



## Information Circular: HITS

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**To:** Head Traders, Technical Contacts, Compliance Officers, Head of ETF Trading, Structured Products Traders

**From:** William Slattery, Director, NASDAQ Listing Qualifications Department

**DATE:** March 29, 2007

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The NASDAQ Stock Market LLC (“NASDAQ”) began operating as a national securities exchange for trading non-NASDAQ listed securities on February 12, 2007. As a result, certain High Income Trigger Securities (“HITS”) listed on the American Stock Exchange, which previously traded through our systems on an over-the-counter basis, are now being traded by NASDAQ as an exchange on an unlisted trading privileges (UTP) basis. See Appendix A for a listing of HITS that commenced trading on NASDAQ on a UTP basis on February 12, 2007.

Appendix A contains links to information circulars regarding the HITS prepared by their listing market, the American Stock Exchange. NASDAQ members should consult these information circulars, which contain important information about the characteristics of the HITS and the principal risks of an investment in the HITS.

Trading in the HITS on NASDAQ is subject to [NASDAQ equity trading rules](#). The HITS will trade from 7:00 a.m. until 8:00 p.m. SEC Rule 10a-1 (the SEC short sale rule) applies to trading in the HITS.

Trading of HITS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in HITS to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in the NASDAQ Conduct Rules.

Members also should review [NASD Notice to Members 03-71](#) for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. NASDAQ members should consult the registration statement or prospectus for the HITS for additional information.**

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Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Office of General Counsel at 301.978.8400
- NASDAQ Market Sales at 800.846.0477

## Appendix A – HITS

| Exchange-Traded Debt  | Symbol | CUSIP Number |
|---|--------|--------------|
| <a href="#"><u>9% HITS Linked to Schlumberger Limited, due December 20, 2007</u></a>              | SBM    | 61748A338    |
| <a href="#"><u>11.25% HITS Linked to XM Satellite Radio Holdings Inc., due April 20, 2007</u></a> | XMM    | 61747Y261    |
| <a href="#"><u>10% HITS Linked to Newmont Mining Corp., due June 20, 2007</u></a>                 | NHS    | 61747Y105    |
| <a href="#"><u>13.25% HITS Linked to SanDisk Corporation, due March 20, 2007</u></a>              | SHM    | 61747Y345    |
| <a href="#"><u>9.25% HITS Linked to Wynn Resorts Ltd, due May 20, 2007</u></a>                    | MWH    | 61748U102    |
| <a href="#"><u>9% HITS Linked to Archer-Daniels-Midland Company, due January 20, 2008</u></a>     | AND    | 61748A189    |