortization of fees. There were 177 new listings, including 13 new IPOs, during 2008 compared with 290 new listings, including 132 new IPOs, during 2007 compared with 285 new listings, including 137 new IPOs, during 2006. The decrease in new listings during 2008 will impact future revenues as these fees are amortized on a straight-line basis over an estimated service period of six years.

*European Listing Services Revenues*

European Listing Services revenues, which are comprised of issuers revenues derived from annual fees received from listed companies on the exchanges that comprise NASDAQ OMX Nordic and NASDAQ OMX Baltic, are directly related to the listed companies market capitalization. These revenues are recognized ratably over a 12-month period.

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*Corporate Services Revenues*

Global Listing Services revenues also include fees from Corporate Services. These fees include commission income from Carpenter Moore, subscription income from Shareholder.com and Directors Desk and fees from GlobeNewswire. Corporate Services revenues increased in 2008 compared with 2007 primarily due to expanding customer utilization of our Corporate Services. Corporate Services revenues increased in 2007 compared with 2006 primarily due to revenues generated from the operations of acquired businesses. Corporate Services revenues include revenues from Carpenter Moore, Shareholder.com beginning February 1, 2006, GlobeNewswire beginning September 1, 2006, Directors Desk beginning July 2, 2007 and other sources for all periods presented. In February 2007, Carpenter Moore merged with the Nasdaq Insurance Agency, with Carpenter Moore as the surviving entity.

Global Index Group Revenues

Global Index Group revenues primarily include license fees from NASDAQ OMX branded indexes, associated derivatives and financial products in the U.S. and abroad. Global Index Group revenues increased in 2008 compared with 2007 primarily due to an increase in licensing fees associated with NASDAQ OMX-licensed ETFs, licensed derivatives volumes and fees and third party structured products, partially offset by a decrease in Portal applications as a result of economic conditions. The increase in 2007 compared with 2006 was primarily due to an increase in licensing fees associated with NASDAQ OMX-licensed ETFs and third party structured products, partially offset by a decline in licensing fees associated with options traded on ETFs based on our indexes.

**MARKET TECHNOLOGY**

As a result of our business combination with OMX AB, Market Technology is a new reporting segment. The following table shows the revenues from our Market Technology segment:

| | Year Ended December 31, 2008 (in millions) |
|---|---|
| Market Technology: | |
| License, support and project revenues | $ 67.5 |
| Facility management services | 28.8 |
| Other revenues | 9.9 |
| Total Market Technology revenues | $ 106.2 |

Market Technology provides technology solutions for trading, clearing and settlement, and information dissemination, and also offers facility management integration and advisory services to marketplaces throughout the world.

License, support and project revenues are derived from the system solutions developed and sold by NASDAQ OMX. After we have developed and sold a system solution, the customer licenses the right to use the software. Each project involves individual adaptations to the specific requirements of the customer, for instance, relating to functionality and capacity. When NASDAQ OMX provides a system solution, it undertakes to upgrade, develop and maintain the system and receives regular support revenues for this work which is recognized over the contract period. Under contract accounting, 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 the customization and significant modifications are complete and are then recognized over the support period.

Facility management services revenues are derived when NASDAQ OMX assumes responsibility for the continuous operation of a system platform for a customer and receives facility management services revenues which can be both fixed and volume-based. Facility management services revenues are recognized as services are rendered over the contract period after delivery has occurred.

Other revenues include amortization of the deferred revenue related to our contribution of technology licenses to NASDAQ Dubai. See Equity Investment in NASDAQ Dubai, of Note 3, Business Combinations, to the consolidated financial statements for further discussion of our transaction with NASDAQ Dubai. In addition, other revenue includes advisory services that are recognized in revenue when earned.

**Expenses**

**Direct Expenses**

The following table shows our direct expenses:

| | Year Ended December 31, | | | Percentage Change | |
|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2008 vs. 2007 | 2007 vs. 2006 |
| | | (in millions) | | | |
| Compensation and benefits | $ 401.0 | $ 200.4 | $ 195.7 | # | 2.4% |
| Marketing and advertising | 18.6 | 20.8 | 20.5 | (10.6)% | 1.5% |
| Depreciation and amortization | 92.6 | 38.9 | 70.9 | # | (45.1)% |
| Professional and contract services | 71.9 | 32.1 | 32.0 | # | 0.3% |
| Computer operations and data communications | 54.5 | 28.7 | 41.5 | 89.9% | (30.8)% |
| Occupancy | 65.2 | 34.5 | 34.1 | 89.0% | 1.2% |
| Regulatory | 28.9 | 28.9 | | | |