

NASDAQ, INC.
Form 10-Q
November 04, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

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

Nasdaq, Inc.

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(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)

+1 212 401 8700

(Registrant's telephone number, including area code)

The NASDAQ OMX Group, Inc.

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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Large accelerated filer

Accelerated filer

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

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

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

Class

Outstanding at October 27, 2015

Common Stock, \$.01 par value per share 164,236,534 shares

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Nasdaq, Inc.

Form 10-Q

For the Quarterly Period Ended September 30, 2015

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About This Form 10-Q

Throughout this Form 10-Q, unless otherwise specified:

- “Nasdaq,” “we,” “us” and “our” refer to Nasdaq, Inc.
- “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 Nordic” refers to collectively, NASDAQ OMX Clearing AB, NASDAQ OMX Stockholm AB, NASDAQ OMX Copenhagen A/S, NASDAQ OMX Helsinki Ltd, and NASDAQ OMX Iceland hf.
- “Nasdaq Baltic” refers to collectively, NASDAQ OMX Tallinn AS, NASDAQ OMX Riga, AS, and NASDAQ OMX Vilnius AB.
- “Nasdaq Nordic Clearing” refers to collectively, the clearing operations conducted through Nasdaq Nordic and Nasdaq Commodities.
- “SEK” or “Swedish Krona” refers to the lawful currency of Sweden.

* * * * *

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NASDAQ-100 EUROPEAN TRACKER®, NASDAQ-100 INDEX®, NASDAQ-100 INDEX TRACKING STOCK®, NDX®, NFX WORLD CURRENCY FUTURES®, NFX XL®, NLX®, OMXS30®, OMX TECHNOLOGY®, PHILADELPHIA STOCK EXCHANGE®, PHLX®, PHLX XL®, PIXL®, PORTAL ALLIANCE®, QQQ®, QTARGET®, QVIEW®, RE-THINK®, RISKWRAPPER®, RISKXPOSURE®, RX®, SECONDMARKET®, SIDECAR®, SIGNALXPRESS®, SMARTS®, STRUCTURED LIQUIDITY PROGRAM®, SX®, THE NASDAQ STOCK MARKET®, THE STOCK MARKET FOR THE NEXT 100 YEARS®, TOTAL EQUITY SOLUTION®, TRADE REPORTING DATA STORAGE®, TRADEGUARD®, TRADEXAMINER®, TRDS®, TX®, ULTRAFEED®, UNITED CURRENCY OPTIONS MARKET®, VX PROXY®, XDE®

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This Quarterly Report on Form 10-Q includes market share and industry data that we obtained from industry publications and surveys, reports of governmental agencies and internal company surveys. Industry publications and surveys generally state that the information they contain has been obtained from sources believed to be reliable, but we cannot assure you that this information is accurate or complete. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on the most currently available market data. For market comparison purposes, The NASDAQ Stock Market data in this Quarterly Report on Form 10-Q for initial public offerings, or IPOs, is based on data generated internally by us, which includes best efforts underwritings; therefore, the data may not be comparable to other publicly-available IPO data. Data in this Quarterly Report on Form 10-Q for new listings of equity securities on The NASDAQ Stock Market is based on data generated internally by us, which includes best efforts underwritings, issuers that switched from other listing venues, closed-end funds and exchange traded funds, or ETFs. Data in this Quarterly Report on Form 10-Q for IPOs and new listings of equity securities on the Nasdaq Nordic and Nasdaq Baltic exchanges also is based on data generated internally by us. IPOs and new listings data is presented as of period end. While we are not aware of any misstatements regarding industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors. We refer you to the “Risk Factors” section in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, the “Risk Factors” section in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 that was filed with the U.S. Securities and Exchange Commission, or SEC, on August 6, 2015, the “Risk Factors” section in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 that was filed with the SEC on May 6, 2015 and the “Risk Factors” section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 that was filed with the SEC on February 17, 2015.

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Forward-Looking Statements

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

- our 2015 outlook;
 - the scope, nature or impact of acquisitions, divestitures, investments or other transactional activities;
- the integration of acquired businesses, including accounting decisions relating thereto;
- the effective dates for, and expected benefits of, ongoing initiatives, including strategic, restructuring, technology, de-leveraging and capital return initiatives;
- our products and services;
- the impact of pricing changes;
- tax matters;
- the cost and availability of liquidity; and
- any litigation or regulatory or government investigation or action to which we are or could become a party.

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

- our operating results may be lower than expected;
- loss of significant trading and clearing volume, market share, listed companies or other customers;
- economic, political and market conditions and fluctuations, including interest rate and foreign currency risk, inherent in U.S. and international operations;
- government and industry regulation;
- our ability to keep up with rapid technological advances and adequately address security risks;
- the performance and reliability of our technology and technology of third parties;
- our ability to successfully integrate acquired businesses, including the fact that such integration may be more difficult, time consuming or costly than expected, and our ability to realize synergies from business combinations and acquisitions;
- our ability to continue to generate cash and manage our indebtedness; and
- adverse changes that may occur in the securities markets generally.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the uncertainty and any risk related to forward-looking statements that we make. These risk factors are discussed under the caption "Part II. Item 1A. Risk Factors," in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 that was filed with the SEC on August 6, 2015, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 that was filed with the SEC on May 6, 2015 and more fully described in the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 that was filed with the SEC on February 17, 2015. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. You should carefully read this entire Quarterly Report on Form 10-Q, including "Part 1. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the condensed consolidated financial statements and the related notes. Except as required by the federal securities laws, we undertake no obligation to update any forward-looking statement, release publicly any revisions to any forward-looking statements or report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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PART 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

Nasdaq, Inc.

Condensed Consolidated Balance Sheets

(in millions, except share and par value amounts)

	September 30, 2015	December 31, 2014
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 290	\$ 427
Restricted cash	18	49
Financial investments, at fair value	193	174
Receivables, net	278	389
Deferred tax assets	49	16
Default funds and margin deposits	2,175	2,194
Other current assets	157	151
Total current assets	3,160	3,400
Property and equipment, net	305	292
Non-current deferred tax assets	630	536
Goodwill	5,421	5,538
Intangible assets, net	1,981	2,077
Other non-current assets	273	228
Total assets	\$ 11,770	\$ 12,071
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 173	\$ 189
Section 31 fees payable to SEC	25	124
Accrued personnel costs	121	143
Deferred revenue	164	177
Other current liabilities	147	116
Deferred tax liabilities	27	37
Default funds and margin deposits	2,175	2,194
Current portion of debt obligations	20	-

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Total current liabilities	2,852	2,980
Debt obligations	2,415	2,297
Non-current deferred tax liabilities	603	626
Non-current deferred revenue	211	215
Other non-current liabilities	143	159
Total liabilities	6,224	6,277
Commitments and contingencies		
Equity		
Nasdaq stockholders' equity:		
Common stock, \$0.01 par value, 300,000,000 shares authorized, shares issued: 166,893,305 at September 30, 2015 and 170,325,304 at December 31, 2014; shares outstanding: 164,077,244 at September 30, 2015 and 168,795,263 at December 31, 2014	2	2
Additional paid-in capital	3,032	3,222
Common stock in treasury, at cost: 2,816,061 shares at September 30, 2015 and 1,530,041 shares at December 31, 2014	(105)	(41)
Accumulated other comprehensive loss	(847)	(682)
Retained earnings	3,464	3,292
Total Nasdaq stockholders' equity	5,546	5,793
Noncontrolling interests	-	1
Total equity	5,546	5,794
Total liabilities and equity	\$ 11,770	\$ 12,071

See accompanying notes to condensed consolidated financial statements.

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Nasdaq, Inc.

Condensed Consolidated Statements of Income

(Unaudited)

(in millions, except per share amounts)

	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2015		September 2014
Revenues:					
Market Services	\$ 542	\$ 510	\$ 1,561	\$ 1,626	
Listing Services	66	59	196	177	
Information Services	132	114	385	360	
Technology Solutions	131	135	396	417	
Total revenues	871	818	2,538	2,580	
Transaction-based expenses:					
Transaction rebates	(256)	(236)	(733)	(771)	
Brokerage, clearance and exchange fees	(86)	(85)	(251)	(260)	
Revenues less transaction-based expenses	529	497	1,554	1,549	
Operating expenses:					
Compensation and benefits	150	136	441	439	
Marketing and advertising	6	5	20	23	
Depreciation and amortization	34	34	102	104	
Professional and contract services	33	37	108	118	
Computer operations and data communications	23	22	81	67	
Occupancy	22	26	63	75	
Regulatory	7	7	20	21	
Merger and strategic initiatives	4	5	7	46	
General, administrative and other	11	18	77	75	
Restructuring charges	8	-	160	-	
Total operating expenses	298	290	1,079	968	
Operating income	231	207	475	581	
Interest income	1	1	3	4	
Interest expense	(28)	(29)	(83)	(88)	
Net income from unconsolidated investees	2	-	16	-	
Income before income taxes	206	179	411	497	
Income tax provision	68	56	132	170	
Net income	138	123	279	327	
Net loss attributable to noncontrolling interests	-	-	1	1	
Net income attributable to Nasdaq	\$ 138	\$ 123	\$ 280	\$ 328	

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Per share information:

Basic earnings per share	\$ 0.83	\$ 0.73	\$ 1.66	\$ 1.94
Diluted earnings per share	\$ 0.80	\$ 0.71	\$ 1.63	\$ 1.89
Cash dividends declared per common share	\$ 0.25	\$ 0.15	\$ 0.65	\$ 0.43

See accompanying notes to condensed consolidated financial statements.

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Nasdaq, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$ 138	\$ 123	\$ 279	\$ 327
Other comprehensive loss:				
Foreign currency translation losses:				
Net foreign currency translation losses	(68)	(287)	(256)	(424)
Income tax benefit	26	104	91	166
Total other comprehensive loss, net of tax	(42)	(183)	(165)	(258)
Comprehensive income (loss)	96	(60)	114	69
Comprehensive loss attributable to noncontrolling interests	-	-	1	1
Comprehensive income (loss) attributable to Nasdaq	\$ 96	\$ (60)	\$ 115	\$ 70

See accompanying notes to condensed consolidated financial statements.

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Nasdaq, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in millions)

	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities:		
Net income	\$ 279	\$ 327
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	102	104
Share-based compensation	49	45
Excess tax benefits related to share-based payments	(16)	(5)
Deferred income taxes	(61)	(19)
Non-cash restructuring charges	134	-
Non-cash merger and strategic initiatives	-	20
Net income from unconsolidated investees	(16)	-
Other reconciling items included in net income	9	18
Net change in operating assets and liabilities, net of effects of acquisition:		
Receivables, net	96	7
Other assets	-	(20)
Accounts payable and accrued expenses	(21)	(44)
Section 31 fees payable to SEC	(99)	(56)
Accrued personnel costs	(18)	(40)
Deferred revenue	(3)	67
Other liabilities	37	3

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Net cash provided by operating activities	472	407
Cash flows from investing activities:		
Purchases of trading securities	(265)	(239)
Proceeds from sales and redemptions of trading securities	236	246
Purchases of available-for-sale investment securities	(26)	(17)
Proceeds from sale of available-for-sale investment securities	29	17
Capital contribution in equity method investment	(30)	-
Acquisition of businesses, net of cash and cash equivalents acquired	(226)	-
Purchases of property and equipment	(91)	(93)
Other investment activities	(9)	(10)
Net cash used in investing activities	(382)	(96)
Cash flows from financing activities:		
Payments of debt obligations	(176)	(847)
Proceeds from utilization of credit commitment	366	612
Cash paid for repurchase of common stock	(310)	(121)
Cash dividends	(108)	(73)
Proceeds received from employee stock activity	19	30
Payments related to employee shares withheld for taxes	(28)	(23)
Excess tax benefits related to share-based payments	16	5
Other financing activities	-	2
Net cash used in financing activities	(221)	(415)
Effect of exchange rate changes on cash and cash equivalents	(6)	(8)
Net decrease in cash and cash equivalents	(137)	(112)
Cash and cash equivalents at beginning of period	427	398

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Cash and cash equivalents at end of period	\$	290	\$	286
Supplemental Disclosure Cash Flow Information				
Cash paid for:				
Interest	\$	91	\$	103
Income taxes, net of refund	\$	146	\$	147
Non-cash investing activities:				
Cost method investment	\$	-	\$	75

See accompanying notes to condensed consolidated financial statements.

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Nasdaq, Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Organization and Nature of Operations

Nasdaq, Inc. (formerly The NASDAQ OMX Group, Inc.) is a leading provider of trading, clearing, exchange technology, regulatory, securities listing, information and public company services across six continents. Our global offerings are diverse and include trading and clearing across multiple asset classes, access services, data products, financial indexes, capital formation solutions, corporate solutions and market technology products and services. Our technology powers markets across the globe, supporting equity derivatives trading, clearing and settlement, cash equity trading, fixed income trading and many other functions.

In August 2015, the SEC approved the amendment to the charter and by-laws of The NASDAQ OMX Group, Inc. to change its legal name. The amendment to effect the name change was filed and became effective with the State of Delaware on September 8, 2015.

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

Market Services

Our Market Services segment includes our equity derivative trading and clearing, cash equity trading, fixed income, currency and commodities trading and clearing, or FICC, and access and broker services businesses. We operate multiple exchanges and other marketplace facilities across several asset classes, including derivatives, commodities, cash equity, debt, structured products and ETFs. In addition, in some countries where we operate exchanges, we also provide broker services, clearing, settlement and central depository services. Our transaction-based platforms provide market participants with the ability to access, process, display and integrate orders and quotes. The platforms allow the routing and execution of buy and sell orders as well as the reporting of transactions, providing fee based revenues.

In the U.S., we operate three options exchanges, as well as three cash equity exchanges. The NASDAQ Stock Market, the largest of our cash equities exchanges, is the largest single venue of liquidity for trading U.S.-listed cash equities. We also operate a leading electronic platform for trading of U.S. Treasuries.

In the third quarter of 2015, we launched Nasdaq Futures, Inc., or NFX, which is our new U.S. based energy derivatives market. NFX offers cash settled energy derivatives based on key energy benchmarks including oil, natural gas and U.S. power.

In Europe, we operate exchanges in Stockholm (Sweden), Copenhagen (Denmark), Helsinki (Finland), and Iceland, as well as the clearing operations of Nasdaq Nordic Clearing. We also operate exchanges in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania) as Nasdaq Baltic. Collectively, Nasdaq Nordic and Nasdaq Baltic offer trading in cash equities and depository receipts, warrants, convertibles, rights, fund units and ETFs, as well as trading and clearing of derivatives and clearing of resale and repurchase agreements. Through Nasdaq First North, our Nordic and Baltic operations also offer alternative marketplaces for smaller companies.

In addition, Nasdaq Commodities operates a power derivatives exchange regulated in Norway and a European carbon exchange. In the U.K., we operate Nasdaq NLX, a London-based multilateral trading venue that offers a range of both short-term interest rate and long-term interest rate euro- and sterling-based listed derivative products.

Through our access services business, we provide market participants with a wide variety of alternatives for connecting to and accessing our markets via a number of different protocols used for quoting, order entry, trade reporting, DROP functionality and connectivity to various data feeds. We also provide co-location services to market participants, whereby firms may lease cabinet space and power to house their own equipment and servers within our data center. Our broker services operations offer technology and customized securities administration solutions to financial participants in the Nordic market.

Listing Services

Our Listing Services segment includes our U.S. and European Listing Services businesses. 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 Nasdaq Nordic and Nasdaq Baltic exchanges. We also operate The NASDAQ Private Market, LLC, or NPM, a marketplace for private growth companies.

As of September 30, 2015, The NASDAQ Stock Market was home to 2,850 listed companies with a combined market capitalization of approximately \$7.7 trillion, and in Europe, the Nasdaq Nordic and Nasdaq Baltic exchanges, together with Nasdaq First North, were home to 835 listed companies with a combined market capitalization of approximately \$1.1 trillion.

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Information Services

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

Our Data Products business sells and distributes historical and real-time quote and trade information to market participants and data distributors. Our data products enhance transparency of the market activity within the exchanges that we operate and provide critical information to financial professionals and individual investors globally.

Our Index Licensing and Services business develops and licenses Nasdaq branded indexes, associated derivatives, and financial products and also provides custom calculation services for third-party clients. As of September 30, 2015, we had 210 exchange traded products licensed to Nasdaq's indexes and had over \$103 billion of assets under management in licensed exchange traded products tracking Nasdaq indexes.

Technology Solutions

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

Our Corporate Solutions business serves corporate clients, including companies listed on our exchanges. We help organizations manage the two-way flow of information with their key constituents, including their board members and investors, and with clients and the public through our suite of advanced technology, analytics, and consultative services. Our Corporate Solutions business primarily offers products to serve the following key areas: investor relations, public relations, multimedia solutions, and governance. We currently have approximately 10,000 Corporate Solutions clients.

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

Market Technology provides technology solutions for trading, clearing, settlement, surveillance and information dissemination to markets with wide-ranging requirements, from the leading markets in the U.S., Europe and Asia to emerging markets in the Middle East, Latin America, and Africa. Our marketplace solutions can handle a wide array of assets including cash equities, equity derivatives, currencies, various interest-bearing securities, commodities, energy products and derivatives, and are currently powering more than 70 marketplaces in 50 countries. Market Technology also provides market surveillance services to broker-dealer firms worldwide, as well as enterprise governance, risk management and compliance software solutions.

2. Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The condensed consolidated financial statements include the accounts of Nasdaq, its wholly-owned subsidiaries and other entities in which Nasdaq has a controlling financial interest. When we do not have a controlling interest in an entity but exercise significant influence over the entity's operating and financial policies, such investment is accounted for under the equity method of accounting. We recognize our share of earnings or losses of an equity method investee based on our ownership percentage. As permitted under U.S. GAAP, for certain equity method investments for which financial information is not sufficiently timely for us to apply the equity method of accounting currently, we record our share of the earnings or losses of the investee from the most recently available financial statements on a lag. See "Equity Method Investments," of Note 6, "Investments," for further discussion of our equity method investments.

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The accompanying condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation.

As permitted under U.S. GAAP, certain footnotes or other financial information can be condensed or omitted in the interim condensed consolidated financial statements. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in Nasdaq's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

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

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

We have evaluated subsequent events through the issuance date of this Quarterly Report on Form 10-Q. See Note 17, "Subsequent Event," for further discussion.

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Income Tax Matters

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

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

Nasdaq's income tax provision was \$68 million in the third quarter of 2015 and \$132 million in the first nine months of 2015 compared with \$56 million in the third quarter of 2014 and \$170 million in the first nine months of 2014. The overall effective tax rate was 33% in the third quarter of 2015 and 32% in the first nine months of 2015 compared with 31% in the third quarter of 2014 and 34% in the first nine months of 2014. The higher effective tax rate in the third quarter of 2015 when compared with the same period in 2014 is primarily due to adjustments related to prior year tax return liabilities which resulted in an increase to the tax provision. In addition, in the third quarter of 2014, we recorded adjustments related to prior year tax return liabilities which resulted in a decrease to the tax provision. The lower effective tax rate in the first nine months of 2015 when compared with the same period in 2014 is primarily due to a change in the geographic mix of earnings and losses. The effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of earnings and losses. These same and other factors, including history of pre-tax earnings and losses, are taken into account in assessing the ability to realize deferred tax assets.

Nasdaq and its eligible subsidiaries file a consolidated U.S. federal income tax return and applicable state and local income tax returns and non-U.S. income tax returns. Federal income tax returns for the years 2011 through 2013 are currently under audit by the Internal Revenue Service and we are subject to examination for the year 2014. Several state tax returns are currently under examination by the respective tax authorities for the years 2005 through 2013 and we are subject to examination for the year 2014. Non-U.S. tax returns are subject to examination by the respective tax authorities for the years 2008 through 2014. In the third quarter of 2015, we received an assessment of \$6 million from the Swedish Tax Agency for the year 2013. We will appeal this assessment to the Swedish Courts. Due to the uncertainty of the outcome of this matter, in the third quarter of 2015 we recorded a reserve of \$6 million. This reserve is mostly offset by the recognition of \$5 million of previously unrecognized tax benefits, in the third quarter of 2015, due to the lapse of the statute of limitations related to tax examinations in various jurisdictions in the U.S. We anticipate that the amount of unrecognized tax benefits at September 30, 2015 will significantly decrease in the next twelve months as we expect to settle certain tax audits. The final outcome of such audits cannot yet be determined. We anticipate that such adjustments will not have a material impact on our consolidated financial position or results of operations.

In the fourth quarter of 2010, we received an appeal from the Finnish Tax Authority challenging certain interest expense deductions claimed by Nasdaq in Finland for the year 2008. The appeal also demanded certain penalties be paid with regard to the company's tax return filing position. In October 2012, the Finnish Appeals Board disagreed with the company's tax return filing position for years 2009 through 2011, even though the tax return position with respect to this deduction was previously reviewed and approved by the Finnish Tax Authority. In June 2014, the

Finnish Administrative Court also disagreed with the company's tax return filing position for these years. We have appealed this ruling to the Finnish Supreme Administrative Court and expect to receive a favorable decision. Through September 30, 2015, we have recorded tax benefits of \$27 million associated with this filing position. We have paid \$37 million to the Finnish tax authorities, which includes \$11 million in interest and penalties. We expect the Finnish Supreme Administrative Court to agree with our position, which would result in an expected refund to Nasdaq of \$34 million, which reflects the impact of foreign currency translation. If the Finnish Supreme Administrative Court disagrees with our position, we would record tax expense of \$34 million, or \$0.20 per diluted share.

From 2009 through 2012, we recorded tax benefits associated with certain interest expense incurred in Sweden. Our position is supported by a 2011 ruling we received from the Swedish Supreme Administrative Court. However, under new legislation effective January 1, 2013, limitations are imposed on certain forms of interest expense. Because this legislation is unclear with regard to our ability to continue to claim such interest deductions, Nasdaq filed an application for an advance tax ruling with the Swedish Tax Council for Advance Tax Rulings. In June 2014, we received an unfavorable ruling from the Swedish Tax Council for Advance Tax Rulings. We appealed this ruling to the Swedish Supreme Administrative Court; however the Swedish Supreme Administrative Court denied our request for a ruling based on procedural requirements. In the third quarter of 2015, we received a notice from the Swedish Tax Agency that interest deductions for the year 2013 have been disallowed. We will appeal to the Swedish Lower Administrative Court. We continue to expect a favorable decision. Since January 1, 2013, we have recorded tax benefits of \$41 million associated with this matter. We will pay all assessments from the Swedish Tax Agency while this matter is pending. If the Swedish Courts agree with our position we will receive a refund of all paid assessments; if the Swedish Courts disagree with our position, we will record tax expense of \$33 million, or \$0.19 per diluted share, which reflects the impact of foreign currency translation. We expect to record recurring quarterly tax benefits of \$2 million to \$3 million with respect to this matter for the foreseeable future.

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Other Tax Matter

In December 2012, the Swedish Tax Agency approved our 2010 amended value added tax, or VAT, tax return and we received a cash refund for the amount claimed. In 2013, we filed amended VAT tax returns for 2011 and 2012, utilizing the same approach which was approved for the 2010 filing. We also utilized this approach in our 2013 and 2014 filings. However, even though the VAT return position was previously reviewed and approved by the Swedish Tax Agency, the Swedish Tax Agency challenged our approach. The revised position of the Swedish Tax Agency was upheld by the Lower Administrative Court during the first quarter of 2015. As a result, in the first quarter of 2015, we reversed the previously recorded benefit of \$12 million, based on the court decision. We have appealed the ruling of the Lower Administrative Court to the Court of Appeals.

Recently Announced Accounting Pronouncements

ASU 2015-16

In September 2015, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2015-16, “Simplifying the Accounting for Measurement-Period Adjustments,” which eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. This guidance requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. In addition, the amendments in this guidance require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This new standard is effective prospectively for us on January 1, 2016. Early adoption is permitted. We do not expect the adoption of this guidance to have a significant impact on our consolidated financial statements.

ASU 2015-03

In April 2015, the FASB issued ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs,” which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability rather than as an asset. This guidance does not change the recognition and measurement of debt issuance costs. In the second quarter of 2015, we elected to early adopt this guidance retrospectively for all periods presented in the Condensed Consolidated Balance Sheets. The reclassification of debt issuance costs resulted in reductions in other non-current assets and debt obligations of \$16 million for the year ended December 31, 2014. Other than this reclassification, the adoption of this guidance did not have an impact on our consolidated financial statements.

ASU 2014-09

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which supersedes the revenue recognition guidance in Accounting Standards Codification, or ASC, 605, “Revenue Recognition.” The new revenue recognition standard sets forth a five-step revenue recognition model to determine when and how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration it expects to receive in exchange for those goods or services. The standard also requires more detailed disclosures. The standard provides alternative methods of initial adoption. On July 9, 2015, the FASB approved the deferral of the effective date of the new revenue recognition standard by one year. As a result, this new standard will now be effective for us on January 1, 2018. Early adoption as of the original effective date is permitted. We are currently assessing the impact

that this standard will have on our consolidated financial statements.

3. Restructuring Charges

During the first quarter of 2015, we performed a comprehensive review of our processes, businesses and systems in a company-wide effort to improve performance, cut costs, and reduce spending. In the first quarter of 2015, we also decided to change our company name from The NASDAQ OMX Group, Inc. to Nasdaq, Inc., which became effective in the third quarter of 2015. We currently estimate that we will recognize net pre-tax restructuring charges of \$188 million, consisting of the rebranding of our trade name, severance, asset impairments, facility-related and other costs. We recognized net restructuring charges of \$8 million for the three months ended September 30, 2015 and \$160 million for the nine months ended September 30, 2015, with the remaining amount to be recognized through June 2016. The restructuring charge for the nine months ended September 30, 2015 includes the reversal of a sublease loss reserve of \$10 million. See “Facilities-related” below for further discussion. Through this initiative, we expect to generate pre-tax savings in 2015 of approximately \$20 million and annualized savings of \$23 million. Restructuring charges are recorded on restructuring plans that have been committed to by management and are, in part, based upon management's best estimates of future events. Changes to the estimates may require future adjustments to the restructuring liabilities. There were no restructuring charges in the comparable periods of 2014.

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The following table presents a summary of restructuring charges in the Condensed Consolidated Statements of Income:

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
	(in millions)	
Rebranding of trade name	\$ -	\$ 119
Severance	2	23
Facilities-related	4	(3)
Asset impairments	-	15
Other	2	6
Total restructuring charges	\$ 8	\$ 160
Rebranding of Trade Name		

As noted above, in connection with our global rebranding initiative, we decided to change our company name from The NASDAQ OMX Group, Inc. to Nasdaq, Inc., which became effective in the third quarter of 2015. In connection with this action, we decided to discontinue the use of the OMX trade name and recorded a pre-tax, non-cash impairment charge of \$119 million in March 2015 because we no longer attribute any material value to the trade name. The impairment charge did not impact the company's consolidated cash flows, liquidity, or capital resources.

Severance

Severance, other termination benefits and other associated costs of \$2 million for the three months ended September 30, 2015 and \$23 million for the nine months ended September 30, 2015, related to workforce reductions of 224 positions across our organization. In addition to reducing our workforce, we have relocated certain functions to lower cost locations and will continue hiring in these lower cost locations to support the business.

Facilities-related

The facilities-related costs of \$4 million for the three months ended September 30, 2015 pertained to the consolidation of leased facilities and the credit of \$3 million for the nine months ended September 30, 2015 primarily pertained to the release of a previously recorded sublease loss reserve for part of the space we lease in New York, New York located at 1500 Broadway. In June 2015, as part of our real estate reorganization plans, management decided to occupy this space. Based on management's decision, we released the sublease loss reserve recorded for this space which totaled \$10 million. This credit was partially offset by costs related to the consolidation of leased facilities.

Asset Impairments

Asset impairment charges of \$15 million for the nine months ended September 30, 2015 primarily related to fixed assets and capitalized software that were retired during the respective period.

Restructuring Reserve

The following table presents the changes in the restructuring reserve during the nine months ended September 30, 2015:

	Balance at January 1, 2015	Expense Incurred	Cash	Payments	Balance at September 30, 2015
	(in millions)				
Severance	\$ -	\$ 23	\$ (8)		\$ 15
Facilities-related	-	7	(6)		1
Total	\$ -	\$ 30	\$ (14)		\$ 16

As of September 30, 2015, the majority of the restructuring reserve is included in other current liabilities in the Condensed Consolidated Balance Sheets and will be paid during the fourth quarter of 2015.

4. Acquisition

We completed the following acquisition in 2015. Financial results are included in our Condensed Consolidated Statements of Income from the date of the acquisition.

	Total Net Assets (Liabilities)	Purchased Intangible Assets	Goodwill
	(in millions)		
Dorsey, Wright & Associates, LLC	\$ 226 \$ (26)	\$ 141	\$ 111

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Acquisition of Dorsey, Wright & Associates, LLC

On January 30, 2015, we completed the acquisition of Dorsey, Wright & Associates, LLC, or DWA, for \$226 million (\$225 million cash paid plus \$1 million in working capital adjustments). DWA is a market leader in data analytics, passive indexing and smart beta strategies. We acquired net assets, at fair value, totaling \$8 million and recorded a current deferred tax liability of \$1 million and a non-current deferred tax liability of \$33 million related to differences in the U.S. GAAP and tax basis of our investment in DWA, resulting in total net liabilities acquired of \$26 million. DWA is part of our Information Services segment.

Nasdaq used cash on hand and borrowed \$100 million under the revolving credit commitment of our current credit facility to fund this acquisition.

Intangible Assets

The following table presents the details of the purchased intangible assets acquired in the acquisition of DWA. All purchased intangible assets with finite lives are amortized using the straight-line method.

	Value	Estimated Average Remaining Useful Life
	(in millions)	(in years)
Intangible assets:		
Trade name	\$ 108	Indefinite
Customer relationships	29	15 years
Technology	4	5 years
Total intangible assets	\$ 141	

Trade Name

The DWA trade name is recognized in the industry and carries a reputation for quality. As such, DWA's reputation and positive recognition embodied in the trade name is a valuable asset to Nasdaq. The trade name was considered the primary asset acquired in this transaction. In valuing the acquired trade name, we used the income approach, specifically the excess earnings method. The excess earnings method examines the economic returns contributed by the identified tangible and intangible assets of a company, and then isolates the excess return that is attributable to the intangible asset being valued.

A discount rate of 17% was utilized, which reflects the amount of risk associated with the hypothetical cash flows generated by the DWA trade name in the future. In developing a discount rate for the trade name, we estimated a weighted average cost of capital for the overall business and we employed this rate when discounting the cash flows. The resulting discounted cash flows were then tax-effected at a rate of 36.5%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the trade name would be amortized for tax purposes over a period of 15 years.

We estimated the useful life of the trade name to be indefinite. The useful life was based on several factors including the number of years the name has been in service, its popularity within the industry, and our intention to continue its use in the branding of products.

Customer Relationships

Customer relationships represent the non-contractual and contractual relationships that DWA has with its customers. The DWA customer relationships were valued individually for each of DWA's businesses using the income approach, specifically the with-and-without method. The with-and-without method is commonly used when the cash flows of a business can be estimated with and without the asset in place. The premise associated with this valuation technique is that the value of an asset is represented by the differences in the subject business' cash flows under scenarios where (a) the asset is present and is used in operations (with); and (b) the asset is absent and not used in operations (without). Cash flow differentials are then discounted to present value to arrive at an estimate of fair value for the asset.

We estimated that without current customer relationships, it would take approximately 3-6 years, depending on the business, for the customer base to grow to 100% of current projected revenues. We also made estimates related to compensation levels and other expenses such as sales and marketing that would be incurred as the business was ramped up through the year in which the customer base would be expected to reach the level that currently exists.

A discount rate of 17.5%, which reflects the estimated weighted average cost of capital for the overall business plus a premium of 0.5% reflecting the risk and uncertainty of the cash flows for the customer relationships relative to the overall business, was utilized when discounting the cash flows. The resulting discounted cash flows were then tax-effected at a rate of 36.5%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the customer relationships would be amortized for tax purposes over a period of 15 years.

Based on the historical behavior of the customers and a parallel analysis of the customers using the excess earnings method, we estimated the remaining useful life for the acquired customer relationships to be 15 years.

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Technology

The fair value of the acquired DWA developed technology was valued using the income approach, specifically the relief from royalty method, or RFRM. The RFRM is used to estimate the cost savings that accrue to the owner of an intangible asset who would otherwise have to pay royalties or license fees on revenues earned through the use of the asset. The royalty rate is applied to the projected revenue over the expected remaining life of the intangible asset to estimate royalty savings. The net after-tax royalty savings are calculated for each year in the remaining economic life of the intangible asset and discounted to present value.

To determine the royalty rate we searched for and identified market transactions and royalty rates for comparable technology. In addition, we performed a profit split analysis that produced a range of royalty rates that were then compared for reasonableness to the royalty rates identified in the market transactions and royalty rates for comparable technology. Profit split theory states that a reasonable market participant would be willing and able to make revenue-based royalty payments of 25 to 30 percent of their operating profit to receive the rights to certain licensable intellectual property necessary for conducting business. Conversely, the owner of such intellectual property would save that amount or be relieved from making those royalty payments. We estimated supportable royalty rates for the technology and selected a pre-tax royalty rate of 15%.

A discount rate of 17% was utilized, which reflects the estimated weighted average cost of capital for the overall business and we employed this rate when discounting the cash flows. The resulting discounted cash flows were then tax-effected at a rate of 36.5%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the technology would be amortized for tax purposes over a period of 15 years.

We have estimated the remaining useful life for the acquired developed technology to be 5 years.

Pro Forma Results and Acquisition-related Costs

Pro forma financial results for the acquisition of DWA completed in January 2015 have not been presented since the acquisition was not material to our financial results.

Acquisition-related costs for the acquisition of DWA were immaterial.

5. Goodwill and Purchased Intangible Assets

Goodwill

The following table presents the changes in goodwill by business segment during the nine months ended September 30, 2015:

	Market Services	Listing Services	Information Services	Technology Solutions	Total
	(in millions)				
Balance at December 31, 2014	\$ 3,081	\$ 114	\$ 1,794	\$ 549	\$ 5,538
Goodwill acquired	-	-	111	-	111
Foreign currency translation adjustment	(121)	(8)	(73)	(26)	(228)
Balance at September 30, 2015	\$ 2,960	\$ 106	\$ 1,832	\$ 523	\$ 5,421

The goodwill acquired for Information Services shown above relates to our acquisition of DWA in January 2015. See Note 4, "Acquisition," for further discussion.

As of September 30, 2015, the amount of goodwill that is expected to be deductible for tax purposes in future periods is \$876 million, of which \$521 million is related to our acquisition of certain assets and assumption of certain liabilities of the eSpeed business, or eSpeed, \$263 million is related to our acquisition of the Investor Relations, Public Relations and Multimedia Solutions businesses of Thomson Reuters, or the TR Corporate businesses, and \$92 million is related to other acquisitions.

Goodwill represents the excess of the purchase price over the value assigned to the net tangible and identifiable intangible assets of a business acquired. Goodwill is allocated to our reporting units based on the assignment of the fair values of each reporting unit of the acquired company. We test goodwill for impairment at the reporting unit level annually, or in interim periods if certain events occur indicating that the carrying amount may be impaired, such as changes in the business climate, poor indicators of operating performance or the sale or disposition of a significant portion of a reporting unit. There was no impairment of goodwill for the nine months ended September 30, 2015 and 2014; however, events such as economic weakness or unexpected significant declines in operating results of a reporting unit may result in goodwill impairment charges in the future.

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Purchased Intangible Assets

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

	September 30, 2015				December 31, 2014			
	Gross	Accumulated	Net	Weighted-Average	Gross	Accumulated	Net	Weighted-Average
	Amount	Amortization	Amount	Useful	Amount	Amortization	Amount	Useful
				Life (in				Life (in
				Years)				Years)
	(in millions)				(in millions)			
Finite-Lived Intangible Assets								
Technology	\$ 38	\$ (21)	\$ 17	5	\$ 35	\$ (16)	\$ 19	5
Customer relationships	1,038	(372)	666	20	1,009	(329)	680	20
Other	5	(4)	1	9	5	(3)	2	9
Foreign currency translation adjustment	(132)	40	(92)		(94)	26	(68)	
Total finite-lived intangible assets	\$ 949	\$ (357)	\$ 592		\$ 955	\$ (322)	\$ 633	
Indefinite-Lived Intangible Assets								
Exchange and clearing registrations	\$ 790	\$ -	\$ 790		\$ 790	\$ -	\$ 790	
Trade names	700	-	700		756	-	756	
Licenses	51	-	51		51	-	51	
Foreign currency translation adjustment	(152)	-	(152)		(153)	-	(153)	
Total indefinite-lived intangible assets	\$ 1,389	\$ -	\$ 1,389		\$ 1,444	\$ -	\$ 1,444	
Total intangible assets	\$ 2,338	\$ (357)	\$ 1,981		\$ 2,399	\$ (322)	\$ 2,077	

Amortization expense for purchased finite-lived intangible assets was \$15 million for the three months ended September 30, 2015, \$17 million for the three months ended September 30, 2014, \$46 million for the nine months ended September 30, 2015, and \$53 million for the nine months ended September 30, 2014.

The estimated future amortization expense (excluding the impact of foreign currency translation adjustment) of purchased finite-lived intangible assets as of September 30, 2015 is as follows:

	(in millions)
2015(1)	\$ 17
2016	66
2017	64
2018	60
2019	47
2020 and thereafter	430
Total	\$ 684

(1) Represents the estimated amortization to be recognized for the remaining three months of 2015.
Intangible Asset Impairment Charge

In connection with our global rebranding initiative, we decided to change our company name from The NASDAQ OMX Group, Inc. to Nasdaq, Inc., which became effective in the third quarter of 2015. In connection with this action, we decided to discontinue the use of the OMX trade name and recorded a pre-tax, non-cash impairment charge of \$119 million in March 2015 because we no longer attribute any material value to the trade name. The impairment charge did not impact the company's consolidated cash flows, liquidity, or capital resources. This charge is included in restructuring charges in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2015.

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6. Investments

Trading Securities

Trading securities, which are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets, were \$193 million as of September 30, 2015 and \$171 million as of December 31, 2014. These securities are primarily comprised of highly rated European government debt securities, of which \$173 million as of September 30, 2015 and \$159 million as of December 31, 2014, are assets utilized to meet regulatory capital requirements primarily for our clearing operations at Nasdaq Nordic Clearing.

Available-for-Sale Investment Securities

Available-for-sale investment securities, which are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets, were immaterial as of September 30, 2015 and \$3 million as of December 31, 2014. These securities are primarily comprised of short-term commercial paper. As of September 30, 2015 and December 31, 2014, the cumulative unrealized gains and losses on these securities were immaterial.

Equity Method Investments

The carrying amounts of our equity method investments totaled \$71 million as of September 30, 2015 and \$25 million as of December 31, 2014 and are included in other non-current assets in the Condensed Consolidated Balance Sheets. The increase in the first nine months of 2015 was primarily due to our capital contribution of \$30 million to The Options Clearing Corporation, or OCC. See below for further discussion. As of September 30, 2015, our equity method investments primarily included equity interests in OCC, EuroCCP N.V. and The Order Machine, or TOM. As of December 31, 2014, our equity method investments consisted primarily of our equity interests in EuroCCP N.V. and TOM.

Net income recognized from our equity interest in the earnings and losses of these equity method investments was \$2 million for the three months ended September 30, 2015, \$16 million for the nine months ended September 30, 2015 and was immaterial for both the three and nine months ended September 30, 2014. The increase in the third quarter and the first nine months of 2015 compared with the same periods in 2014 is primarily due to income recognized from our equity method investment in OCC. We were not able to determine what our share of OCC's income was for the year ended December 31, 2014 until the first quarter of 2015, when OCC's financial statements were made available to us. As a result, we recorded other income of \$13 million in March 2015 relating to our share of OCC's income for the year ended December 31, 2014. This income is included in net income from unconsolidated investees in the Condensed Consolidated Statements of Income.

Capital Contribution to The Options Clearing Corporation

In March 2015, in connection with being designated systemically important by the Financial Stability Oversight Council, OCC implemented a capital plan under which the options exchanges that are OCC's stockholders made new capital contributions to OCC, committed to make further capital contributions in the future under certain specified circumstances, and received certain commitments from OCC with respect to future dividend payments and related matters. Certain aspects of the OCC capital plan require approval by the SEC. Under the OCC capital plan, OCC's existing exchange stockholders, including Nasdaq, each contributed a pro-rata share of \$150 million in new equity capital. Nasdaq's capital contribution was \$30 million. OCC's exchange stockholders also committed to provide, as may become necessary from time to time, additional replenishment capital on a pro-rata basis if certain capital thresholds are triggered. For its part, OCC adopted specific policies with respect to fees, customer refunds and stockholder dividends, which envision an annual dividend payment to its stockholders equal to the portion of OCC's

after-tax income that exceeds OCC's capital requirements after payment of refunds to OCC's clearing members (with such customer refunds generally to constitute 50% of the portion of OCC's pre-tax income that exceeds OCC's capital requirements). After the SEC staff approved the OCC capital plan and the stockholders made their capital contributions, the plan's further effectiveness was suspended under the applicable SEC rules because certain unrelated parties petitioned the full Commission to reconsider the capital plan's approval. If the SEC staff's approval is reversed or the suspension of the capital plan's effectiveness is not lifted in a timely manner, then the transaction may be reversed and the 2015 capital contributions returned to stockholders.

Cost Method Investments

The carrying amounts of our cost method investments totaled \$133 million as of September 30, 2015 and \$138 million as of December 31, 2014 and are included in other non-current assets in the Condensed Consolidated Balance Sheets. As of September 30, 2015, our cost method investments primarily represent our 5% ownership interest in Borsa Istanbul and our 5% ownership interest in LCH.Clearnet Group Limited, or LCH. As of December 31, 2014, our cost method investments represented our 5% ownership interest in Borsa Istanbul and our 5% ownership interest in LCH.

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

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7. Deferred Revenue

Deferred revenue represents consideration received that is yet to be recognized as revenue. At September 30, 2015, we estimate that our deferred revenue, which is primarily Listing Services and Technology Solutions revenues, will be recognized in the following years:

	Initial Listing Revenue	Listing of Additional Shares Revenues	Annual Renewal and Other Revenues	Technology Solutions Revenues(2)	Total
(in millions)					
Fiscal year ended:					
2015(1)	\$ 4	\$ 8	\$ 61	\$ 33	\$ 106
2016	15	26	3	33	77
2017	13	17	1	33	64
2018	11	7	-	27	45
2019	8	1	-	22	31
2020 and thereafter	6	-	-	46	52
	\$ 57	\$ 59	\$ 65	\$ 194	\$ 375

(1) Represents deferred revenue that is anticipated to be recognized over the remaining three months of 2015.

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

The changes in our deferred revenue during the nine months ended September 30, 2015 and 2014 are reflected in the following table.

	Initial Listing Revenue	Listing of Additional Shares Revenues	Annual Renewal and Other Revenues	Technology Solutions Revenues(2)	Total
(in millions)					
Balance at January 1, 2015	\$ 54	\$ 78	\$ 13	\$ 247	\$ 392
Additions(1)	15	8	244	324	591
Amortization(1)	(12)	(27)	(190)	(364)	(593)
Translation adjustment	-	-	(2)	(13)	(15)
Balance at September 30, 2015	\$ 57	\$ 59	\$ 65	\$ 194	\$ 375

Balance at January 1, 2014	\$ 41	\$ 75	\$ 20	\$ 158	\$ 294
Additions(1)	20	36	214	463	733
Amortization(1)	(10)	(30)	(175)	(381)	(596)
Translation adjustment	-	-	(2)	(17)	(19)
Balance at September 30, 2014	\$ 51	\$ 81	\$ 57	\$ 223	\$ 412

- (1) The additions and amortization for initial listing revenues, listing of additional shares revenues and annual renewal and other revenues primarily reflect revenues from our U.S. Listing Services business. The additions to Technology Solutions revenues during the nine months ended September 30, 2014 include \$75 million related to the Borsa Istanbul market technology agreement. See “Cost Method Investments,” of Note 6, “Investments,” for further discussion.
- (2) Technology Solutions deferred revenues primarily include revenues from our Market Technology delivered client contracts in the support phase charged during the period and our Corporate Solutions subscription based contracts, which are primarily billed quarterly in advance. For our Market Technology contracts, where customization and significant modifications to the software are made to meet the needs of our customers, total revenues, as well as costs incurred, are deferred until significant modifications are completed and delivered. Once delivered, deferred revenue and the related deferred costs are recognized over the post contract support period. For these Market Technology contracts, we have included the deferral of costs in other current assets and other non-current assets in the Condensed Consolidated Balance Sheets. The amortization of Technology Solutions deferred revenue primarily includes revenues earned from Market Technology client contracts and Corporate Solutions subscription based contracts recognized during the period.

8. Debt Obligations

As discussed in “ASU 2015-03,” of Note 2, “Basis of Presentation and Principles of Consolidation,” we elected to early adopt ASU 2015-03 which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability rather than an asset. As of September 30, 2015, we have reclassified debt issuance costs associated with our debt obligations from other non-current assets to debt obligations. In accordance with ASU 2015-03, prior year amounts have been reclassified

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to conform to the current year classification, resulting in an adjustment to debt obligations of \$16 million for the year ended December 31, 2014.

The following table presents the changes in the carrying amount of our debt obligations during the nine months ended September 30, 2015:

	December 31, 2014	Additions	Payments, Conversions, Accretion and Other	September 30, 2015
	(in millions)			
5.55% senior unsecured notes due January 15, 2020 (1) (2)	\$ 596	\$ -	\$ 1	\$ 597
5.25% senior unsecured notes due January 16, 2018 (1) (2)	368	-	-	368
3.875% senior unsecured notes due June 7, 2021 (1) (2)	720	-	(55)	665
4.25% senior unsecured notes due June 1, 2024 (1) (2)	494	-	1	495
\$750 million revolving credit commitment due November 25, 2019 (average interest rate of 1.50% for the period January 1, 2015 through June 30, 2015)(3)	119	366	(175)	310
Total debt obligations	2,297	366	(228)	2,435
Less current portion	-	(20)	-	(20)
Total long-term debt obligations	\$ 2,297	\$ 346	\$ (228)	\$ 2,415

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

(2) Net of unamortized debt discount and debt issuance costs.

(3) Net of unamortized debt issuance costs. See “2014 Credit Facility” below for further discussion.

Senior Unsecured Notes

5.55% Senior Unsecured Notes

In January 2010, Nasdaq issued \$600 million aggregate principal amount of 5.55% senior notes due January 15, 2020, or the 2020 Notes, at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of September 30, 2015, the balance of \$597 million reflects the aggregate principal amount, less the unamortized debt discount and the unamortized debt issuance costs. The unamortized debt discount and the unamortized debt issuance costs are being accreted through interest expense over the life of the 2020 Notes.

The 2020 Notes pay interest semiannually at a rate of 5.55% per annum until January 15, 2020. The 2020 Notes are general unsecured obligations of ours and rank equally with all of our existing and future unsubordinated obligations. The 2020 Notes are not guaranteed by any of our subsidiaries. The 2020 Notes were issued under indentures that, among other things, limit our ability to consolidate, merge or sell all or substantially all of our assets, create liens, and enter into sale and leaseback transactions.

5.25% Senior Unsecured Notes

In December 2010, Nasdaq issued \$370 million of 5.25% senior unsecured notes due January 16, 2018, or the 2018 Notes. The 2018 Notes were issued at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of September 30, 2015, the balance of \$368 million reflects the aggregate principal amount, less the unamortized debt discount and the unamortized debt issuance costs. The unamortized debt discount and the unamortized debt issuance costs are being accreted through interest expense over the life of the 2018 Notes.

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

3.875% Senior Unsecured Notes

In June 2013, Nasdaq issued €600 million aggregate principal amount of 3.875% senior unsecured notes due June 7, 2021, or the 2021 Notes, at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of September 30, 2015, the balance of \$665 million reflects the aggregate principal amount, less the unamortized debt discount and the unamortized debt issuance costs. The unamortized debt discount and the unamortized debt issuance costs are being accreted through interest expense over the life of the 2021 Notes.

The 2021 Notes pay interest annually at a rate of 3.875% per annum until June 7, 2021 and such rate may vary with Nasdaq's debt rating up to a rate not to exceed 5.875%. The 2021 Notes are general unsecured obligations of ours and rank equally with all of

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our existing and future unsubordinated obligations. They are not guaranteed by any of our subsidiaries. The 2021 Notes were issued under indentures that among other things, limit our ability to consolidate, merge or sell all or substantially all of our assets, create liens, and enter into sale and leaseback transactions. In addition, upon a change of control triggering event (as defined in the indenture), the terms require us to repurchase all or part of each holder's notes for cash equal to 101% of the aggregate principal amount purchased plus accrued and unpaid interest, if any.

The 2021 Notes have been designated as a hedge of our net investment in certain foreign subsidiaries to mitigate the foreign exchange risk associated with certain investments in these subsidiaries. The decrease in the carrying amount of \$55 million noted in the "Payments, Conversions, Accretion and Other" column in the table above reflects the translation of the 2021 Notes into U.S. dollars and is recorded in accumulated other comprehensive loss in the Condensed Consolidated Balance Sheets for the nine months ended September 30, 2015.

4.25% Senior Unsecured Notes

In May 2014, Nasdaq issued \$500 million of 4.25% senior unsecured notes due June 1, 2024, or the 2024 Notes. The 2024 Notes were issued at a discount. As a result of the discount, the proceeds received from the issuance were less than the aggregate principal amount. As of September 30, 2015, the balance of \$495 million reflects the aggregate principal amount, less the unamortized debt discount and the unamortized debt issuance costs. The unamortized debt discount and the unamortized debt issuance costs are being accreted through interest expense over the life of the 2024 Notes.

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

Credit Facilities

2014 Credit Facility

In November 2014, Nasdaq entered into a \$750 million senior unsecured five-year credit facility which matures on November 25, 2019, or the 2014 Credit Facility. The 2014 Credit Facility consists of a \$750 million revolving credit commitment (with sublimits for non-dollar borrowings, swingline borrowings and letters of credit). In January 2015, we used cash on hand and borrowed \$100 million under the revolving credit commitment of the 2014 Credit Facility to fund our acquisition of DWA. During the first nine months of 2015, we borrowed \$366 million for general corporate purposes. See Note 4, "Acquisition," for further discussion of the DWA acquisition. During the nine months ended September 30, 2015, we repaid \$176 million under the revolving credit commitment of the 2014 Credit Facility. As of September 30, 2015, the balance of \$310 million reflects the outstanding amount under the 2014 Credit Facility, less the unamortized debt issuance costs. The unamortized debt issuance costs are being accreted through interest expense over the life of the 2014 Credit Facility.

The loans under the 2014 Credit Facility have a variable interest rate based on either the London Interbank Offered Rate, or LIBOR, or the base rate (as defined in the credit agreement) (or other applicable rate with respect to non-dollar borrowings), plus an applicable margin that varies with Nasdaq's debt rating. The Credit Agreement includes an option for Nasdaq to propose an increase in the available aggregate amount by up to \$500 million, subject

to the consent of the lenders funding the increase and certain other conditions.

The 2014 Credit Facility contains financial and operating covenants. Financial covenants include an interest expense coverage ratio and a maximum leverage ratio. Operating covenants include limitations on Nasdaq's ability to incur additional indebtedness, grant liens on assets, enter into affiliate transactions and pay dividends. Our 2014 Credit Facility allows us to pay cash dividends on our common stock. The 2014 Credit Facility also contains customary affirmative covenants, including access to financial statements, notice of defaults and certain other material events, maintenance of business and insurance, and events of default, including cross-defaults to our material indebtedness.

Nasdaq is permitted to repay borrowings under the 2014 Credit Facility at any time in whole or in part, without penalty. We are also required to repay loans outstanding under the 2014 Credit Facility with net cash proceeds from sales of property and assets of Nasdaq and its subsidiaries (excluding inventory sales and other sales in the ordinary course of business) and casualty and condemnation proceeds, in each case subject to specified exceptions and thresholds.

Other Credit Facilities

In addition to the revolving credit commitment under our 2014 Credit Facility discussed above, we have credit facilities related to our Nordic clearing operations in order to provide further liquidity and default protection. At September 30, 2015, credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$204 million in available liquidity, none of which was

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utilized. At December 31, 2014, credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$236 million (\$197 million in available liquidity and \$39 million for default protection), of which \$7 million was utilized.

Debt Covenants

At September 30, 2015, we were in compliance with the covenants of all of our debt obligations.

9. Employee Benefits

U.S. Defined-Benefit Pension and Supplemental Executive Retirement Plans

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

Our pension plans and SERPs are frozen. Future service and salary for all participants do not count toward an accrual of benefits under the pension plans and SERPs. As such, net periodic benefit cost was immaterial for both the three and nine months ended September 30, 2015 and 2014.

Non-U.S. Benefit Plans

Most employees outside the U.S. are covered by local retirement plans or by applicable social laws. Benefits under social laws are generally expensed in the periods in which the costs are incurred. These costs are included in compensation and benefits expense in the Condensed Consolidated Statements of Income and were \$4 million for the three months ended September 30, 2015, \$5 million for the three months ended September 30, 2014, \$13 million for the nine months ended September 30, 2015, and \$15 million for the nine months ended September 30, 2014.

U.S. Defined Contribution Savings Plan

We sponsor a voluntary defined contribution savings plan, or 401(k) Plan, for U.S. employees. Employees are immediately eligible to make contributions to the plan and are also eligible for an employer contribution match at an amount equal to 100.0% of the first 6.0% of eligible employee contributions. Savings plan expense included in compensation and benefits expense in the Condensed Consolidated Statements of Income was \$3 million for the three months ended September 30, 2015, \$2 million for the three months ended September 30, 2014, \$8 million for the nine months ended September 30, 2015, and \$7 million for the nine months ended September 30, 2014.

Prior to 2015, we had a profit-sharing contribution feature to our 401(k) Plan which allowed eligible U.S. employees to receive employer retirement contributions, or ERCs, when we met our annual corporate goals. In addition, we had a supplemental ERC for select highly compensated employees whose ERCs were limited by the annual Internal Revenue Service compensation limit. In December 2013, we announced changes to the ERC program. In 2014, we reduced the basic ERC contribution for all plan participants and, effective January 1, 2015, the ERC plan was discontinued and no future contributions will be made.

Employee Stock Purchase Plan

We have an employee stock purchase plan, or ESPP, under which approximately 2.7 million shares of our common stock have been reserved for future issuance as of September 30, 2015.

Our ESPP allows eligible U.S. and non-U.S. employees to purchase a limited number of shares of our common stock at six-month intervals, called offering periods, at 85.0% of the lower of the fair market value on the first or the last day of each offering period. The 15.0% discount given to our employees is included in compensation and benefits expense in the Condensed Consolidated Statements of Income and was \$1 million for both the three months ended September 30, 2015 and 2014 and \$3 million for both the nine months ended September 30, 2015 and 2014.

10. Share-Based Compensation

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

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

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stock awards granted vest 25% on the second anniversary of the grant date, 25% on the third anniversary of the grant date, and 50% on the fourth anniversary of the grant date. The grant date fair value of restricted stock awards is based on the closing price at the date of grant less the present value of future cash dividends.

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

We also have a performance-based long-term incentive program for our chief executive officer, presidents, executive vice presidents and senior vice presidents that focuses on total shareholder return, or TSR. This program represents 100% of our chief executive officer's, presidents' and executive vice presidents' long-term stock-based compensation and 50% of our senior vice presidents' long-term stock-based compensation. Under the program, each individual receives PSUs with a three-year cumulative performance period that vest at the end of the performance period. Performance will be determined by comparing Nasdaq's TSR to two peer groups, each weighted 50%. The first peer group consists of exchange companies, and the second peer group consists of all companies in the Standard & Poor's 500 Index. Nasdaq's relative performance ranking against each of these groups will determine the final number of shares delivered to each individual under the program. The payout under this program will be between 0% and 200% of the number of PSUs granted and will be determined by Nasdaq's overall performance against both peer groups. However, if Nasdaq's TSR is negative for the three-year performance period, regardless of TSR ranking, the payout will not exceed 100% of the number of PSUs granted. We estimate the fair value of PSU's granted under the TSR program using the Monte Carlo simulation model, as these awards contain a market condition. The following weighted-average assumptions were used to determine the weighted-average fair values of the PSU awards granted under the TSR program during the nine months ended September 30, 2015 and 2014:

	Nine Months Ended September 30,	
	2015	2014
Weighted-average risk free interest rate	0.81%	0.78%
Expected volatility(1)	21.5%	28.4%
Grant date share price	\$ 50.93	\$ 36.94
Weighted-average fair value at grant date	\$ 63.99	\$ 42.80

- (1) We use historic volatility for PSU awards issued under the TSR program, as implied volatility data could not be obtained for all the companies in the peer groups used for relative performance measurement within the TSR program.

In addition, the annual dividend assumption utilized in the Monte Carlo simulation model is based on Nasdaq's dividend yield at the date of the grant.

Summary of 2015 Equity Awards

In March 2015, we granted restricted stock to most active employees. During the first nine months of 2015, certain officers received grants of 605,504 PSUs. Of these PSUs granted, 420,734 units are subject to the performance measures and vesting schedules of the TSR program as discussed above, and the remaining 184,770 units are subject to a one-year performance period and generally vest ratably on an annual basis from December 31, 2016 through December 31, 2018. See "Summary of Restricted Stock and PSU Activity" below for further discussion.

During 2014, certain grants of PSUs with a one-year performance period exceeded the applicable performance parameters. As a result, an additional 21,429 units were considered granted in the first quarter of 2015.

Certain grants of PSUs that were issued in 2012 under the TSR program with a three-year performance period exceeded the applicable performance parameters. As a result, an additional 224,805 units were considered granted in the first quarter of 2015.

Common Shares Available Under Our Equity Plan

As of September 30, 2015, we had approximately 6.8 million shares of common stock authorized for future issuance under Nasdaq's Equity Incentive Plan.

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Summary of Share-Based Compensation Expense

The following table shows the total share-based compensation expense resulting from equity awards and the 15.0% discount for the ESPP for the three and nine months ended September 30, 2015 and 2014 in the Condensed Consolidated Statements of Income:

	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2015	
	2014		2014	
	(in millions)			
Share-based compensation expense before income taxes	\$ 17	\$ 15	\$ 49	\$ 45
Income tax benefit	(7)	(6)	(20)	(19)
Share-based compensation expense after income taxes	\$ 10	\$ 9	\$ 29	\$ 26
Summary of Stock Option Activity				

A summary of stock option activity for the nine months ended September 30, 2015 is as follows:

	Number of Stock Options(1)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2015	3,316,782	\$ 27.56	3.77	\$ 68
Exercised	(492,345)	26.20		
Forfeited or expired	(2,725)	34.40		
Outstanding at September 30, 2015	2,821,712	\$ 27.79	2.90	\$ 72
Exercisable at September 30, 2015	2,821,712	\$ 27.79	2.90	\$ 72

(1) No stock option awards were granted during the nine months ended September 30, 2015.

We received net cash proceeds of \$2 million from the exercise of 59,141 stock options during the three months ended September 30, 2015 and received net cash proceeds of \$13 million from the exercise of 492,345 stock options during the nine months ended September 30, 2015. We received net cash proceeds of \$11 million from the exercise of 527,225 stock options during the three months ended September 30, 2014 and received net cash proceeds of \$24 million from the exercise of 1,222,139 stock options during the nine months ended September 30, 2014. We present excess tax benefits from the exercise of stock options, if any, as financing cash flows.

The aggregate intrinsic value in the above table represents the total pre-tax intrinsic value (i.e., the difference between our closing stock price on September 30, 2015 of \$53.33 and the exercise price, times the number of shares) based on stock options with an exercise price less than Nasdaq's closing price of \$53.33 as of September 30, 2015, which would

have been received by the option holders had the option holders exercised their stock options on that date. This amount can change based on the fair market value of our common stock. The total number of in-the-money stock options exercisable as of September 30, 2015 was 2.8 million.

As of September 30, 2014, 3.7 million outstanding stock options were exercisable and the weighted-average exercise price was \$27.00.

The total pre-tax intrinsic value of stock options exercised was \$1 million for the three months ended September 30, 2015, \$11 million for the three months ended September 30, 2014, \$12 million for the nine months ended September 30, 2015 and \$24 million for the nine months ended September 30, 2014.

Total fair value of stock options vested was \$11 million for the nine months ended September 30, 2014.

Summary of Restricted Stock and PSU Activity

The following table summarizes our restricted stock and PSU activity for the nine months ended September 30, 2015:

	Restricted Stock		PSUs	
	Number of Awards	Weighted-Average Grant Date Fair Value	Number of Awards	Weighted-Average Grant Date Fair Value
Unvested balances at January 1, 2015	3,193,230	\$ 30.99	2,212,607	\$ 32.69
Granted	798,795 (1)	49.16	851,738 (2)	49.21
Vested	(362,672)	29.89	(837,109)	22.50
Forfeited	(238,386)	33.89	(110,809)	36.66
Unvested balances at September 30, 2015	3,390,967	\$ 35.23	2,116,427	\$ 45.49

(1) Primarily reflects our company-wide equity grant issued in March 2015, as discussed above.

(2) PSUs granted in 2015 reflect awards issued to certain officers, as described above.

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At September 30, 2015, \$101 million of total unrecognized compensation cost related to restricted stock and PSUs is expected to be recognized over a weighted-average period of 1.7 years.

11. Nasdaq Stockholders' Equity

Common Stock

At September 30, 2015, 300,000,000 shares of our common stock were authorized, 166,893,305 shares were issued and 164,077,244 shares were outstanding. The holders of common stock are entitled to one vote per share, except that our certificate of incorporation limits the ability of any person to vote in excess of 5.0% of the then-outstanding shares of Nasdaq common stock.

Common Stock in Treasury, at Cost

We account for the purchase of treasury stock under the cost method with the shares of stock repurchased reflected as a reduction to Nasdaq stockholders' equity and included in common stock in treasury, at cost in the Condensed Consolidated Balance Sheets. When treasury shares are reissued, they are recorded at the average cost of the treasury shares acquired. We held 2,816,061 shares of common stock in treasury as of September 30, 2015 and 1,530,041 shares as of December 31, 2014.

Share Repurchase Program

In the third quarter of 2012, our board of directors authorized the repurchase of up to \$300 million of our outstanding common stock and in the fourth quarter 2014, our board of directors authorized the repurchase of up to an additional \$500 million of our outstanding common stock under our share repurchase program.

These purchases may be made from time to time at prevailing market prices in open market purchases, privately-negotiated transactions, block purchase techniques or otherwise, as determined by our management. The purchases are funded from existing cash balances. The share repurchase program may be suspended, modified or discontinued at any time.

During the first nine months of 2015, we repurchased 6,009,334 shares of our common stock at an average price of \$51.63, for an aggregate purchase price of \$310 million, completing the share repurchase program authorized in the third quarter of 2012. Most shares repurchased under the share repurchase program are retired and cancelled, and the remaining shares are available for general corporate purposes. As of September 30, 2015, the remaining amount authorized for share repurchases under the program was \$226 million.

Other Repurchases of Common Stock

During the nine months ended September 30, 2015, we repurchased 555,300 shares of our common stock in settlement of employee tax withholding obligations due upon the vesting of restricted stock.

Cash Dividends on Common Stock

During the nine months ended September 30, 2015, our board of directors declared the following cash dividends:

Declaration Date	Dividend Per Common Share	Record Date	Total Amount(1) (in millions)	Payment Date
January 26, 2015	\$ 0.15	March 13, 2015	\$ 25	March 27, 2015
April 21, 2015	\$ 0.25	June 12, 2015	\$ 42	June 26, 2015
July 23, 2015	\$ 0.25	September 11, 2015	\$ 41	September 25, 2015

(1) These amounts were recorded in retained earnings in the Condensed Consolidated Balance Sheets at September 30, 2015.

In October 2015, the board of directors declared a regular quarterly cash dividend of \$0.25 per share on our outstanding common stock. The dividend is payable on December 28, 2015 to shareholders of record at the close of business on December 14, 2015. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the board of directors.

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12. Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(in millions, except share and per share amounts)				
Numerator:				
Net income attributable to common shareholders	\$ 138	\$ 123	\$ 280	\$ 328
Denominator:				
Weighted-average common shares outstanding for basic earnings per share	166,903,697	168,587,861	168,203,316	169,184,773
Weighted-average effect of dilutive securities:				
Employee equity awards	3,556,065	3,576,954	3,514,960	3,599,709
Contingent issuance of common stock(1)	992,247	992,247	334,384	330,749
Weighted-average common shares outstanding for diluted earnings per share	171,452,009	173,157,062	172,052,660	173,115,231
Basic and diluted earnings per share:				
Basic earnings per share	\$ 0.83	\$ 0.73	\$ 1.66	\$ 1.94
Diluted earnings per share	\$ 0.80	\$ 0.71	\$ 1.63	\$ 1.89

(1) See “Non-Cash Contingent Consideration,” of Note 15, “Commitments, Contingencies and Guarantees,” for further discussion.

Stock options to purchase 2,821,712 shares of common stock and 5,507,394 shares of restricted stock and PSUs were outstanding at September 30, 2015. For the three months ended September 30, 2015, we included all of the outstanding stock options and 5,496,526 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. For the nine months ended September 30, 2015, we included all of the outstanding stock options and 5,086,010 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. The remaining shares of restricted stock and PSUs are antidilutive, and as such, they were properly excluded.

Stock options to purchase 3,672,919 shares of common stock and 5,880,307 shares of restricted stock and PSUs were outstanding at September 30, 2014. For the three months ended September 30, 2014, we included 3,570,750 of the outstanding stock options and 5,879,265 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. For the nine months ended September 30, 2014, we included 3,541,567 of the outstanding stock options and 5,061,458 shares of restricted stock and PSUs in the computation of diluted earnings per share, on a weighted-average basis, as their inclusion was dilutive. The remaining stock options and shares of restricted stock and PSUs are antidilutive, and as such, they were properly excluded.

13. Fair Value of Financial Instruments

Fair Value Measurement—Definition and Hierarchy

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

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3—Instruments whose significant value drivers are unobservable.

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

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There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the nine months ended September 30, 2015 and the year ended December 31, 2014. The following table presents for each of the above hierarchy levels, our financial assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2015 and December 31, 2014.

September 30, 2015

	Level		Level
Total	1	Level 2	3

(in millions)

Financial Assets Measured at Fair Value on a Recurring Basis

Financial investments, at fair value(1)	\$ 193	\$ 193	\$ -	\$ -
Default fund and margin deposit investments(2)	1,609	600	1,009	-
Total	\$ 1,802	\$ 793	\$ 1,009	\$ -

December 31, 2014

	Level		Level
Total	1	Level 2	3

(in millions)

Financial Assets Measured at Fair Value on a Recurring Basis

Financial investments, at fair value(1)	\$ 174	\$ 171	\$ 3	\$ -
Default fund and margin deposit investments(2)	2,148	664	1,484	-
Total	\$ 2,322	\$ 835	\$ 1,487	\$ -

- (1) As of September 30, 2015 and December 31, 2014, Level 1 financial investments, at fair value were primarily comprised of trading securities, mainly highly rated European government debt securities. Of these securities, \$173 million as of September 30, 2015 and \$159 million as of December 31, 2014 are assets utilized to meet regulatory capital requirements, primarily for the clearing operations of Nasdaq Nordic Clearing. As of December 31, 2014, Level 2 financial investments, at fair value were primarily comprised of available-for-sale investment securities in short-term commercial paper.
- (2) Default fund and margin deposit investments include cash contributions invested by Nasdaq Nordic Clearing, in accordance with its investment policy, either in highly rated European, and to a lesser extent, U.S. government debt securities, time deposits or reverse repurchase agreements with highly rated government debt securities as collateral. Of the total balance of \$2,175 million recorded in the Condensed Consolidated Balance Sheets as of September 30, 2015, \$1,009 million of cash contributions have been invested in reverse repurchase agreements and \$600 million of cash contributions have been invested in highly rated European, and to a lesser extent, U.S. government debt securities. The remainder of this balance is held in cash. Of the total balance of \$2,194 million recorded in the Condensed Consolidated Balance Sheets as of December 31, 2014, \$1,484 million of cash contributions have been invested in reverse repurchase agreements and \$664 million of cash contributions have been invested in highly rated European, and to a lesser extent, U.S. government debt securities and time deposits. The remainder of this balance was held in cash.

Financial Instruments Not Measured at Fair Value on a Recurring Basis

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

In addition, our investments in OCC, EuroCCP N.V. and TOM are accounted for under the equity method of accounting and our investments in Borsa Istanbul and LCH are carried at cost. See “Equity Method Investments,” and “Cost Method Investments,” of Note 6, “Investments,” for further discussion.

We also consider our debt obligations to be financial instruments. The fair value of our debt, utilizing discounted cash flow analyses for our floating rate debt and prevailing market rates for our fixed rate debt, was \$2.6 billion at September 30, 2015 and \$2.5 billion at December 31, 2014. The discounted cash flow analyses are based on borrowing rates currently available to us for debt with similar terms and maturities. Our fixed rate and our floating rate debt is categorized as Level 2 in the fair value hierarchy. For further discussion of our debt obligations, see Note 8, “Debt Obligations.”

14. Clearing Operations

Nordic Clearing

Nasdaq Nordic Clearing is authorized and supervised as a European multi-asset clearinghouse by the Swedish Financial Supervisory Authority, or SFSA, and is authorized to conduct clearing operations in Norway by the Norwegian Ministry of Finance. The clearinghouse acts as the central counterparty, or CCP, for exchange and over-the-counter, or OTC, trades in equity derivatives, fixed income derivatives, power derivatives, carbon derivatives, resale and repurchase contracts, freight derivatives, and seafood derivatives.

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

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

Default Fund Contributions and Margin Deposits

As of September 30, 2015, clearing member default fund contributions and margin deposits were as follows:

	September 30, 2015		
	Cash Contributions	Non-Cash Contributions	Total Contributions
	(in millions)		
Default fund contributions	\$ 359	\$ 92	\$ 451
Margin deposits	1,816	5,391	7,207
Total	\$ 2,175	\$ 5,483	\$ 7,658

- (1) As of September 30, 2015, in accordance with its investment policy, Nasdaq Nordic Clearing has invested cash contributions of \$1,009 million in reverse repurchase agreements and \$600 million in highly rated European, and to a lesser extent, U.S. government debt securities. The remainder of this balance is held in cash.

Default Fund Contributions

Contributions made to the default funds are proportional to the exposures of each clearing member. When a clearing member is active in more than one market, contributions must be made to all markets' default funds in which the member is active. Clearing members' eligible contributions may include cash and non-cash contributions. Cash contributions received are held in cash or invested by Nasdaq Nordic Clearing, in accordance with its investment

policy, either in highly rated government debt securities, time deposits or reverse repurchase agreements with highly rated government debt securities as collateral. Clearing members' cash contributions are included in default funds and margin deposits in the Condensed Consolidated Balance Sheets as both a current asset and a current liability. Non-cash contributions include highly rated government debt securities that must meet specific criteria approved by Nasdaq Nordic Clearing. Non-cash contributions are pledged assets that are not recorded in the Condensed Consolidated Balance Sheets as Nasdaq Nordic Clearing does not take legal ownership of these assets and the risks and rewards remain with the clearing members. These balances may fluctuate over time due to changes in the amount of deposits required and whether members choose to provide cash or non-cash contributions. Assets pledged are held at a nominee account in Nasdaq Nordic Clearing's name for the benefit of the clearing members and are immediately accessible by Nasdaq Nordic Clearing in the event of a default. In addition to clearing members' required contributions to the default funds, Nasdaq Nordic Clearing is also required to contribute capital to the default funds and overall regulatory capital as specified under its clearinghouse rules. As of September 30, 2015, Nasdaq Nordic Clearing committed capital totaling \$131 million to the member sponsored default funds and overall regulatory capital, in the form of government debt securities, which are recorded as financial investments, at fair value in the Condensed Consolidated Balance Sheets. The combined regulatory capital of the clearing members and Nasdaq Nordic Clearing will serve to secure the obligations of a clearing member and may be used to cover losses sustained by a clearing member in the event of a default.

Margin Deposits

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

Nasdaq Nordic Clearing maintains and manages all cash deposits related to margin collateral. All risks and rewards of collateral ownership, including interest, belong to Nasdaq Nordic Clearing. These cash deposits are recorded in default funds and margin

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

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

Regulatory Capital and Risk Management Calculations

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

As mentioned above, Nasdaq Nordic Clearing is the legal counterparty for each contract traded and thereby guarantees the fulfillment of each contract. Nasdaq Nordic Clearing accounts for this guarantee as a performance guarantee. We determine the fair value of the performance guarantee by considering daily settlement of contracts and other margining and default fund requirements, the risk management program, historical evidence of default payments, and the estimated probability of potential default payouts. The calculation is determined using proprietary risk management software that simulates gains and losses based on historical market prices, extreme but plausible market scenarios, volatility and other factors present at that point in time for those particular unsettled contracts. Based on this analysis, the estimated liability was nominal and no liability was recorded as of September 30, 2015.

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

	September 30, 2015 (in millions)
Commodity and seafood options, futures and forwards(1)(2)(3)	\$ 1,785
Fixed-income options and futures(2)(3)	810
Stock options and futures(2)(3)	197
Index options and futures(2)(3)	201
Total	\$ 2,993

(1)

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

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

The total number of derivative contracts cleared through Nasdaq Nordic Clearing for the nine months ended September 30, 2015 and 2014 was as follows:

	September 30, 2015	September 30, 2014
Commodity and seafood options, futures and forwards(1)	2,371,252	1,775,434
Fixed-income options and futures	14,739,280	15,171,646
Stock options and futures	25,166,412	24,426,440
Index options and futures	37,281,580	29,705,046
Total	79,558,524	71,078,566

- (1) The total volume in cleared power related to commodity contracts was 1,077 Terawatt hours (TWh) for the nine months ended September 30, 2015 and 1,150 TWh for the nine months ended September 30, 2014.

The outstanding contract value of resale and repurchase agreements was \$5.9 billion as of September 30, 2015 and \$2.6 billion as of September 30, 2014. The total number of contracts cleared was 5,899,287 for the nine months ended September 30, 2015 and was 3,157,685 for the nine months ended September 30, 2014.

Power of Assessment

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

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Liability Waterfall

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

- junior capital contributed by Nasdaq Nordic Clearing, which totaled \$22 million at September 30, 2015;
- a loss sharing pool related only to the financial market that is contributed to by clearing members and only applies if the defaulting member's portfolio includes interest rate swap products;
- specific market default fund for the market where the loss occurred (i.e., the financial, commodities, or seafood market), which includes capital contributions of both the clearing members and Nasdaq Nordic Clearing on a pro-rata basis;
 - senior capital contributed to each specific market by Nasdaq Nordic Clearing, calculated in accordance with clearinghouse rules, which totaled \$24 million at September 30, 2015; and
- mutualized default fund, which includes capital contributions of both the clearing members and Nasdaq Nordic Clearing on a pro-rata basis.

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

15. Commitments, Contingencies and Guarantees

Guarantees Issued and Credit Facilities Available

In addition to the default fund contributions and margin collateral pledged by clearing members discussed in Note 14, "Clearing Operations," we have obtained financial guarantees and credit facilities which are guaranteed by us through counter indemnities, to provide further liquidity and default protection related to our clearing businesses. Financial guarantees issued to us totaled \$14 million at September 30, 2015 and December 31, 2014. At September 30, 2015, credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$204 million in available liquidity, none of which was utilized. At December 31, 2014, credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$236 million (\$197 million in available liquidity and \$39 million for default protection), of which \$7 million was utilized.

Execution Access LLC is an introducing broker which operates the eSpeed trading platform for U.S. Treasury securities. Execution Access has a clearing arrangement with Cantor Fitzgerald & Co., or Cantor Fitzgerald. As of September 30, 2015, we have contributed \$19 million of clearing deposits to Cantor Fitzgerald in connection with this clearing arrangement. These deposits are recorded in other current assets in our Condensed Consolidated Balance Sheets. Some of the trading activity in Execution Access is cleared by Cantor Fitzgerald through the Fixed Income Clearing Corporation. Execution Access assumes the counterparty risk of clients that do not clear through the Fixed Income Clearing Corporation. Counterparty risk of clients exists for Execution Access between the trade date and the settlement date of the individual transactions, which is one business day. All of Execution Access' obligations under the clearing arrangement with Cantor Fitzgerald are guaranteed by Nasdaq. Counterparties that do not clear through the Fixed Income Clearing Corporation are required to post collateral, provide principal letters, or provide other forms of credit enhancement to Execution Access for the purpose of mitigating counterparty risk.

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

Lease Commitments

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

Other Guarantees

We have provided other guarantees of \$10 million as of September 30, 2015 and \$13 million at December 31, 2014. These guarantees are primarily related to obligations for our rental and leasing contracts as well as performance guarantees on certain Market Technology contracts related to the delivery of software technology and support services. We have received financial guarantees from various financial institutions to support the above guarantees.

In September 2014, we provided a guarantee related to lease obligations for The Nasdaq Entrepreneurial Center Inc., or the Entrepreneurial Center, which opened in the third quarter of 2015. The Entrepreneurial Center is a not-for-profit organization designed to convene, connect and engage aspiring and current entrepreneurs. This entity is not included in the condensed consolidated financial statements of Nasdaq.

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

In connection with the launch of Nasdaq NLX, we entered into agreements with certain members which may have required us to make payments if certain financial goals were achieved. In July 2015, all agreements were settled for an immaterial amount.

Non-Cash Contingent Consideration

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

OCC

In March 2015, in connection with being designated systemically important by the Financial Stability Oversight Council, OCC implemented a capital plan under which the options exchanges that are OCC's stockholders made new capital contributions to OCC, committed to make further capital contributions in the future under certain specified circumstances, and received certain commitments from OCC with respect to future dividend payments and related matters. Certain aspects of the OCC capital plan require approval by the SEC. Under the OCC capital plan, OCC's existing exchange stockholders, including Nasdaq, each contributed a pro-rata share of \$150 million in new equity capital. Nasdaq's capital contribution was \$30 million. OCC's exchange stockholders also committed to provide, as may become necessary from time to time, additional replenishment capital on a pro-rata basis if certain capital thresholds are triggered. For its part, OCC adopted specific policies with respect to fees, customer refunds and stockholder dividends, which envision an annual dividend payment to its stockholders equal to the portion of OCC's after-tax income that exceeds OCC's capital requirements after payment of refunds to OCC's clearing members (with such customer refunds generally to constitute 50% of the portion of OCC's pre-tax income that exceeds OCC's capital requirements). After the SEC staff approved the OCC capital plan and the stockholders made their capital contributions, the plan's further effectiveness was suspended under the applicable SEC rules because certain unrelated parties petitioned the full Commission to reconsider the capital plan's approval. If the SEC staff's approval is reversed or the suspension of the capital plan's effectiveness is not lifted in a timely manner, then the transaction may be reversed and the 2015 capital contributions returned to stockholders.

Escrow Agreements

In connection with a prior acquisition, we entered into an escrow agreement to secure the payment of post-closing adjustments and to ensure other closing conditions. At September 30, 2015, this escrow agreement provides for a potential future payment of \$9 million and is included in other current liabilities in the Condensed Consolidated Balance Sheets.

Routing Brokerage Activities

One of our broker-dealer subsidiaries, Nasdaq Execution Services, LLC provides a guarantee to securities clearinghouses and exchanges under its standard membership agreements, which require members to guarantee the performance of other members. If a member becomes unable to satisfy its obligations to a clearinghouse or exchange, other members would be required to meet its shortfalls. To mitigate these performance risks, the exchanges and

clearinghouses often require members to post collateral, as well as meet certain minimum financial standards. Nasdaq Execution Services' maximum potential liability under these arrangements cannot be quantified. However, we believe that the potential for Nasdaq Execution Services to be required to make payments under these arrangements is unlikely. Accordingly, no contingent liability is recorded in the Condensed Consolidated Balance Sheets for these arrangements.

Litigation

As previously disclosed, we became a party to several legal and regulatory proceedings in 2012, 2013, and 2014 relating to the Facebook IPO that occurred on May 18, 2012.

As described in our Annual Report on Form 10-K for the year ended December 31, 2012, we are named as a defendant in a consolidated matter captioned In re Facebook, Inc., IPO Securities and Derivative Litigation, MDL No. 2389 (S.D.N.Y.). On May 22, 2015, the parties executed a stipulation of settlement, and on June 25, 2015, the court entered an order preliminarily approving the settlement, which remains subject to final court approval.

In our Quarterly Report on Form 10-Q for the period ended March 31, 2013, we identified a demand for arbitration from a member organization seeking indemnification for alleged losses associated with the Facebook IPO. In April 2015, we reached an agreement to settle the claims asserted by the member organization.

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We have established a reserve of \$26 million, which is net of a \$5 million insurance recovery, to cover the costs of these settlements. We anticipate that some or all of the amounts paid from the loss reserve will be reimbursed by applicable insurance coverage.

We also are named as one of many defendants in *City of Providence v. BATS Global Markets, Inc., et al.*, 14 Civ. 2811 (S.D.N.Y.), which was filed on April 18, 2014 in the United States District Court for the Southern District of New York. The district court appointed lead counsel, who filed an amended complaint on September 2, 2014. The amended complaint names as defendants seven national exchanges, as well as Barclays PLC, which operated a private alternative trading system. On behalf of a putative class of securities traders, the plaintiffs allege that the defendants engaged in a scheme to manipulate the markets through high-frequency trading; the amended complaint asserts claims against us under Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Rule 10b-5, as well as under Section 6(b) of the Exchange Act. We filed a motion to dismiss the amended complaint on November 3, 2014. In response, the plaintiffs filed a second amended complaint on November 24, 2014, which names the same defendants and alleges essentially the same violations. We then filed a motion to dismiss the second amended complaint on January 23, 2015. The plaintiffs filed an opposition to our motion to dismiss on March 24, 2015, and we filed a reply brief on May 8, 2015. The court heard oral argument on the motion on June 18, 2015. On August 26, 2015, the district court entered an order dismissing the second amended complaint in its entirety with prejudice, concluding that most of the plaintiffs' theories were foreclosed by absolute immunity and in any event that the plaintiffs failed to state any claim. The plaintiffs have appealed the judgment of dismissal to the United States Court of Appeals for the Second Circuit. Given the preliminary nature of the proceedings, and particularly the fact that the complaints have been dismissed, we are unable to estimate what, if any, liability may result from this litigation. However, we believe (as the district court concluded) that the claims are without merit and intend to litigate the appeal vigorously.

In addition, we are named as one of many exchange defendants in *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3745 (S.D.N.Y.), *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3865 (S.D.N.Y.), and *Lanier v. Bats Exchange Inc.*, 14 Civ. 3866 (S.D.N.Y.), which were filed between May 23, 2014 and May 30, 2014 in the United States District Court for the Southern District of New York. The plaintiff is the same in each of these cases, and the three complaints contain substantially similar allegations. On behalf of a putative class of subscribers for market data provided by national exchanges, the plaintiff alleges that the exchanges provided data more quickly to certain market participants than to others, supposedly in breach of the exchanges' plans for dissemination of market data and subscriber agreements executed under those plans. The complaint asserts contractual theories under state law based on these alleged breaches. On September 29, 2014, we filed a motion to dismiss the complaints. The court heard oral argument on the motion on January 16, 2015. On April 28, 2015, the district court entered an order dismissing the complaints in their entirety with prejudice, concluding that they are foreclosed by the Exchange Act and in any event do not state a claim under the contracts. The plaintiff has appealed the judgment of dismissal to the United States Court of Appeals for the Second Circuit. Given the preliminary nature of the proceedings, and particularly the fact that the complaints have been dismissed, we are unable to estimate what, if any, liability may result from this litigation. However, we believe (as the district court concluded) that the claims are without merit and intend to litigate the appeal vigorously.

As reported in our Quarterly Report on Form 10-Q for the period ended March 31, 2015, we are a defendant in a putative class action, *Rabin v. NASDAQ OMX PHLX LLC, et al.*, No. 15-551 (E.D. Pa.). We intend to file a motion to dismiss the complaint. We believe the claims to be without merit and intend to litigate them vigorously.

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

Tax Audits

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

16. Business Segments

We manage, operate and provide our products and services in four business segments: Market Services, Listing Services, Information Services and Technology Solutions. See Note 1, "Organization and Nature of Operations," to the condensed consolidated financial statements for further discussion of our reportable segments.

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

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segment's operating performance. Since management does not consider intangible asset amortization expense for the purpose of evaluating the performance of the business or its managers or when making decisions to allocate resources, such expenses are shown in corporate items in our management reports. See below for further discussion.

The following table presents certain information regarding these operating segments for the three and nine months ended September 30, 2015 and 2014.

	Market Services (in millions)	Listing Services	Information Services	Technology Solutions	Corporate Items and Eliminations	Consolidated
Three Months Ended September 30, 2015						
Total revenues	\$ 542	\$ 66	\$ 132	\$ 131	\$ -	\$ 871
Transaction-based expenses	(342)	-	-	-	-	(342)
Revenues less transaction-based expenses	200	66	132	131	-	529
Operating income (loss)(1)	\$ 109	\$ 29	\$ 96	\$ 19	\$ (22)	\$ 231
Three Months Ended September 30, 2014						
Total revenues	\$ 510	\$ 59	\$ 114	\$ 135	\$ -	\$ 818
Transaction-based expenses	(321)	-	-	-	-	(321)
Revenues less transaction-based expenses	189	59	114	135	-	497
Operating income (loss)(2)	\$ 98	\$ 25	\$ 84	\$ 23	\$ (23)	\$ 207
Nine Months Ended September 30, 2015						
Total revenues	\$ 1,561	\$ 196	\$ 385	\$ 396	\$ -	\$ 2,538
Transaction-based expenses	(984)	-	-	-	-	(984)
Revenues less transaction-based expenses	577	196	385	396	-	1,554
Operating income (loss)(3)	\$ 310	\$ 86	\$ 277	\$ 52	\$ (250)	\$ 475
Nine Months Ended September 30, 2014						
Total revenues	\$ 1,626	\$ 177	\$ 360	\$ 417	\$ -	\$ 2,580
Transaction-based expenses	(1,031)	-	-	-	-	(1,031)
Revenues less transaction-based expenses	595	177	360	417	-	1,549
Operating income (loss)(4)	\$ 303	\$ 71	\$ 268	\$ 52	\$ (113)	\$ 581

(1) Corporate items and eliminations for the three months ended September 30, 2015 include:

- amortization expense of acquired intangible assets of \$15 million;

- restructuring charges of \$8 million. See Note 3, “Restructuring Charges,” for further discussion;
- merger and other strategic initiatives costs of \$4 million primarily related to certain strategic initiatives and our acquisition of DWA, partially offset by an;
- insurance recovery of \$5 million. See “Litigation,” of Note 15, “Commitments, Contingencies and Guarantees,” for further discussion.

(2) Corporate items and eliminations for the three months ended September 30, 2014 primarily include:

- amortization expense of acquired intangible assets of \$17 million; and
- merger and strategic initiatives expense of \$5 million primarily related to the acquisition of the TR Corporate businesses and other strategic initiatives.

(3) Corporate items and eliminations for the nine months ended September 30, 2015 include:

- restructuring charges of \$160 million. See Note 3, “Restructuring Charges,” for further discussion;
- amortization expense of acquired intangible assets of \$46 million;
- special legal expense of \$26 million, which is net of a \$5 million insurance recovery. See “Litigation,” of Note 15, “Commitments, Contingencies and Guarantees,” for further discussion;
- reversal of previously recorded VAT receivables no longer deemed collectible of \$12 million; and
- merger and other strategic initiatives costs of \$7 million primarily related to certain strategic initiatives and our acquisition of DWA.

(4) Corporate items and eliminations for the nine months ended September 30, 2014 primarily include:

- amortization expense of acquired intangible assets of \$53 million;

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- merger and strategic initiatives expense of \$46 million primarily related to the acquisition of the TR Corporate businesses and other strategic initiatives.
- loss on debt extinguishment of \$9 million; and
- special legal expense of \$2 million.

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

17. Subsequent Events

In October 2015, we acquired full ownership of NPM following the acquisition of the minority stake that was previously held by SharesPost, Inc. In addition, in October 2015, we, through our subsidiary NPM, acquired SecondMarket Solutions, Inc., a recognized innovator in facilitating liquidity for private company securities.

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

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

Business Overview

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

Business Segments

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

See Note 1, "Organization and Nature of Operations," to the condensed consolidated financial statements for further discussion of our reportable segments and Note 16, "Business Segments," to the condensed consolidated financial statements for discussion of how management allocates resources, assesses performance and manages these businesses as four separate segments.

Business Environment

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

- Trading volumes in equity derivative, cash equity, and FICC, which are driven primarily by overall macroeconomic conditions;
- The number of companies seeking equity financing, which is affected by factors such as investor demand, the global economy, availability of diverse sources of financing as well as tax and regulatory policies;
- The demand for information about, or access to, our markets, which is dependent on the products we trade, our importance as a liquidity center, and the quality and pricing of our data and access services;
- The demand by companies and other organizations for the products sold by our Corporate Solutions business, which is largely driven by the overall state of the economy and the attractiveness of our offerings;
 - The demand for licensed exchange traded products and other financial products based on our indexes as well as changes to the underlying assets associated with existing licensed financial products;
- The challenges created by the automation of market data consumption, including competition and the quickly evolving nature of the data business;
- The outlook of our technology customers for capital market activity;

- Continuing pressure in transaction fee pricing due to intense competition in the U.S. and Europe;
- Competition for listings and trading related to pricing, product features and service offerings;
- Regulatory changes relating to market structure or affecting certain types of instruments, transactions, pricing structures or capital market participants; and
- Technological advances and members' demand for speed, efficiency, and reliability.

Currently our business drivers are defined by investors' and companies' cautiously optimistic outlook about the pace of global economic recovery. As the global economy adjusts to further monetary stimulus in Europe and Asia, we continue to experience modest annual growth in many of our non-transactional businesses. Since a number of significant structural and political issues continue to confront the global economy, sustained instability could return at any time, resulting in an increased level of market volatility, oscillating trading volumes, and a return of market uncertainty. Furthermore, many of the largest customers of our transactional businesses continue to adapt their business models as they address the implementation of regulatory changes initiated following the global financial crisis. Market volatility surged during the third quarter of 2015 but has since returned to lower levels typical for most of the year. As a result of the market volatility in the third quarter of 2015, our U.S. and European cash equity trading businesses experienced increases in volume. However, our U.S. equity derivative business experienced a decrease in volume while our

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European equity derivative business experienced an increase in volume. Volatility during the third quarter of 2015 led to a decline in the number of U.S. IPOs during August and September. Additional impacts on our business drivers included the international enactment and implementation of new legislative and regulatory initiatives, the evolution of market participants' trading behavior, and the continued rapid progression and deployment of new technology in the financial services industry. The business environment that influenced our financial performance for the third quarter of 2015 may be characterized as follows:

- A slower pace of new equity issuance in the U.S. with 35 IPOs on The NASDAQ Stock Market in the third quarter of 2015, down from 41 in the third quarter of 2014. IPO activity improved in the Nordics with 7 IPOs in the third quarter of 2015 compared with 5 IPOs in third quarter of 2014 on the Nasdaq Nordic and Nasdaq Baltic exchanges;
 - Average daily matched equity options volume for our three U.S. options exchanges decreased 4.2% in the third quarter of 2015 compared with the same period in 2014. Overall average daily U.S. options volume increased 8.8% while our combined matched market share for our three U.S. options exchanges decreased by 3.2 percentage points;
- Matched share volume for all of our U.S. cash equity markets increased by 24.1%, while average daily U.S. share volume increased by 28.9% relative to the same period in 2014. Volatility, often a driver of volume levels, was elevated in the third quarter of 2015 and led to higher matched share volumes. Although matched share volume increased, matched market share decreased from 19.6% in the third quarter of 2014 (NASDAQ 16.6%; Nasdaq BX 2.5%; Nasdaq PSX 0.5%) to 18.8% in the third quarter of 2015 (NASDAQ 15.7%; Nasdaq BX 2.1%; Nasdaq PSX 1.0%);
- Continuous cost focus in the industry has further increased the growth of our Nasdaq Basic product. The number of Nasdaq Basic subscribers increased 8.0% in the third quarter of 2015 compared with the same period in 2014;
- A 33.5% increase relative to the third quarter of 2014 in the average daily number of cash equity trades on our Nordic and Baltic exchanges;
- A 34.5% increase relative to the third quarter of 2014 in the SEK value of cash equity transactions on our Nordic and Baltic exchanges;
- A 21.6% decline in U.S. fixed income notional trading volume, a 53.1% increase in average daily Nordic and Baltic fixed income derivative contracts, and a 2.4% decline in total cleared power contracts for the quarter;
- A 3.2% increase in the average daily number of options and futures contracts traded on our Nordic and Baltic exchanges relative to the third quarter of 2014 (including Finnish option contracts traded on EUREX Group);
- Intense competition among U.S. exchanges and dealer-owned systems for cash equity trading volume and strong competition between multilateral trading facilities and exchanges in Europe for cash equity trading volume;
- Globalization of exchanges, customers and competitors extending the competitive horizon beyond national markets; and
- Market trends requiring continued investment in technology to meet customers' and regulators' demands as markets adapt to a global financial industry, as increasing numbers of new companies are created, and as emerging countries show ongoing interest in developing their financial markets.

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Financial Summary

The following table summarizes our financial performance for the three and nine months ended September 30, 2015 when compared with the same periods in 2014.

	Three Months Ended September 30, 2015		Percentage Change	Nine Months Ended September 30, 2015		Percentage Change
	(in millions, except per share amounts)			(in millions, except per share amounts)		
Revenues less transaction-based expenses	\$ 529	\$ 497	6.4%	\$ 1,554	\$ 1,549	0.3%
Operating expenses	298	290	2.8%	1,079	968	11.5%
Operating income	231	207	11.6%	475	581	(18.2)%
Interest expense	28	29	(3.4)%	83	88	(5.7)%
Income before income taxes	206	179	15.1%	411	497	(17.3)%
Income tax provision	68	56	21.4%	132	170	(22.4)%
Net income attributable to Nasdaq	\$ 138	\$ 123	12.2%	\$ 280	\$ 328	(14.6)%
Diluted earnings per share	\$ 0.80	\$ 0.71	12.7%	\$ 1.63	\$ 1.89	(13.8)%

In countries with currencies other than the U.S. dollar, revenues and expenses are translated using monthly average exchange rates. The following discussion of results of operations isolates the impact of year-over-year foreign currency fluctuations to better measure the comparability of operating results between periods. Operating results excluding the impact of foreign currency fluctuations are calculated by translating the current period's results by the prior period's exchange rates. Impacts associated with fluctuations in foreign currency are discussed in more detail under "Item 3. Quantitative and Qualitative Disclosures about Market Risk."

The following summarizes significant changes in our financial performance for the three and nine months ended September 30, 2015 when compared with the same periods in 2014:

- Revenues less transaction-based expenses increased \$32 million, or 6.4%, to \$529 million in the third quarter of 2015, compared with \$497 million in the same period in 2014, reflecting an operational increase in revenues of \$55 million, partially offset by an unfavorable impact from foreign exchange of \$23 million. The increase in operational revenues was primarily due to an:
 - increase in Cash Equity Trading revenues less transaction-based expenses of \$20 million, primarily from U.S. cash equity trading;
 - increase in Data Products revenues of \$14 million, primarily from U.S. data products;
 - increase in Listing Services revenues of \$10 million; and
 - increase in Index Licensing and Services revenues of \$7 million.

- Revenues less transaction-based expenses increased \$5 million, or 0.3%, to \$1,554 million in the first nine months of 2015, compared with \$1,549 million in the same period in 2014, reflecting an operational increase in revenues of \$87 million, partially offset by unfavorable impact from foreign exchange of \$82 million. The increase in operational revenues was primarily due to an:
- increase in Cash Equity Trading revenues less transaction-based expenses of \$38 million, from both U.S. and European cash equity trading;
- increase in Listing Services revenues of \$29 million;
- increase in Data Products revenues of \$20 million, primarily from U.S. data products; and
- increase in Index Licensing and Services revenues of \$17 million, partially offset by a;
- decrease in FICC revenues less transaction-based expenses of \$15 million; and
- decrease in Equity Derivative Trading and Clearing revenues less transaction-based expenses of \$7 million, primarily from U.S. Equity Derivative Trading and Clearing revenues less transaction-based expenses.
- Operating expenses increased \$8 million, or 2.8%, to \$298 million in the third quarter of 2015, compared with \$290 million in the same period of 2014, reflecting an operational increase of \$26 million, partially offset by a favorable impact from foreign exchange of \$18 million. The increase in operational expenses was primarily due to an increase in compensation and benefit expense and restructuring and other charges, partially offset by a decrease in general, administrative and other expense.
- Operating expenses increased \$111 million, or 11.5%, to \$1,079 million in the first nine months of 2015, compared with \$968 million in the same period of 2014, reflecting an operational increase of \$175 million, partially offset by a favorable impact from foreign exchange of \$64 million. The increase in operational expenses was primarily due to restructuring charges of \$160 million, and increases in compensation and benefits expense and computer operations and data communications expense. These increases were partially offset by a decrease in merger and strategic initiatives expense.

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- Income tax provision was \$68 million in the third quarter of 2015 compared with \$56 million in the same period of 2014, an increase of \$12 million. The increase was primarily due to adjustments related to prior year tax return liabilities which resulted in an increase to the tax provision. In addition, in the third quarter of 2014, we recorded adjustments related to prior year tax return liabilities which resulted in a decrease to the tax provision.
- Income tax provision was \$132 million in the first nine months of 2015 compared with \$170 million in the same period of 2014, a decrease of \$38 million. The decrease was primarily due to a decline in income before income taxes.

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

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Nasdaq's Operating Results

Key Drivers

The following table includes key drivers for each of our segments. In evaluating the performance of our business, our senior management closely watches these key drivers.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Market Services				
Equity Derivative Trading and Clearing				
U.S. Equity Options				
Total industry average daily volume (in millions)	16.0	14.7	14.9	15.0
Nasdaq PHLX matched market share	15.8%	16.3%	16.6%	16.0%
The NASDAQ Options Market matched market share	6.7%	9.5%	7.6%	10.1%
Nasdaq BX Options Market matched market share	0.9%	0.8%	0.8%	0.9%
Total matched market share executed on Nasdaq's exchanges	23.4%	26.6%	25.0%	27.0%
Nasdaq Nordic and Nasdaq Baltic options and futures				
Total average daily volume options and futures contracts(1)	336,392	325,950	378,435	351,025
Cash Equity Trading				
Total U.S.-listed securities				
Total industry average daily share volume (in billions)	7.32	5.68	6.86	6.21
Matched share volume (in billions)	88.2	71.1	245.5	235.2
Matched market share executed on NASDAQ	15.7%	16.6%	16.1%	16.9%
Matched market share executed on Nasdaq BX	2.1%	2.5%	1.9%	2.7%
Matched market share executed on Nasdaq PSX	1.0%	0.5%	1.0%	0.5%
Total matched market share executed on Nasdaq's exchanges	18.8%	19.6%	19.0%	20.1%
Market share reported to the FINRA/NASDAQ Trade Reporting Facility	30.2%	32.3%	31.7%	32.4%
Total market share(2)	49.0%	51.9%	50.7%	52.5%
Nasdaq Nordic and Nasdaq Baltic securities				
Average daily number of equity trades executed on Nasdaq's exchanges	405,614	303,902	423,093	338,997
Total average daily value of shares traded (in billions)	\$ 4.4	\$ 4.0	\$ 5.1	\$ 4.9
Total market share executed on Nasdaq's exchanges	69.7%	70.4%	68.8%	69.8%
Fixed Income, Currency and Commodities Trading and Clearing				
Total U.S. fixed income				
U.S. fixed income notional trading volume (in billions)	\$ 7,397	\$ 9,439	\$ 24,043	\$ 28,967
Nasdaq Nordic and Nasdaq Baltic fixed income				
Total average daily volume fixed income contracts	116,563	76,134	109,867	99,018
Nasdaq Commodities				
Power contracts cleared (TWh)(3)	385	376	1,077	1,150
Listing Services				
Initial public offerings				
NASDAQ	35	41	111	139
Exchanges that comprise Nasdaq Nordic and Nasdaq Baltic	7	5	55	27
New listings				

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NASDAQ(4)	80	76	202	232
Exchanges that comprise Nasdaq Nordic and Nasdaq Baltic(5)	9	8	65	49
Number of listed companies				
NASDAQ(6)	2,850	2,746	2,850	2,746
Exchanges that comprise Nasdaq Nordic and Nasdaq Baltic(7)	835	778	835	778
Information Services				
Number of licensed exchange traded products	210	156	210	156
Assets under management (in billions)(8)	\$ 103	\$ 96	\$ 103	\$ 96
Technology Solutions				
Market Technology				
Order intake (in millions)(9)	\$ 83	\$ 28	\$ 154	\$ 127
Total order value (in millions)(10)	\$ 738	\$ 637	\$ 738	\$ 637

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- (1) Includes Finnish option contracts traded on EUREX Group.
- (2) Includes transactions executed on NASDAQ's, Nasdaq BX's and Nasdaq PSX's systems plus trades reported through the FINRA/NASDAQ Trade Report Facility.
- (3) Transactions executed on Nasdaq Commodities or OTC and reported for clearing to Nasdaq Commodities measured by TWh.
- (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) New listings include IPOs and represent companies listed on the Nasdaq Nordic and Nasdaq Baltic exchanges and companies on the alternative markets of Nasdaq First North.
- (6) Number of listed companies for NASDAQ at period end, including separately listed ETFs.
 - (7) Represents companies listed on the Nasdaq Nordic and Nasdaq Baltic exchanges and companies on the alternative markets of Nasdaq First North at period end.
- (8) Represents assets under management in licensed exchange traded products.
- (9) Total contract value of orders signed during the period.
- (10) Represents total contract value of signed orders that are yet to be recognized as revenue. Market Technology deferred revenue, as discussed in Note 7, "Deferred Revenue," to the condensed consolidated financial statements, represents consideration received that is yet to be recognized as revenue for these signed orders.

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Segment Operating Results

Of our total third quarter 2015 revenues less transaction-based expenses of \$529 million, 37.8% was from our Market Services segment, 12.5% was from our Listing Services segment, 25.0% was from our Information Services segment and 24.7% was from our Technology Solutions segment. Of our total third quarter 2014 revenues less transaction-based expenses of \$497 million, 38.0% was from our Market Services segment, 11.9% was from our Listing Services segment, 22.9% was from our Information Services segment and 27.2% was from our Technology Solutions segment.

Of our total first nine months 2015 revenues less transaction-based expenses of \$1,554 million, 37.1% was from our Market Services segment, 12.6% was from our Listing Services segment, 24.8% was from our Information Services segment and 25.5% was from our Technology Solutions segment. Of our total first nine months 2014 revenues less transaction-based expenses of \$1,549 million, 38.4% was from our Market Services segment, 11.4% was from our Listing Services segment, 23.3% was from our Information Services segment and 26.9% was from our Technology Solutions segment.

The following table shows our total revenues by segment, transaction-based expenses for our Market Services segment and total revenues less transaction-based expenses:

	Three Months Ended September 30, 2015 2014			Nine Months Ended September 30, 2015 2014		
	Percentage Change			Percentage Change		
	(in millions)			(in millions)		
Market Services	\$ 542	\$ 510	6.3%	\$ 1,561	\$ 1,626	(4.0)%
Transaction-based expenses	(342)	(321)	6.5%	(984)	(1,031)	(4.6)%
Market Services revenues less transaction-based expenses	200	189	5.8%	577	595	(3.0)%
Listing Services	66	59	11.9%	196	177	10.7%
Information Services	132	114	15.8%	385	360	6.9%
Technology Solutions	131	135	(3.0)%	396	417	(5.0)%
Total revenues less transaction-based expenses	\$ 529	\$ 497	6.4%	\$ 1,554	\$ 1,549	0.3%

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MARKET SERVICES

The following table shows total revenues, transaction-based expenses, and total revenues less transaction-based expenses from our Market Services segment:

	Three Months Ended September 30, 2015 2014 (in millions)			Percentage Change			Nine Months Ended September 30, 2015 2014 (in millions)			Percentage Change		
Market Services Revenues:												
Equity Derivative Trading and Clearing Revenues(1)	\$ 109	\$ 125	(12.8)%				\$ 322	\$ 390	(17.4)%			
Transaction-based expenses:												
Transaction rebates	(53)	(68)	(22.1)%				(166)	(212)	(21.7)%			
Brokerage, clearance and exchange fees(1)	(5)	(7)	(28.6)%				(16)	(23)	(30.4)%			
Equity derivative trading and clearing revenues less transaction-based expenses	51	50	2.0%				140	155	(9.7)%			
Cash Equity Trading Revenues(2)	349	296	17.9%				985	957	2.9%			
Transaction-based expenses:												
Transaction rebates	(202)	(168)	20.2%				(566)	(559)	1.3%			
Brokerage, clearance and exchange fees(2)	(80)	(77)	3.9%				(232)	(234)	(0.9)%			
Cash equity trading revenues less transaction-based expenses	67	51	31.4%				187	164	14.0%			
Fixed Income, Currency and Commodities Trading and Clearing Revenues	25	31	(19.4)%				76	100	(24.0)%			
Transaction-based expenses:												
Transaction rebates	(1)	-	#				(1)	-	#			
Brokerage, clearance and exchange fees	(1)	(1)	-				(3)	(3)	-			
Fixed income, currency and commodities trading and clearing revenues less transaction-based expenses	23	30	(23.3)%				72	97	(25.8)%			
Access and Broker Services Revenues	59	58	1.7%				178	179	(0.6)%			
Total Market Services revenues less transaction-based expenses	\$ 200	\$ 189	5.8%				\$ 577	\$ 595	(3.0)%			

Denotes a variance equal to 100.0%.

(1) Includes Section 31 fees of \$5 million in the third quarter of 2015, \$7 million in the third quarter of 2014, \$14 million in the first nine months of 2015 and \$20 million in the first nine months of 2014. Section 31 fees are recorded as equity derivative trading and clearing revenues with a corresponding amount recorded in transaction-based expenses.

- (2) Includes Section 31 fees of \$74 million in the third quarter of 2015, \$71 million in the third quarter of 2014, \$213 million in the first nine months of 2015 and \$215 million in the first nine months of 2014. Section 31 fees are recorded as cash equity trading revenues with a corresponding amount recorded in transaction-based expenses.

Market Services revenues less transaction-based expenses increased in the third quarter and decreased in the first nine months of 2015 compared with the same periods in 2014. The increase in the third quarter of 2015 was primarily due to an increase in cash equity trading revenues less transaction-based expenses, partially offset by a decrease in FICC revenues less transaction-based expenses. The decrease in the first nine months of 2015 was primarily due to a decrease in (i) FICC revenues less transaction-based expenses and (ii) equity derivative trading and clearing revenues less transaction-based expenses, partially offset by an increase in cash equity trading revenues less transaction-based expenses. Market Services revenues included an unfavorable impact from foreign exchange of \$11 million in the third quarter of 2015 and \$39 million in the first nine months of 2015.

Equity Derivative Trading and Clearing Revenues

Equity derivative trading and clearing revenues decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014. The decrease in the third quarter was primarily due to a decline in overall market share at our three U.S. options exchanges, a decrease in average gross capture and an unfavorable impact from foreign exchange of \$2 million, partially offset by an increase in U.S. industry trading volumes and an increase in trading volumes in our European products. The decrease in the first nine months of 2015 was primarily due to a decline in overall market share at our three U.S. options exchanges, a decrease in gross capture and an unfavorable impact from foreign exchange of \$8 million, partially offset by an increase in trading volumes in our European products.

Equity derivative trading and clearing revenues less transaction-based expenses increased slightly in the third quarter and decreased in the first nine months of 2015 compared with the same periods in 2014. The increase in the third quarter was primarily

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due to higher U.S. and European industry trading volumes and higher average net capture, partially offset by a decline in overall market share at our three U.S. options exchanges and an unfavorable impact from foreign exchange of \$2 million. The decrease in the first nine months was primarily due to a decline in overall market share at our three U.S. options exchanges, declines in U.S. average net capture and an unfavorable impact from foreign exchange of \$8 million, partially offset by an increase in European trading volumes.

Section 31 fees are recorded as equity derivative trading and clearing revenues with a corresponding amount recorded as transaction-based expenses. In the U.S., we are assessed these fees from the SEC and pass them through to our customers in the form of incremental fees. Pass-through fees can increase or decrease due to rate changes by the SEC, our percentage of the overall industry volumes processed on our systems, and differences in actual dollar value of shares traded. Since the amount recorded in revenues is equal to the amount recorded as transaction-based expenses, there is no impact on our revenues less transaction-based expenses. Section 31 fees were \$5 million in the third quarter of 2015, \$7 million in the third quarter of 2014, \$14 million in the first nine months of 2015 and \$20 million in the first nine months of 2014. The decrease in the third quarter compared with the same period in 2014 was primarily due to a decline in SEC fee rates, partially offset by higher dollar value traded. The decrease in the first nine months of 2015 compared with the same period in 2014 was primarily due to lower dollar value traded.

Transaction rebates, in which we credit a portion of the per share execution charge to the market participant, decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014. The decrease in the third quarter was primarily due to a decrease in overall rebate capture, a decline in overall market share at our three U.S. options exchanges, partially offset by an increase in U.S. industry trading volumes. The decrease in the first nine months of 2015 was primarily due to a decrease in overall rebate capture and a decline in overall market share at our three U.S. options exchanges.

Brokerage, clearance and exchange fees decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to lower Section 31 pass-through fees and a decline in volume routed.

Cash Equity Trading Revenues

Cash equity trading revenues increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to higher U.S. and European industry trading volumes, partially offset by a decrease in our overall U.S. matched market share, and an unfavorable impact from foreign exchange of \$4 million in the third quarter of 2015 and \$15 million in the first nine months of 2015.

Cash equity trading revenues less transaction-based expenses increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to higher U.S. and European industry trading volumes and higher average net capture, partially offset by a decrease in our overall U.S. matched market share and an unfavorable impact from foreign exchange of \$4 million in the third quarter of 2015 and \$15 million in the first nine months of 2015.

Similar to equity derivative trading and clearing, in the U.S. we record Section 31 fees as cash equity trading revenues with a corresponding amount recorded as transaction-based expenses. 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 as transaction-based expenses, there is no impact on our revenues less transaction-based expenses. Section 31 fees were \$74 million in the third quarter of 2015, \$71 million in the third quarter of 2014, \$213 million in the first nine months of 2015 and \$215 million in the first nine months of 2014. The increase in the third quarter of 2015 was primarily due to higher dollar value traded on Nasdaq's trading systems. The decrease in the first

nine months of 2015 was primarily due to lower SEC fee rates, partially offset by higher dollar value traded.

For NASDAQ and Nasdaq PSX, we credit a portion of the per share execution charge to the market participant that provides the liquidity and for Nasdaq BX, we credit a portion of the per share execution charge to the market participant that removes the liquidity. These transaction rebates increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to an increase in U.S. industry trading volumes, partially offset by a decline in rebate capture and a decrease in our overall U.S. matched market share.

Brokerage, clearance and exchange fees increased in the third quarter and decreased in the first nine months of 2015 compared with the same periods in 2014. The increase in the third quarter is primarily due to an increase in Section 31 pass-through fees and the decrease in the first nine months is primarily due to a decline in Section 31 pass-through fees.

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FICC Revenues

FICC revenues less transaction-based expenses decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to volume declines in U.S. fixed income and commodities products, a decrease related to a scheduled contract termination of an eSpeed technology licensing customer, and an unfavorable impact from foreign exchange of \$3 million in the third quarter of 2015 and \$10 million in the first nine months of 2015.

Access and Broker Services Revenues

Access and Broker Services revenues increased slightly in the third quarter and decreased slightly in the first nine months of 2015 compared with the same periods in 2014. The increase in the third quarter was primarily due to an increase in customer demand for network connectivity, partially offset by an unfavorable impact from foreign exchange of \$2 million. The decrease in the first nine months was primarily due to an unfavorable impact from foreign exchange of \$6 million, partially offset by an increase in customer demand for network connectivity.

LISTING SERVICES

The following table shows revenues from our Listing Services segment:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Percentage Change	2015	2014	Percentage Change
	(in millions)			(in millions)		
Listing Services revenues	\$ 66	\$ 59	11.9%	\$ 196	\$ 177	10.7%

Listing Services revenues increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to an increase in U.S. listing services revenues. The increase in U.S. listing services revenues for both periods was primarily due to an increase in annual listing fees as a result of pricing actions and an increase in the number of listed companies. The number of NASDAQ listed companies was 2,850 as of September 30, 2015 compared with 2,746 as of September 30, 2014. European listing services revenues were flat in the third quarter of 2015 and decreased in the first nine months of 2015 when compared with the same periods in 2014 as an increase in the number of listed companies and higher annual fees was offset by an unfavorable impact from foreign exchange of \$3 million in the third quarter of 2015 and \$10 million in the first nine months of 2015.

INFORMATION SERVICES

The following table shows revenues from our Information Services segment:

	Three Months Ended September 30, 2015 2014 Percentage Change			Nine Months Ended September 30, 2015 2014 Percentage Change		
	(in millions)			(in millions)		
Information Services Revenues:						
Data Products revenues	\$ 103	\$ 92	12.0%	\$ 302	\$ 293	3.1%
Index Licensing and Services revenues	29	22	31.8%	83	67	23.9%
Total Information Services revenues	\$ 132	\$ 114	15.8%	\$ 385	\$ 360	6.9%

Information Services

Information Services revenues increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 due to an increase in both Data Products revenues and Index Licensing and Services revenues, partially offset by an unfavorable impact from foreign exchange.

Data Products Revenues

Data products revenues increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to higher customer demand for U.S. proprietary data products, higher audit collections and the inclusion of revenues associated with the acquisition of DWA in January 2015, partially offset by an unfavorable impact from foreign exchange of \$3 million in the third quarter and \$11 million in the first nine months of 2015.

Index Licensing and Services Revenues

Index Licensing and Services revenues increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014. These increases were primarily due to the inclusion of revenues associated with the acquisition of DWA in January 2015 and higher revenues derived from exchange traded products licensed to Nasdaq indexes, reflecting increases in assets under management in listed products.

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TECHNOLOGY SOLUTIONS

The following table shows revenues from our Technology Solutions segment:

	Three Months Ended September 30, 2015 2014 Percentage Change			Nine Months Ended September 30, 2015 2014 Percentage Change		
	(in millions)			(in millions)		
Technology Solutions Revenues:						
Corporate Solutions revenues	\$ 72	\$ 75	(4.0)%	\$ 223	\$ 236	(5.5)%
Market Technology revenues	59	60	(1.7)%	173	181	(4.4)%
Total Technology Solutions revenues	\$ 131	\$ 135	(3.0)%	\$ 396	\$ 417	(5.0)%

Technology Solutions

Technology Solutions revenues decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 due to decreases in both Corporate Solutions and Market Technology revenues. Technology Solutions revenues included an unfavorable impact from foreign exchange of \$6 million in the third quarter of 2015 and \$21 million in the first nine months of 2015.

Corporate Solutions Revenues

Corporate Solutions revenues decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to a decline in the demand for our investor relations products and an unfavorable impact from foreign exchange of \$2 million in the third quarter of 2015 and \$8 million in the first nine months of 2015.

Market Technology Revenues

Market Technology revenues decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to an unfavorable impact from foreign exchange of \$4 million in the third quarter of 2015 and \$13 million in the first nine months of 2015 and lower software license and support revenues in the first nine months of 2015. Partially offsetting these decreases were operational increases in software as a service revenues primarily reflecting higher broker surveillance revenues and higher risk management solutions revenues.

Total Order Value

As of September 30, 2015, total order value, which represents the total contract value of orders signed that are yet to be recognized as revenues, was \$738 million. Market Technology deferred revenue, included in total Technology Solutions deferred revenue of \$194 million, represents consideration received that is yet to be recognized as revenue for these signed orders. See Note 7, "Deferred Revenue," to the condensed consolidated financial statements for further discussion. The recognition and timing of these revenues depends on many factors, including those that are not within our control. As such, the following table of Market Technology revenues to be recognized in the future represents our best estimate:

	Total Order Value
	(in millions)
Fiscal year ended:	
2015(1)	\$ 53
2016	227
2017	155
2018	109
2019	70
2020 and thereafter	124
Total	\$ 738

(1) Represents revenues that are anticipated to be recognized over the remaining three months of 2015.

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Expenses

Operating Expenses

The following table shows our operating expenses:

	Three Months Ended September 30, 2015 2014			Nine Months Ended September 30, 2015 2014		
	Percentage Change			Percentage Change		
	(in millions)			(in millions)		
Compensation and benefits	\$ 150	\$ 136	10.3%	\$ 441	\$ 439	0.5%
Marketing and advertising	6	5	20.0%	20	23	(13.0)%
Depreciation and amortization	34	34	-	102	104	(1.9)%
Professional and contract services	33	37	(10.8)%	108	118	(8.5)%
Computer operations and data communications	23	22	4.5%	81	67	20.9%
Occupancy	22	26	(15.4)%	63	75	(16.0)%
Regulatory	7	7	-	20	21	(4.8)%
Merger and strategic initiatives	4	5	(20.0)%	7	46	(84.8)%
General, administrative and other	11	18	(38.9)%	77	75	2.7%
Restructuring charges	8	-	#	160	-	#
Total operating expenses	\$ 298	\$ 290	2.8%	\$ 1,079	\$ 968	11.5%

#Denotes a variance equal to 100.0%.

Total operating expenses increased \$8 million in the third quarter of 2015 compared with the same period in 2014. The increase reflects an operational increase of \$26 million, partially offset by a favorable impact from foreign exchange of \$18 million. The operational increase in the third quarter of 2015 was primarily due to higher compensation and benefits expense and restructuring charges, partially offset by lower general, administrative and other expense and lower occupancy expense.

Total operating expenses increased \$111 million in the first nine months of 2015 compared with the same period in 2014. The increase reflects an operational increase of \$175 million, partially offset by a favorable impact from foreign exchange of \$64 million. The operational increase in the first nine months of 2015 when compared with the prior year period was primarily due to restructuring charges, higher compensation and benefits expense and higher computer operations and data communications expense, partially offset by a decrease in merger and strategic initiatives expense.

Compensation and benefits expense increased in both the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to overall higher compensation costs associated with increased financial performance and increased compensation costs resulting from our acquisition of DWA in January 2015. Partially offsetting these increases was a favorable impact from foreign exchange of \$10 million in the third quarter of 2015

and \$31 million in the first nine months of 2015. Headcount, including staff employed at consolidated entities where we have a controlling financial interest, increased to 3,783 employees at September 30, 2015 from 3,674 employees at September 30, 2014.

Professional and contract services expense decreased in both the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to lower consulting expenses as well as a favorable impact from foreign exchange of \$2 million in the third quarter of 2015 and \$7 million in the first nine months of 2015.

Computer operations and data communications expense increased slightly in the third quarter of 2015 compared with the same period in 2014 and increased in the first nine months of 2015 compared with the same period in 2014. The increase in the first nine months was primarily due to an increase in VAT, reflecting a charge for the reversal of previously recorded VAT receivables no longer deemed collectible of \$12 million and higher software lease and maintenance costs, partially offset by a favorable impact from foreign exchange of \$8 million. See “Other Tax Matter,” of Note 2, “Basis of Presentation and Principles of Consolidation,” to the condensed consolidated financial statements for further discussion of the VAT receivables.

Occupancy expense decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 reflecting lower facility and rent costs due to our restructuring activities and lower costs resulting from services no longer needed under the transition services agreement that was entered into in connection with our acquisition of the TR Corporate businesses. In addition, there was a favorable impact from foreign exchange of \$1 million in the third quarter of 2015 and \$4 million for the first nine months of 2015.

Merger and strategic initiatives expense was \$4 million in the third quarter of 2015 and \$7 million in the first nine months of 2015 and primarily related to certain strategic initiatives and our acquisition of DWA. Merger and strategic initiatives expense was \$5 million in the third quarter of 2014 and \$46 million in the first nine months of 2014 and primarily related to our acquisition of the TR Corporate businesses and other strategic initiatives.

General, administrative and other expense decreased in the third quarter of 2015 and increased in the first nine months of 2015 compared with the same periods in 2014. The decrease in the third quarter of 2015 primarily reflects an insurance recovery of \$5 million for litigation arising from the Facebook IPO in May 2012. The increase in the first nine months of 2015 mainly relates to a

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loss reserve of \$26 million, which is net of a \$5 million insurance recovery, for litigation arising from the Facebook IPO. The reserve is intended to cover the estimated amount of a settlement of class action litigation initiated on behalf of investors in Facebook common stock on the date of its IPO. The reserve also covered the anticipated cost of re-opening Nasdaq's voluntary accommodation program to allow any Nasdaq member that did not file for compensation in 2013 to submit a claim during the second quarter of 2015, subject to the conditions and limitations that were applicable to claims filed in 2013. The re-opened accommodation program is now closed and fully resolved the claims by UBS Securities against Nasdaq. Nasdaq anticipates that some or all of remaining amounts paid from the loss reserve will be reimbursed by applicable insurance coverage. Partially offsetting this increase was a \$9 million loss on extinguishment of debt recorded in the first nine months of 2014 and lower bad debt expense and other costs in the first nine months of 2015.

Restructuring charges were \$8 million in the third quarter of 2015 and \$160 million in the first nine months of 2015. See Note 3, "Restructuring Charges," to the condensed consolidated financial statements for a discussion of our restructuring charges recorded during the third quarter and the first nine months of 2015.

Non-operating Income and Expenses

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

	Three Months Ended			Nine Months Ended		
	September 30, 2015	September 30, 2014	Percentage Change	September 30, 2015	September 30, 2014	Percentage Change
	(in millions)			(in millions)		
Interest income	\$ 1	\$ 1	-	\$ 3	\$ 4	(25.0)%
Interest expense	(28)	(29)	(3.4)%	(83)	(88)	(5.7)%
Net interest expense	(27)	(28)	(3.6)%	(80)	(84)	(4.8)%
Net income from unconsolidated investees	2	-	#	16	-	#
Total non-operating expenses	\$ (25)	\$ (28)	(10.7)%	\$ (64)	\$ (84)	(23.8)%

#Denotes a variance equal to 100.0%.

Total non-operating expenses decreased in the third quarter and the first nine months of 2015 compared with the same periods in 2014. The decrease in the third quarter and the first nine months of 2015 is primarily due to an increase in net income from unconsolidated investees and a decrease in interest expense.

Interest Expense

Interest expense for the third quarter of 2015 was \$28 million, and was comprised of \$27 million of interest expense and \$1 million of non-cash debt issuance amortization expense. Interest expense for the third quarter of 2014 was \$29

million, and was comprised of \$27 million of interest expense, \$1 million of non-cash debt issuance amortization expense, and \$1 million of other bank and investment-related fees.

Interest expense for the first nine months of 2015 was \$83 million, and was comprised of \$79 million of interest expense, \$2 million of non-cash debt issuance amortization expense, \$1 million of non-cash expense associated with the accretion of debt discounts, and \$1 million of other bank and investment-related fees. Interest expense for the first nine months of 2014 was \$88 million, and was comprised of \$83 million of interest expense, \$2 million of non-cash debt issuance amortization expense, \$1 million of non-cash expense associated with the accretion of debt discounts, and \$2 million of other bank and investment-related fees.

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

Net Income from Unconsolidated Investees

Net income from unconsolidated investees increased in the third quarter and the first nine months of 2015 compared with the same periods in 2014 primarily due to income recognized from our equity method investment in OCC. We were not able to determine what our share of OCC's income was for the year ended December 31, 2014 until the first quarter of 2015, when OCC financial statements were made available to us. As a result, we recorded other income of \$13 million in the first nine months of 2015 relating to our share of OCC's income for the year ended December 31, 2014.

See "Equity Method Investments," of Note 6, "Investments," to the condensed consolidated financial statements for further discussion of our investment in OCC.

Income Tax Matters

Nasdaq's income tax provision was \$68 million in the third quarter of 2015 and \$132 million in the first nine months of 2015 compared with \$56 million in the third quarter of 2014 and \$170 million in the first nine months of 2014. The overall effective tax rate was 33% in the third quarter of 2015 and 32% in the first nine months of 2015 compared with 31% in the third quarter of 2014 and

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34% in the first nine months of 2014. For further discussion of our income tax matters, see “Income Tax Matters,” of Note 2, “Basis of Presentation and Principles of Consolidation.”

The effective tax rate may vary from period to period depending on, among other factors, the geographic and business mix of earnings and losses. These same and other factors, including history of pre-tax earnings and losses, are taken into account in assessing the ability to realize deferred tax assets.

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

Non-GAAP Financial Measures

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

We believe our presentation of these measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. In addition, we believe the presentation of these measures is useful to investors for period-to-period comparison of results as the items described below do not reflect operating performance. These measures are not in accordance with, or an alternative to, U.S. GAAP, and may be different from non-GAAP measures used by other companies. Investors should not rely on any single financial measure when evaluating our business. We recommend investors review the U.S. GAAP financial measures included in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and the notes thereto. When viewed in conjunction with our U.S. GAAP results and the accompanying reconciliation, we believe these non-GAAP measures provide greater transparency and a more complete understanding of factors affecting our business than U.S. GAAP measures alone. Our management uses these measures to evaluate operating performance, and management decisions during the reporting period are made by excluding certain items that we believe have less significance on, or do not impact, the day-to-day performance of our business. In addition, since management does not consider intangible asset amortization expense for the purpose of evaluating the performance of the business or its managers or when making decisions to allocate resources, such expenses have been shown as a non-GAAP adjustment.

We understand that analysts and investors regularly rely on non-GAAP financial measures, such as non-GAAP net income and non-GAAP diluted earnings per share, to assess operating performance. We use non-GAAP net income attributable to Nasdaq and non-GAAP diluted earnings per share because they more clearly highlight trends in our business that may not otherwise be apparent when relying solely on U.S. GAAP financial measures, since these measures eliminate from our results specific financial items that have less bearing on our operating performance. Non-GAAP net income attributable to Nasdaq for the periods presented below is calculated by adjusting net income attributable to Nasdaq for charges or gains related to acquisition and divestiture transactions, integration activities related to acquisitions, amortization expense of acquired intangible assets, other significant infrequent charges or gains and their related income tax effects that are not related to our core business. We do not believe these items are representative of our future operating performance since these charges were not consistent with our normal operating performance.

Non-GAAP adjustments for the quarter ended September 30, 2015 primarily related to the following:

(i) restructuring charges of \$8 million. See Note 3, “Restructuring Charges,” to the condensed consolidated financial statements for further discussion, (ii) insurance recovery of \$5 million. See “Litigation,” of Note 15, “Commitments, Contingencies and Guarantees,” to the condensed consolidated financial statements for further discussion, (iii) amortization expense of acquired intangible assets of \$15 million, (iv) merger and strategic initiatives costs of \$4 million primarily related to certain strategic initiatives and our acquisition of DWA, and (v) adjustment to the income tax provision of \$9 million to reflect these non-GAAP adjustments.

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

(i) amortization expense of acquired intangible assets of \$17 million, (ii) merger and strategic initiatives costs of \$5 million primarily related to our acquisition of the TR Corporate businesses and other strategic initiatives, and (iii) adjustment to the income tax provision of \$10 million to reflect these non-GAAP adjustments.

Non-GAAP adjustments for the nine months ended September 30, 2015 primarily related to the following:

(i) other income from OCC equity investment of \$13 million. See “Equity Method Investments,” of Note 6, “Investments,” to the condensed consolidated financial statements for further discussion, (ii) restructuring charges of \$160 million. See Note 3, “Restructuring Charges,” to the condensed consolidated financial statements for further discussion, (iii) special legal expense of \$26 million, which is net of a \$5 million insurance recovery. See “Litigation,” of Note 15, “Commitments, Contingencies and Guarantees,” to the condensed consolidated financial statements for further discussion, (iv) amortization expense of acquired intangible assets of

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\$46 million, (v) reversal of previously recorded VAT receivables no longer deemed collectible of \$12 million, (vi) merger and strategic initiatives costs of \$7 million primarily related to certain strategic initiatives and our acquisition of DWA, and (vii) adjustment to the income tax provision of \$85 million to reflect these non-GAAP adjustments.

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

(i) special legal expense of \$2 million, (ii) amortization expense of acquired intangible assets of \$53 million, (iii) loss on debt extinguishment of \$9 million, (iv) merger and strategic initiatives costs of \$46 million primarily related to our acquisition of the TR Corporate businesses and other strategic initiatives, and (v) adjustment to the income tax provision of \$37 million to reflect these non-GAAP adjustments.

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

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	Net Income	Diluted Earnings Per Share	Net Income	Diluted Earnings Per Share
(in millions, except share and per share amounts)				
U.S. GAAP net income attributable to Nasdaq and diluted earnings per share	\$ 138	\$ 0.80	\$ 123	\$ 0.71
Non-GAAP adjustments:				
Restructuring charges	8	0.05	-	-
Insurance recovery	(5)	(0.03)	-	-
Amortization expense of acquired intangible assets	15	0.09	17	0.10
Merger and strategic initiatives	4	0.02	5	0.03
Other	-	-	1	-
Adjustment to the income tax provision to reflect non-GAAP adjustments	(9)	(0.05)	(10)	(0.06)
Total non-GAAP adjustments, net of tax	13	0.08	13	0.07
Non-GAAP net income attributable to Nasdaq and diluted earnings per share	\$ 151	\$ 0.88	\$ 136	\$ 0.78
Weighted-average common shares outstanding for diluted earnings per share		171,452,009		173,157,062

	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
	Diluted		Diluted	
	Net	Earnings Per	Net	Earnings Per
	Income	Share	Income	Share
(in millions, except share and per share amounts)				
U.S. GAAP net income attributable to Nasdaq and diluted earnings per share	\$ 280	\$ 1.63	\$ 328	\$ 1.89
Non-GAAP adjustments:				
Income from OCC equity investment	(13)	(0.08)	-	-
Restructuring charges	160	0.93	-	-
Special legal expense, net of insurance recovery	26	0.15	2	0.01
Amortization expense of acquired intangible assets	46	0.27	53	0.31
Reversal of value added tax refund	12	0.07	-	-
Extinguishment of debt	-	-	9	0.05
Merger and strategic initiatives	7	0.04	46	0.27
Other	-	-	2	0.01
Adjustment to the income tax provision to reflect non-GAAP adjustments	(85)	(0.49)	(37)	(0.21)
Total non-GAAP adjustments, net of tax	153	0.89	75	0.43
Non-GAAP net income attributable to Nasdaq and diluted earnings per share	\$ 433	\$ 2.52	\$ 403	\$ 2.32
Weighted-average common shares outstanding for diluted earnings per share		172,052,660		173,115,231

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In addition to disclosing non-GAAP net income attributable to Nasdaq and non-GAAP diluted earnings per share, we also have provided non-GAAP operating income which is used in the disclosure of foreign currency exchange rate risk. See “Foreign Currency Exchange Rate Risk,” of Item 3. “Quantitative and Qualitative Disclosures About Market Risk,” for further discussion.

Liquidity and Capital Resources

Historically, we have funded our operating activities and met our commitments through cash generated by operations, augmented by the periodic issuance of our common stock and debt. See Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion of our debt obligations. Currently, our cost and availability of funding remain healthy.

As part of the acquisition of eSpeed, Nasdaq has contingent future obligations to issue 992,247 shares of Nasdaq common stock annually which approximated certain tax benefits associated with the transaction of \$484 million. Such contingent future issuances of Nasdaq common stock will be paid ratably through 2027 if Nasdaq’s total gross revenues equal or exceed \$25 million in each such year. The contingent future issuances of Nasdaq common stock are subject to anti-dilution protections and acceleration upon certain events.

Our 2014 Credit Facility consists of a \$750 million revolving credit commitment (with sublimits for non-dollar borrowings, swingline borrowings and letters of credit). As of September 30, 2015, availability under the revolving credit commitment was \$437 million. See “2014 Credit Facility,” of Note 8, “Debt Obligations,” to the condensed consolidated financial statements for further discussion.

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

Various assets and liabilities, including cash and cash equivalents, receivables, accounts payable and accrued expenses, can fluctuate from month to month. Working capital (calculated as current assets less current liabilities) was \$308 million at September 30, 2015, compared with \$420 million at December 31, 2014, a decrease of \$112 million. Current asset balance changes decreased working capital by \$240 million, with decreases in cash and cash equivalents, receivables, net, restricted cash and default funds and margin deposits, partially offset by increases in deferred taxes, financial investments, at fair value and other current assets. Current liability balance changes increased working capital by \$128 million, due to decreases in Section 31 fees payable to the SEC, accrued personnel costs, default funds and margin deposits, accounts payable and accrued expenses, deferred revenue and deferred tax liabilities, partially offset by increases in the current portion of debt obligations and other current liabilities.

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

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

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

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

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

Financial Assets

The following table summarizes our financial assets:

	September 30, 2015	December 31, 2014
	(in millions)	
Cash and cash equivalents	\$ 290	\$ 427
Restricted cash	18	49
Financial investments, at fair value	193	174
Total financial assets	\$ 501	\$ 650

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Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash in banks and all non-restricted highly rated liquid investments with original maturities of 90 days or less at the time of purchase. The balance retained in cash and cash equivalents is a function of anticipated or possible short-term cash needs, prevailing interest rates, our investment policy, and alternative investment choices. As of September 30, 2015, our cash and cash equivalents of \$290 million were primarily invested in bank deposits, money market funds and commercial paper. In the long-term, we may use both internally generated funds and external sources to satisfy our debt obligations and other long-term liabilities. Cash and cash equivalents as of September 30, 2015 decreased \$137 million from December 31, 2014 primarily due to net cash used in investing and financing activities, partially offset by net cash provided by operating activities. See “Cash Flow Analysis” below for further discussion.

As of September 30, 2015 and December 31, 2014, current restricted cash included cash held for regulatory purposes and other requirements and is not available for general use. Current restricted cash was \$18 million as of September 30, 2015 and \$49 million as of December 31, 2014, a decrease of \$31 million. The decrease is primarily due to lower restricted cash requirements in our Nordic and Baltic operations. Current restricted cash is classified as restricted cash in the Condensed Consolidated Balance Sheets.

Repatriation of Cash

Our cash and cash equivalents held outside of the U.S. in various foreign subsidiaries totaled \$134 million as of September 30, 2015 and \$83 million as of December 31, 2014. The remaining balance held in the U.S. totaled \$156 million as of September 30, 2015 and \$344 million as of December 31, 2014.

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

Share Repurchase Program

See “Share Repurchase Program,” of Note 11, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of our share repurchase program.

Cash Dividends on Common Stock

In June and September 2015, we paid a quarterly cash dividend of \$0.25 per share on our outstanding common stock, and in March 2015, we paid a quarterly cash dividend of \$0.15 per share on our outstanding common stock. See “Cash Dividends on Common Stock,” of Note 11, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of the dividends.

Financial Investments, at Fair Value

Our financial investments, at fair value totaled \$193 million as of September 30, 2015 and \$174 million as of December 31, 2014 and are primarily comprised of trading securities, mainly highly rated European government debt securities. Of these securities, \$173 million as of September 30, 2015 and \$159 million as of December 31, 2014 are assets utilized to meet regulatory capital requirements primarily for clearing operations at Nasdaq Nordic Clearing. See Note 6, “Investments,” to the condensed consolidated financial statements for further discussion of our trading investment securities.

Debt Obligations

The following table summarizes our debt obligations by contractual maturity:

	Maturity Date	September 30, 2015	December 31, 2014
		(in millions)	
5.25% senior unsecured notes (1)	January 2018	\$ 368	\$ 368
\$750 million revolving credit commitment (2)	November 2019	310	119
5.55% senior unsecured notes (1)	January 2020	597	596
3.875% senior unsecured notes (1)	June 2021	665	720
4.25% senior unsecured notes (1)	June 2024	495	494
Total debt obligations		2,435	2,313
Less current portion		(20)	-
Total long-term debt obligations		\$ 2,415	\$ 2,297

(1) Net of unamortized debt discount and debt issuance costs.

(2) Net of unamortized debt issuance costs.

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In addition to the \$750 million revolving credit commitment due November 2019, we also have other credit facilities related to our Nordic clearing operations in order to provide further liquidity and for default protection. At September 30, 2015, these credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$204 million in available liquidity, none of which was utilized. At December 31, 2014, these credit facilities, which are available in multiple currencies, primarily Swedish Krona, totaled \$236 million (\$197 million in available liquidity and \$39 million for default protection), of which \$7 million was utilized.

At September 30, 2015, we were in compliance with the covenants of all of our debt obligations.

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

Clearing and Broker-Dealer Net Capital Requirements

Clearing Operations Regulatory Capital Requirements

We are required to maintain minimum levels of regulatory capital for the clearing operations of Nasdaq Nordic Clearing. The level of regulatory capital required to be maintained is dependent upon many factors, including market conditions and creditworthiness of the counterparty. At September 30, 2015, our required regulatory capital consisted of \$173 million of highly rated European government debt securities that are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets.

Broker-Dealer Net Capital Requirements

Our operating broker-dealer subsidiaries, Nasdaq Execution Services, Execution Access and NPM Securities, LLC are subject to regulatory requirements intended to ensure their general financial soundness and liquidity. These requirements obligate these subsidiaries to comply with minimum net capital requirements. At September 30, 2015, Nasdaq Execution Services was required to maintain minimum net capital of \$0.3 million and had total net capital of approximately \$8.0 million, or \$7.7 million in excess of the minimum amount required. At September 30, 2015, Execution Access was required to maintain minimum net capital of \$0.6 million and had total net capital of \$44.5 million, or \$43.9 million in excess of the minimum amount required. At September 30, 2015, NPM Securities had total net capital of \$0.3 million. The minimum net capital required was immaterial.

Other Capital Requirements

Nasdaq Execution Services also is required to maintain a \$2 million minimum level of net capital under our clearing arrangement with OCC.

Cash Flow Analysis

The following tables summarize the changes in cash flows:

Nine Months
Ended
September 30,

	2015	2014	Percentage Change
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(in millions)

Net cash provided by (used in):

Operating activities	\$ 472	\$ 407	16.0%
Investing activities	(382)	(96)	#
Financing activities	(221)	(415)	(46.7)%
Effect of exchange rate changes on cash and cash equivalents	(6)	(8)	(25.0)%
Net decrease in cash and cash equivalents	(137)	(112)	22.3%
Cash and cash equivalents at the beginning of period	427	398	7.3%
Cash and cash equivalents at the end of period	\$ 290	\$ 286	1.4%

#Denotes a variance greater than 100.0%.

Net Cash Provided by Operating Activities

The following items impacted our net cash provided by operating activities for the nine months ended September 30, 2015:

- Net income of \$279 million, plus:
- Adjustments to reconcile net income to net cash provided by operating activities of \$201 million comprised primarily of \$134 million in non-cash restructuring charges, \$102 million of depreciation and amortization expense, and \$49 million of share-based compensation expense, partially offset by deferred income taxes of \$61 million, \$16 million of excess tax benefits related to share-based payments and net income from unconsolidated investees of \$16 million.
- Decrease in receivables, net of \$96 million primarily due to the timing of collections and activity.
- Increase of \$37 million in other liabilities primarily reflecting an increase in accrued taxes and restructuring reserve.

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Partially offset by a:

- Decrease in Section 31 fees payable to the SEC of \$99 million primarily due to timing of payments, which are made twice a year in September and March.
- Decrease in accounts payable and accrued expenses of \$21 million reflecting a decrease in interest payable as well as the timing of trade payables.
- Decrease in accrued personnel costs of \$18 million primarily due to the payment of our 2014 incentive compensation in the first quarter of 2015, partially offset by the 2015 accrual.

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

- Net income of \$327 million, plus:
- Adjustments to reconcile net income to net cash provided by operating activities of \$163 million comprised primarily of \$104 million of depreciation and amortization expense, \$45 million of share-based compensation expense and \$20 million of non-cash merger and strategic initiatives expense, partially offset by deferred income taxes of \$19 million.
- Increase in deferred revenue of \$67 million mainly due to Listing Services' annual billings.

Partially offset by a:

- Decrease in Section 31 fees payable to the SEC of \$56 million primarily due to timing of payments, which are made twice a year in September and March.
- Decrease in accounts payable and accrued expenses of \$44 million reflecting a decrease in interest payable as well as the timing of trade payables.
- Decrease in accrued personnel costs of \$40 million primarily due to the payment of our 2013 incentive compensation in the first quarter of 2014, partially offset by the 2014 accrual.
- Increase in other assets of \$20 million primarily reflecting an increase in deferred costs associated with the timing and delivery of technology projects and additional margin deposits made in connection with a clearing arrangement related to our eSpeed business, partially offset by a decrease in restricted cash held for regulatory purposes.

Net Cash Used in Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2015 primarily consisted of our acquisition of DWA in January 2015, our purchases of trading and available-for-sale investment securities, a capital contribution in connection with our equity method investment in OCC and purchases of property and equipment, partially offset by proceeds from sales and redemptions of trading and available-for-sale investment securities.

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

Net Cash Used in Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2015 primarily consisted of \$310 million of cash used to repurchase our common stock, repayment of \$176 million on the revolving credit commitment under our 2014 Credit Facility, \$108 million related to cash dividends paid on our common stock, partially offset by the utilization of our 2014 Credit Facility to partially fund our acquisition of DWA and other general corporate purposes of \$366 million.

Net cash used in financing activities for the nine months ended September 30, 2014 primarily consisted of \$847 million of cash used in connection with the repayment of debt obligations, which consisted of a \$408 million payment to repay in full and terminate previously issued notes, a required quarterly principal payment of \$22 million and an optional prepayment of \$204 million on our 2016 Term Loan, reflecting all mandatory principal payments required until maturity in September 2016, and the repayment of the total amount drawn on the revolving credit commitment of \$213 million, which included \$118 million of proceeds received during the nine months ended September 30, 2014. In addition, cash used in financing activities included \$121 million related to the repurchase of our common stock and \$73 million related to cash dividends paid on our common stock. Partially offsetting these decreases were net proceeds received of \$494 million from the issuance of our 2024 Notes.

For further discussion of our debt obligations, see Note 8, “Debt Obligations,” to the condensed consolidated financial statements. For further discussion of our share repurchase program and cash dividends paid on our common stock, see “Share Repurchase Program,” and “Cash Dividends on Common Stock,” of Note 11, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements.

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Contractual Obligations and Contingent Commitments

Nasdaq has contractual obligations to make future payments under debt obligations by contract maturity, minimum rental commitments under non-cancelable operating leases, net and other obligations. The following table shows these contractual obligations as of September 30, 2015:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Debt obligations by contract maturity(1)	\$ 3,025	\$ 32	\$ 211	\$ 847	\$ 1,935
Minimum rental commitments under non-cancelable operating leases, net(2)	324	19	121	80	104
Other obligations(3)	12	9	3	-	-
Total	\$ 3,361	\$ 60	\$ 335	\$ 927	\$ 2,039

- (1) Our debt obligations include both principal and interest obligations. At September 30, 2015, an interest rate of 2.12% was used to compute the amount of the contractual obligations for interest on the 2014 Credit Facility. All other debt obligations were primarily calculated on a 360-day basis at the contractual fixed rate multiplied by the aggregate principal amount at September 30, 2015. See Note 8, "Debt Obligations," to the condensed consolidated financial statements for further discussion.
- (2) We lease some of our office space and equipment under non-cancelable operating leases with third parties and sublease office space to third parties. Some of our leases contain renewal options and escalation clauses based on increases in property taxes and building operating costs.
- (3) Other obligations primarily consist of a potential future escrow agreement payment related to a prior acquisition as well as other service agreement payments.

Off-Balance Sheet Arrangements

For discussion of off-balance sheet arrangements see:

- Note 14, "Clearing Operations," to the condensed consolidated financial statements for further discussion of our non-cash default fund contributions and margin deposits received for clearing operations; and
- Note 15, "Commitments, Contingencies and Guarantees," to the condensed consolidated financial statements for further discussion of:
 - Guarantees issued and credit facilities available;
 - Lease commitments;
 - Other guarantees;
 - Non-cash contingent consideration;
 - OCC;

- Routing brokerage activities;
- Litigation; and
- Tax audits.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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

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

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Interest Rate Risk

We are subject to the risk of fluctuating interest rates in the normal course of business. Our exposure to market risk for changes in interest rates relates primarily to our financial investments and debt obligations which are discussed below.

Financial Investments

As of September 30, 2015, our investment portfolio was primarily comprised of trading securities, mainly highly rated European government debt securities, which pay a fixed rate of interest. These securities are subject to interest rate risk and will decrease in value if market interest rates increase. If market interest rates were to increase immediately and uniformly by 100 basis points from levels as of September 30, 2015, the fair value of this portfolio would have declined by \$5 million.

Debt Obligations

As of September 30, 2015, substantially all of our debt obligations are fixed-rate obligations. While changes in interest rates will have no impact on the interest we pay on fixed-rate obligations, we are exposed to changes in interest rates as a result of borrowings under our \$750 million revolving credit commitment, as the interest rate on this facility has a variable interest rate. As of September 30, 2015, the principal amount outstanding under this facility was \$313 million. A hypothetical 100 basis points increase in interest rates on this facility would increase interest expense by approximately \$3 million based on borrowings as of September 30, 2015.

Foreign Currency Exchange Rate Risk

As a leading global exchange group, we are subject to foreign currency transaction risk.

The table below sets forth our primary exposure to foreign currency denominated revenues less transaction-based expenses and operating income for the three and nine months ended September 30, 2015. Due to our restructuring charges and other non-GAAP charges discussed below, we have also provided operating income and percentage of operating income on a non-GAAP basis for the three and nine months ended September 30, 2015 as a majority of these charges were recorded in currencies other than the U.S. dollar, primarily the Swedish Krona.

Management uses non-GAAP measures to evaluate operating performance, and management decisions during the reporting period are made by excluding certain items that we believe have less significance on, or do not impact, the day-to-day performance of our business. Since the charges discussed below had a material impact on our non-U.S. operating results for the three and nine months ended September 30, 2015, we believe that non-GAAP operating income results better reflect our on-going exposure to foreign currency exchange rate risk. For further discussion of our non-GAAP financial measures, see “Non-GAAP Financial Measures,” of “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Non-GAAP adjustments for the quarter ended September 30, 2015 related to the following:

- restructuring charges of \$8 million. See Note 3, “Restructuring Charges,” to the condensed consolidated financial statements for further discussion;
- insurance recovery of \$5 million. See “Litigation,” of Note 15, “Commitments, Contingencies and Guarantees,” for further discussion;
- amortization expense of acquired intangible assets of \$15 million. Since management does not consider intangible asset amortization expense for the purpose of evaluating the performance of the business or its managers or when making decisions to allocate resources, such expenses have been shown as a non-GAAP adjustment; and

- merger and strategic initiatives costs of \$4 million primarily related to certain strategic initiatives and our acquisition of DWA.

Non-GAAP adjustments for the nine months ended September 30, 2015 related to the following:

- restructuring charges of \$160 million. See Note 3, “Restructuring Charges,” to the condensed consolidated financial statements for further discussion;
- special legal expense of \$26 million, which is net of a \$5 million insurance recovery. See “Litigation,” of Note 15, “Commitments, Contingencies and Guarantees,” to the condensed consolidated financial statements for further discussion;
- amortization expense of acquired intangible assets of \$46 million. Since management does not consider intangible asset amortization expense for the purpose of evaluating the performance of the business or its managers or when making decisions to allocate resources, such expenses have been shown as a non-GAAP adjustment;
- reversal of previously recorded VAT receivables no longer deemed collectible of \$12 million. See “Other Tax Matter,” of Note 2, “Basis of Presentation and Principles of Consolidation,” to the condensed consolidated financial statements for further discussion of the VAT receivables; and
- merger and strategic initiatives costs of \$7 million primarily related to certain strategic initiatives and our acquisition of DWA.

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Our primary exposure to foreign currency denominated revenues less transaction-based expenses, operating income, and non-GAAP operating income for the three and nine months ended September 30, 2015 is presented in the following table:

	Euro	Swedish Krona	Other Foreign Currencies	U.S. Dollar	Total
(in millions, except currency rate)					
Three months ended September 30, 2015					
Average foreign currency rate to the U.S. dollar	1.1125	0.1179	#	N/A	N/A
Percentage of revenues less transaction-based expenses	10.2%	8.3%	4.3%	77.2%	100.0%
Percentage of operating income	16.5%	2.2%	(6.1)%	87.4%	100.0%
Impact of a 10% adverse currency fluctuation on revenues less transaction-based expenses	\$ (5)	\$ (5)	\$ (2)	\$ -	\$ (12)
Impact of a 10% adverse currency fluctuation on operating income	\$ (4)	\$ -	\$ 1	\$ -	\$ (3)
Reconciliation between U.S. GAAP operating income and non-GAAP operating income:					
Operating income (loss)	\$ 38	\$ 5	\$ (14)	\$ 202	\$ 231
Non-GAAP adjustments:					
Restructuring charges	-	2	-	6	8
Merger and strategic initiatives	-	-	1	3	4
Amortization expense of acquired intangible assets	-	3	2	10	15
Insurance recovery	-	-	-	(5)	(5)
Non-GAAP operating income (loss)	\$ 38	\$ 10	\$ (11)	\$ 216	\$ 253
Percentage of non-GAAP operating income	15.0%	4.0%	(4.3)%	85.4%	100.0%
Impact of a 10% adverse currency fluctuation on non-GAAP operating income	\$ (4)	\$ (1)	\$ (1)	\$ -	\$ (6)
	Euro	Swedish Krona	Other Foreign Currencies	U.S. Dollar	Total
(in millions, except currency rate)					
Nine months ended September 30, 2015					
Average foreign currency rate to the U.S. dollar	1.1149	0.1189	#	N/A	N/A
	10.5%	8.5%	4.3%	76.7%	100.0%

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Percentage of revenues less transaction-based expenses

Percentage of operating income	22.7%	(27.6)%	(9.7)%	114.6%	100.0%
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Impact of a 10% adverse currency fluctuation on revenues less transaction-based expenses

\$ (16)	\$ (13)	\$ (7)	\$ -	\$ (36)
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Impact of a 10% adverse currency fluctuation on operating income

\$ (11)	\$ (13)	\$ (4)	\$ -	\$ (28)
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Reconciliation between U.S. GAAP operating income and non-GAAP operating income:

Operating income (loss)	\$ 108	\$ (131)	\$ (46)	\$ 544	\$ 475
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Non-GAAP adjustments:

Restructuring charges	5	131	4	20	160
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Merger and strategic initiatives	-	-	1	6	7
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Special legal expenses, net of insurance recovery	-	-	-	26	26
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Amortization expense of acquired intangible assets	1	9	6	30	46
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Reversal of value added tax refund	-	12	-	-	12
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Non-GAAP operating income (loss)	\$ 114	\$ 21	\$ (35)	\$ 626	\$ 726
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Percentage of non-GAAP operating income	15.7%	2.9%	(4.8)%	86.2%	100.0%
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Impact of a 10% adverse currency fluctuation on non-GAAP operating income	\$ (11)	\$ (2)	\$ (4)	\$ -	\$ (17)
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#Represents multiple foreign currency rates.

N/A Not applicable.

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

Our primary exposure to net assets in foreign currencies as of September 30, 2015 is presented in the following table:

	Net Assets	Impact of a 10% Adverse Currency Fluctuation
	(in millions)	
Swedish Krona(1)	\$ 3,361	\$ (336)
Norwegian Krone	185	(19)
British Pound	146	(15)
Euro	155	(16)
Australian Dollar	73	(7)

(1)Includes goodwill of \$2,613 million and intangible assets, net of \$653 million.

Credit Risk

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

Our subsidiary Nasdaq Execution Services may be exposed to credit risk, due to the default of trading counterparties, in connection with the routing services it provides for our trading customers. System trades in cash equities routed to other market centers for members of our cash equity exchanges are routed by Nasdaq Execution Services for clearing to the National Securities Clearing Corporation, or NSCC. In this function, Nasdaq Execution Services is to be neutral by the end of the trading day, but may be exposed to intraday risk if a trade extends beyond the trading day and into

the next day, thereby leaving Nasdaq Execution Services susceptible to counterparty risk in the period between accepting the trade and routing it to the clearinghouse. In this interim period, Nasdaq Execution Services is not novating like a clearing broker but instead is subject to the short-term risk of counterparty failure before the clearinghouse enters the transaction. Once the clearinghouse officially accepts the trade for novation, Nasdaq Execution Services is legally removed from trade execution risk. However, Nasdaq has membership obligations to NSCC independent of Nasdaq Execution Services' arrangements.

Pursuant to the rules of the NSCC and Nasdaq Execution Services' clearing agreement, Nasdaq Execution Services is liable for any losses incurred due to a counterparty or a clearing agent's failure to satisfy its contractual obligations, either by making payment or delivering securities. Adverse movements in the prices of securities that are subject to these transactions can increase our credit risk. However, we believe that the risk of material loss is limited, as Nasdaq Execution Services' customers are not permitted to trade on margin and NSCC rules limit counterparty risk on self-cleared transactions by establishing credit limits and capital deposit requirements for all brokers that clear with NSCC. Historically, Nasdaq Execution Services has never incurred a liability due to a customer's failure to satisfy its contractual obligations as counterparty to a system trade. Credit difficulties or insolvency, or the perceived possibility of credit difficulties or insolvency, of one or more larger or visible market participants could also result in market-wide credit difficulties or other market disruptions.

Execution Access is an introducing broker which operates the eSpeed trading platform for U.S. Treasury securities. Execution Access has a clearing arrangement with Cantor Fitzgerald. As of September 30, 2015, we have contributed \$19 million of clearing deposits to Cantor Fitzgerald in connection with this clearing arrangement. These deposits are recorded in other current assets in our Condensed Consolidated Balance Sheets. Some of the trading activity in Execution Access is cleared by Cantor Fitzgerald through the Fixed Income Clearing Corporation. Execution Access assumes the counterparty risk of clients that do not clear through the Fixed Income Clearing Corporation. Counterparty risk of clients exists for Execution Access between the trade date and settlement date of the individual transactions, which is one business day. All of Execution Access' obligations under the clearing arrangement with Cantor Fitzgerald are guaranteed by Nasdaq. Counterparties that do not clear through the Fixed Income Clearing Corporation are

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required to post collateral, provide principal letters, or provide other forms of credit enhancement to Execution Access for the purpose of mitigating counterparty risk.

We are exposed to credit risk through our clearing operations with Nasdaq Nordic Clearing. See “Default Fund Contributions,” and “Margin Deposits,” of Note 14, “Clearing Operations,” to the condensed consolidated financial statements for further discussion.

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

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

Item 4.Controls and Procedures.

(a) Disclosure controls and procedures. Nasdaq’s management, with the participation of Nasdaq’s Chief Executive Officer and Chief Financial Officer and Executive Vice President, Corporate Strategy, has evaluated the effectiveness of Nasdaq’s disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, Nasdaq’s Chief Executive Officer and Chief Financial Officer and Executive Vice President, Corporate Strategy have concluded that, as of the end of such period, Nasdaq’s disclosure controls and procedures are effective.

(b) Internal control over financial reporting. There have been no changes in Nasdaq’s internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, Nasdaq’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1.Legal Proceedings.

As previously disclosed, we became a party to several legal and regulatory proceedings in 2012, 2013, and 2014 relating to the Facebook IPO that occurred on May 18, 2012.

As described in our Annual Report on Form 10-K for the year ended December 31, 2012, we are named as a defendant in a consolidated matter captioned In re Facebook, Inc., IPO Securities and Derivative Litigation, MDL No. 2389 (S.D.N.Y.). On May 22, 2015, the parties executed a stipulation of settlement, and on June 25, 2015, the court entered an order preliminarily approving the settlement, which remains subject to final court approval.

In our Quarterly Report on Form 10-Q for the period ended March 31, 2013, we identified a demand for arbitration from a member organization seeking indemnification for alleged losses associated with the Facebook IPO. In April 2015, we reached an agreement to settle the claims asserted by the member organization.

We have established a reserve of \$31 million to cover the costs of these settlements. We anticipate that some or all of the amounts paid from the loss reserve will be reimbursed by applicable insurance coverage.

We also are named as one of many defendants in *City of Providence v. BATS Global Markets, Inc., et al.*, 14 Civ. 2811 (S.D.N.Y.), which was filed on April 18, 2014 in the United States District Court for the Southern District of New York. The district court appointed lead counsel, who filed an amended complaint on September 2, 2014. The amended complaint names as defendants seven national exchanges, as well as Barclays PLC, which operated a private alternative trading system. On behalf of a putative class of securities traders, the plaintiffs allege that the defendants engaged in a scheme to manipulate the markets through high-frequency trading; the amended complaint asserts claims against us under Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Rule 10b-5, as well as under Section 6(b) of the Exchange Act. We filed a motion to dismiss the amended complaint on November 3, 2014. In response, the plaintiffs filed a second amended complaint on November 24, 2014, which names the same defendants and alleges essentially the same violations. We then filed a motion to dismiss the second amended complaint on January 23, 2015. The plaintiffs filed an opposition to our motion to dismiss on March 24, 2015, and we filed a reply brief on May 8, 2015. The court heard oral argument on the motion on June 18, 2015. On August 26, 2015, the district court entered an order dismissing the second amended complaint in its entirety with prejudice, concluding that most of the plaintiffs' theories were foreclosed by absolute immunity and in any event that the plaintiffs failed to state any claim. The plaintiffs have appealed the judgment of dismissal to the United States Court of Appeals for the Second Circuit. Given the preliminary nature of the proceedings, and particularly the fact that the complaints have been dismissed, we are unable to estimate what, if any, liability may result from this litigation. However, we believe (as the district court concluded) that the claims are without merit and intend to litigate the appeal vigorously.

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In addition, we are named as one of many exchange defendants in *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3745 (S.D.N.Y.), *Lanier v. BATS Exchange Inc., et al.*, 14 Civ. 3865 (S.D.N.Y.), and *Lanier v. Bats Exchange Inc.*, 14 Civ. 3866 (S.D.N.Y.), which were filed between May 23, 2014 and May 30, 2014 in the United States District Court for the Southern District of New York. The plaintiff is the same in each of these cases, and the three complaints contain substantially similar allegations. On behalf of a putative class of subscribers for market data provided by national exchanges, the plaintiff alleges that the exchanges provided data more quickly to certain market participants than to others, supposedly in breach of the exchanges' plans for dissemination of market data and subscriber agreements executed under those plans. The complaint asserts contractual theories under state law based on these alleged breaches. On September 29, 2014, we filed a motion to dismiss the complaints. The court heard oral argument on the motion on January 16, 2015. On April 28, 2015, the district court entered an order dismissing the complaints in their entirety with prejudice, concluding that they are foreclosed by the Exchange Act and in any event do not state a claim under the contracts. The plaintiff has appealed the judgment of dismissal to the United States Court of Appeals for the Second Circuit. Given the preliminary nature of the proceedings, and particularly the fact that the complaints have been dismissed, we are unable to estimate what, if any, liability may result from this litigation. However, we believe (as the district court concluded) that the claims are without merit and intend to litigate the appeal vigorously.

As reported in our Quarterly Report on Form 10-Q for the period ended March 31, 2015, we are a defendant in a putative class action, *Rabin v. NASDAQ OMX PHLX LLC, et al.*, No. 15-551 (E.D. Pa.). We intend to file a motion to dismiss the complaint. We believe the claims to be without merit and intend to litigate them vigorously.

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

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 as filed with the SEC on February 17, 2015, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, as filed with the SEC on May 6, 2015, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, as filed with the SEC on August 6, 2015. These risks could materially and adversely affect our business, financial condition and results of operations. The risks and uncertainties in our Form 10-K and Form 10-Q are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

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

Share Repurchase Program

See "Share Repurchase Program," of Note 11, "Nasdaq Stockholders' Equity," to the condensed consolidated financial statements for further discussion of our share repurchase program.

Employee Transactions

In addition to our share repurchase program, during the quarter ended September 30, 2015, we also purchased shares from employees in connection with the settlement of income tax and related benefit withholding obligations arising from the vesting of restricted stock grants.

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The table below represents repurchases made by or on behalf of us or any “affiliated purchaser” of our common stock during the quarter ended September 30, 2015.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 2015				
Share repurchase program	115,800	\$ 51.16	115,800	\$ 476
Employee transactions	10,884	\$ 51.19	N/A	N/A
August 2015				
Share repurchase program	4,380,279	\$ 52.15	4,380,279	\$ 247
Employee transactions	3,637	\$ 52.57	N/A	N/A
September 2015				
Share repurchase program	419,694	\$ 50.30	419,694	\$ 226
Employee transactions	970	\$ 50.87	N/A	N/A
Total Quarter Ended September 30, 2015				
Share repurchase program	4,915,773	\$ 51.97	4,915,773	\$ 226
Employee transactions	15,491	\$ 51.50	N/A	N/A

Item 3.Defaults Upon Senior Securities.

None.

Item 4.Mine Safety Disclosures.

Not applicable.

Item 5.Other Information.

Not applicable.

Item 6.Exhibits.

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

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SIGNATURES

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

The Nasdaq, Inc.
(Registrant)

Date: November 4, 2015

By: /s/ Robert Greifeld

Name: Robert Greifeld
Title: Chief Executive Officer

Date: November 4, 2015

By: /s/ Lee Shavel

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

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Exhibit Index

Exhibit
Number

3.1	Certificate of Amendment, dated September 8, 2015, of Nasdaq's Amended and Restated Certificate of Incorporation (incorporated herein by reference to the Current Report on Form 8-K filed on September 8, 2015).
3.2	Nasdaq's By-Laws (incorporated herein by reference to the Current Report on Form 8-K filed on September 8, 2015). Form of Nasdaq Restricted Stock Unit Award Certificate (directors).*
4.1	Form of common stock certificate.
10.1	Amendment No. 1, dated as of September 28, 2015, to the Credit Agreement among Nasdaq, Inc. (f/k/a The NASDAQ OMX Group, Inc.), the lenders party thereto and Bank of America, N.A., as Administrative Agent, a Swingline Lender and Issuing Bank.
11	Statement regarding computation of per share earnings (incorporated herein by reference from Note 12 to the condensed consolidated financial statements under Part I, Item 1 of this Form 10-Q).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley").
31.2	Certification of Chief Financial Officer and Executive Vice President, Corporate Strategy pursuant to Section 302 of Sarbanes-Oxley.
32.1	Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley.
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

*Management contract or compensatory plan or arrangement.

**The following materials from Nasdaq, Inc. Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2015 are formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014; (ii) Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2015 and 2014; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2015 and 2014; (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014; and (v) notes to condensed consolidated financial statements.