
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2017

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.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

52-1165937
(I.R.S. Employer
Identification No.)

One Liberty Plaza, New York, New York
(Address of Principal Executive Offices)

10006
(Zip Code)

Registrant's telephone number, including area code:

+1 212 401 8700

No changes

(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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2017
Common Stock, \$.01 par value per share	166,226,273 shares

Nasdaq, Inc.
Form 10-Q
For the Quarterly Period Ended September 30, 2017

INDEX

	Page
<u>Part I. FINANCIAL INFORMATION</u>	
Item 1. Financial Statements (unaudited)	2
Condensed Consolidated Balance Sheets - September 30, 2017 and December 31, 2016	2
Condensed Consolidated Statements of Income - Three and Nine Months Ended September 30, 2017 and 2016	3
Condensed Consolidated Statements of Comprehensive Income - Three and Nine Months Ended September 30, 2017 and 2016	4
Condensed Consolidated Statements of Cash Flows - Nine Months Ended September 30, 2017 and 2016	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	52
Item 4. Controls and Procedures	55
<u>Part II. OTHER INFORMATION</u>	56
Item 1. Legal Proceedings	56
Item 1A. Risk Factors	56
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	56
Item 3. Defaults Upon Senior Securities	56
Item 4. Mine Safety Disclosures	56
Item 5. Other Information	56
Item 6. Exhibits	56
<u>SIGNATURES</u>	58

About This Form 10-Q

Throughout this Form 10-Q, unless otherwise specified:

- “Nasdaq,” “we,” “us” and “our” refer to Nasdaq, Inc.
- “Nasdaq Baltic” refers to collectively, Nasdaq Tallinn AS, Nasdaq Riga, AS, and AB Nasdaq Vilnius.
- “Nasdaq BX” refers to the cash equity exchange operated by Nasdaq BX, Inc.
- “Nasdaq BX Options” refers to the options exchange operated by Nasdaq BX, Inc.
- “Nasdaq Clearing” refers to the clearing operations conducted by Nasdaq Clearing AB.
- “Nasdaq ISE” refers to the options exchange operated by International Securities Exchange, LLC.
- “Nasdaq Nordic” refers to collectively, Nasdaq Clearing AB, Nasdaq Stockholm AB, Nasdaq Copenhagen A/S, Nasdaq Helsinki Ltd, and Nasdaq Iceland hf.
- “Nasdaq PHLX” refers to the options exchange operated by Nasdaq PHLX LLC.
- “Nasdaq PSX” refers to the cash equity exchange operated by Nasdaq PHLX LLC.
- “The Nasdaq Options Market” refers to the options exchange operated by The Nasdaq Stock Market LLC.
- “The Nasdaq Stock Market” refers to the cash equity exchange operated by The Nasdaq Stock Market LLC.

* * * * *

Nasdaq also provides as a tool for the reader the following list of abbreviations and acronyms that are used throughout this Quarterly Report on Form 10-Q.

401(k) Plan: Voluntary Defined Contribution Savings Plan	Equity Plan: Nasdaq Equity Incentive Plan
2016 Credit Facility: \$400 million senior unsecured term loan facility which matures on November 25, 2019	ESPP: Nasdaq Employee Stock Purchase Plan
2017 Credit Facility: \$1 billion senior unsecured term loan facility which matures on April 25, 2022	ETP: Exchange Traded Product
2019 Notes: \$500 million aggregate principal amount of senior unsecured floating rate notes due March 22, 2019 with an interest rate equal to the three-month U.S. dollar LIBOR plus 0.39%	eVestment: eVestment, Inc. and its subsidiaries
2020 Notes: \$600 million aggregate principal amount of 5.55% senior unsecured notes due January 15, 2020	Exchange Act: Securities Exchange Act of 1934, as amended
2021 Notes: €600 million aggregate principal amount of 3.875% senior unsecured notes due June 7, 2021	FASB: Financial Accounting Standards Board
2023 Notes: €600 million aggregate principal amount of 1.75% senior unsecured notes due May 19, 2023	FICC: Fixed Income and Commodities Trading and Clearing
2024 Notes: \$500 million aggregate principal amount of 4.25% senior unsecured notes due June 1, 2024	FINRA: Financial Industry Regulatory Authority
2026 Notes: \$500 million aggregate principal amount of 3.85% senior unsecured notes due June 30, 2026	IPO: Initial Public Offering
ASU: Accounting Standards Update	ISE: U.S. Exchange Holdings, Inc. and its subsidiaries
BWise: BWise Beheer B.V. and its subsidiaries	LIBOR: London Interbank Offered Rate
CCP: Central Counterparty	MTF: Multilateral Trading Facility
EMIR: European Market Infrastructure Regulation	NFX: Nasdaq Futures, Inc.
	NPM: The Nasdaq Private Market, LLC
	NSCC: National Securities Clearing Corporation
	OCC: The Options Clearing Corporation
	OTC: Over-the-Counter
	PSU: Performance Share Unit

SEC: U.S. Securities and Exchange Commission

S&P: Standard & Poor's

SERP: Supplemental Executive Retirement Plan

S&P 500: S&P 500 Stock Index

SFSA: Swedish Financial Supervisory Authority

TSR: Total Shareholder Return

U.S. GAAP: U.S. Generally Accepted Accounting Principles

* * * * *

The following is a non-exclusive list of registered trademarks, registered service marks, or trademarks or service marks of Nasdaq or its subsidiaries, in the United States and/or other countries or jurisdictions:

@TRADE®, ACES®, AT TRADE®, AT-TRADE®, AGGREGATION, TRANSPARENCY, CONTROL®, AUTO WORKUP®, AXE®, BOARDVANTAGE, BWISE®, BWISE BUSINESS IN CONTROL®, BWISE RAPID DEPLOYMENT SOLUTION®, BX VENTURE MARKET®, CANADIAN DIVIDEND ACHIEVERS®, CCBN®, CCN®, CCN NEWSNET DESIGN, CCNMATTHEWS®, CLICK XT®, CONDICO®, CYBER SECURITY®, D.A.L.I.®, DEFENSE OF INTERNATIONAL MARKETS AND EXCHANGES SYMPOSIUM®, DIMES®, DIRECTORS DESK®, DIRECTORSDESK®, DIVIDEND ACHIEVERS®, DORSEY WRIGHT®, DREAM IT. DO IT.®, DWA®, DWA MATRIX®, EQQQ, E (design), E-SPEED®, ESPEED®, ESPEEDOMETER®, EXACTEQUITY®, EXIGO, FINQLOUD®, FINQLOUD REGULATORY RECORDS RETENTION® FIRST NORTH®, FONDSBØRSEN®, FTEN®, GENIUM®, GIDS®, GLOBE NEWSWIRE®, GO! POWERED BY MARKETWIRE®, HACK®, IGNITE YOUR AMBITION®, INET®, INTERNATIONAL SECURITIES EXCHANGE®, INVESTOR WORLD®, IPOWORLD®, ISE, ISE BIG DATA®, ISE BLACK SWAN®, ISE FX OPTIONS®, ISE GEMINI®, ISE MOBILE PAYMENTS®, ISEE SELECT®, ISSUERWORLD®, ITCH®, KFXAKTIEINDEX®, LONGITUDE®, MARKET INTELLIGENCE DESK®, MARKET LINQUIDITY, MARKET MECHANICS®, MARKETSITE®, MARKETWIRE®, MARKETWIRE BEYOND WORDS®, MARKETWIRE RESONATE®, MARKETWIRE GO!®, MARKETWIRED RESONATE®, MARKETWIRED®, MARKETWIRE®, MW®, MW MARKET WIRED®, MW MARKETWIRED THE POWER OF INFLUENCE®, MY CCBN®, MYMEDIAINFO®, NAREX®, NASDAQ®, NASDAQ 100 INDEX®, NASDAQ - FINANCIAL®, NASDAQ BIOTECHNOLOGY INDEX®, NASDAQ CANADA®, NASDAQ CANADA COMPOSITE INDEX®, NASDAQ CANADA INDEX®, NASDAQ CAPITAL MARKET®, NASDAQ COMPOSITE®, NASDAQ COMPOSITE INDEX®, NASDAQ COMPUTER INDEX®, NASDAQ DIVIDEND ACHIEVERS®, NASDAQ DUBAI®, NASDAQ DUBAI ACADEMY®, NASDAQ EUROPE®, NASDAQ EUROPE COMPOSITE INDEX®, NASDAQ FINANCIAL-100 INDEX®, NASDAQ FUTURES®, NASDAQ FX®, NASDAQ GLOBAL MARKET®, NASDAQ GLOBAL SELECT MARKET®, NASDAQ INDUSTRIAL INDEX®, NASDAQ INTERACT®, NASDAQ INTERNET INDEX®, NASDAQ IQ FUND®, NASDAQ IR INSIGHT®, NASDAQ JAPAN®, NASDAQ MARKET ANALYTIX®, NASDAQ MARKET CENTER®, NASDAQ MARKET FORCES®, NASDAQ MARKET VELOCITY®, NASDAQ MARKETSITE®, NASDAQ MAX®, NASDAQ MAX MARKET ANALYTIX®, NASDAQ OMX®, NASDAQ OMX ALPHA INDEXES®, NASDAQ OMX GREEN ECONOMY INDEX®, NASDAQ OMX NORDIC®, NASDAQ PRIVATE MARKET®, NASDAQ Q-50 INDEX®, NASDAQ TELECOMMUNICATIONS INDEX®, NASDAQ TOTALVIEW®, NASDAQ TRADER®, NASDAQ TRANSPORTATION INDEX®, NASDAQ US ALL MARKET®, NASDAQ WORKSTATION®, NASDAQ WORKSTATION II®, NASDAQ WORLD®, NASDAQ-100®, NASDAQ-100 EUROPEAN FUND®, NASDAQ-100 EUROPEAN TRACKER®, NASDAQ-100 EUROPEAN TRACKER FUND®, NASDAQ-100 INDEX®, NASDAQ-100 INDEX EUROPEAN TRACKER FUND®, NASDAQ-100 INDEX TRACKING STOCK®, NDX®, NEWS RELEASE EXPRESS®, NFX®, NFX WORLD CURRENCY FUTURES®, NLX®, NOIS®, NORDIX®, NPM®, OMX®, OMX COPENHAGEN 20®, OMX HELSINKI 25®, OMX STIBOR FUTURE®, OMX STOCKHOLM 30®, OMX TECHNOLOGY®, OMXC25®, OMXH25®, OMXS30®, OMXS3FUT®, ON THE WIRE®, OTW®, OVERUNDER®, PHILADELPHIA STOCK EXCHANGE®, PHLX®, PHLX XL®, PIXL®, PRECISE TRADE®, PRF®, Q THE NEXT GREAT THING®, QQQ®, QTARGET®, QVIEW®, R3®, RISKWAY®, RISKWRAPPER®, RISKXPOSURE®, RX®, S.A.X.E.S.®, SECONDMARKET®, SIGNALXPRESS SX®, SMARTS®, SMARTSONLINE®, STINA®, STRUCTURED LIQUIDITY PROGRAM®, THE NASDAQ STOCK MARKET®, THE STOCK MARKET FOR THE NEXT 100 YEARS®, TOTAL EQUITY SOLUTION®, TRADEGUARD®, TX®, ULL®, ULTRA LOW LATENCY®, ULTRAFEED®, VX PROXY®, WIZER®, XDE®, XO DORSEY WRIGHT & ASSOCIATES®, YFIRUNDIR®, YLIALLE®, ÖVERUNDER®

To the extent a name, logo or design does not appear on the above list, such lack of appearance does not constitute a waiver of any intellectual property rights that Nasdaq has established in its product or service names or logos, or in product configurations or designs, all of which rights are expressly reserved.

FINRA® and TRADE REPORTING FACILITY® are registered trademarks of FINRA.

All other trademarks and service marks used herein are the property of their respective owners.

* * * * *

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 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 ETPs. 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, 2017, the “Risk Factors” section in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 that was filed with the SEC on August 2, 2017, the “Risk Factors” section in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 that was filed with the SEC on May 10, 2017, and the “Risk Factors” section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 that was filed with the SEC on March 1, 2017.

* * * * *

Nasdaq intends to use its website, ir.nasdaq.com, as a means for disclosing material non-public information and for complying with SEC Regulation FD and other disclosure obligations. These disclosures will be included on Nasdaq’s website under “Investor Relations.”

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," "envisions," "estimates," "expects," "projects," "intends," "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, and other future developments identify forward-looking statements. These include, among others, statements relating to:

- our 2017 outlook;
- the integration of acquired businesses, including accounting decisions relating thereto;
- the scope, nature or impact of acquisitions, divestitures, investments, joint ventures or other transactional activities;
- the effective dates for, and expected benefits of, ongoing initiatives, including transactional activities and other strategic, restructuring, technology, de-leveraging and capital return initiatives;
- our products, order backlog and services;
- the impact of pricing changes;
- tax matters;
- the cost and availability of liquidity and capital; and
- any litigation, or any 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;
- 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;
- loss of significant trading and clearing volumes or values, fees, market share, listed companies, data products customers or other customers;
- our ability to keep up with rapid technological advances and adequately address cybersecurity risks;
- economic, political and market conditions and fluctuations, including interest rate and foreign currency risk, inherent in U.S. and international operations;
- the performance and reliability of our technology and technology of third parties;
- our ability to continue to generate cash and manage our indebtedness; and
- adverse changes that may occur in the litigation or regulatory areas, or 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, 2017, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 that was filed with the SEC on August 2, 2017, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 that was filed with the SEC on May 10, 2017, and more fully described in the "Risk Factors" section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 that was filed with the SEC on March 1, 2017. 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.

PART 1 - FINANCIAL INFORMATION
Item 1. Financial Statements.
Nasdaq, Inc.
Condensed Consolidated Balance Sheets
(in millions, except share and par value amounts)

	September 30, 2017	December 31, 2016
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 530	\$ 403
Restricted cash	21	15
Financial investments, at fair value	207	245
Receivables, net	320	429
Default funds and margin deposits	3,893	3,301
Other current assets	175	167
Assets held for sale	300	—
Total current assets	5,446	4,560
Property and equipment, net	379	362
Deferred tax assets	611	717
Goodwill	6,154	6,027
Intangible assets, net	2,091	2,094
Other non-current assets	391	390
Total assets	\$ 15,072	\$ 14,150
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 168	\$ 175
Section 31 fees payable to SEC	31	108
Accrued personnel costs	130	207
Deferred revenue	204	162
Other current liabilities	94	129
Default funds and margin deposits	3,893	3,301
Short-term debt	154	—
Liabilities held for sale	49	—
Total current liabilities	4,723	4,082
Long-term debt	3,589	3,603
Deferred tax liabilities	726	720
Non-current deferred revenue	157	171
Other non-current liabilities	142	144
Total liabilities	9,337	8,720
Commitments and contingencies		
Equity		
Nasdaq stockholders' equity:		
Common stock, \$0.01 par value, 300,000,000 shares authorized, shares issued: 171,454,303 at September 30, 2017 and 170,501,186 at December 31, 2016; shares outstanding: 166,594,818 at September 30, 2017 and 166,579,468 at December 31, 2016	2	2
Additional paid-in capital	3,012	3,104
Common stock in treasury, at cost: 4,859,485 shares at September 30, 2017 and 3,921,718 shares at December 31, 2016	(241)	(176)
Accumulated other comprehensive loss	(825)	(979)
Retained earnings	3,787	3,479
Total Nasdaq stockholders' equity	5,735	5,430
Total liabilities and equity	\$ 15,072	\$ 14,150

See accompanying notes to condensed consolidated financial statements.

Nasdaq, Inc.
Condensed Consolidated Statements of Income
(Unaudited)
(in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Market Services	\$ 581	\$ 557	\$ 1,808	\$ 1,661
Corporate Services	161	162	486	467
Information Services	150	137	432	405
Market Technology	77	73	215	199
Total revenues	969	929	2,941	2,732
Transaction-based expenses:				
Transaction rebates	(266)	(265)	(874)	(804)
Brokerage, clearance and exchange fees	(96)	(79)	(275)	(250)
Revenues less transaction-based expenses	607	585	1,792	1,678
Operating expenses:				
Compensation and benefits	169	168	493	484
Professional and contract services	39	40	112	111
Computer operations and data communications	31	28	91	80
Occupancy	23	23	69	62
General, administrative and other	15	19	64	50
Marketing and advertising	7	8	22	22
Depreciation and amortization	47	46	140	125
Regulatory	9	8	25	21
Merger and strategic initiatives	3	12	20	56
Restructuring charges	—	—	—	41
Total operating expenses	343	352	1,036	1,052
Operating income	264	233	756	626
Interest income	2	1	6	4
Interest expense	(34)	(37)	(107)	(98)
Other investment income	—	—	2	3
Net income from unconsolidated investees	4	2	10	6
Income before income taxes	236	199	667	541
Income tax provision	65	68	179	208
Net income attributable to Nasdaq	\$ 171	\$ 131	\$ 488	\$ 333
Per share information:				
Basic earnings per share	\$ 1.03	\$ 0.79	\$ 2.93	\$ 2.02
Diluted earnings per share	\$ 1.01	\$ 0.77	\$ 2.88	\$ 1.97
Cash dividends declared per common share	\$ 0.38	\$ 0.32	\$ 1.08	\$ 0.89

See accompanying notes to condensed consolidated financial statements.

Nasdaq, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(in millions)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2017	2016	2017	2016
Net income	\$ 171	\$ 131	\$ 488	\$ 333
Other comprehensive income (loss):				
Foreign currency translation gains (losses):				
Net foreign currency translation gains (losses)	92	(45)	258	(34)
Income tax benefit (expense)	(25)	23	(104)	16
Total other comprehensive income (loss), net of tax	67	(22)	154	(18)
Comprehensive income attributable to Nasdaq	<u>\$ 238</u>	<u>\$ 109</u>	<u>\$ 642</u>	<u>\$ 315</u>

See accompanying notes to condensed consolidated financial statements.

Nasdaq, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in millions)

	Nine Months Ended September 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 488	\$ 333
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	140	125
Share-based compensation	52	55
Deferred income taxes	(4)	(10)
Non-cash restructuring charges	—	8
Net income from unconsolidated investees	(10)	(6)
Other reconciling items included in net income	18	5
Net change in operating assets and liabilities, net of effects of acquisitions:		
Receivables, net	106	53
Other assets	311	(2)
Accounts payable and accrued expenses	(18)	(3)
Section 31 fees payable to SEC	(77)	(77)
Accrued personnel costs	(82)	(8)
Deferred revenue	4	46
Other liabilities	(68)	(27)
Net assets held for sale	(251)	—
Net cash provided by operating activities	609	492
Cash flows from investing activities:		
Purchases of trading securities	(291)	(376)
Proceeds from sales and redemptions of trading securities	334	328
Purchases of available-for-sale investment securities	(12)	(7)
Proceeds from maturities of available-for-sale investment securities	30	19
Acquisition of businesses, net of cash and cash equivalents acquired	—	(1,460)
Purchases of property and equipment	(102)	(85)
Other investment activities	(32)	(10)
Net cash used in investing activities	(73)	(1,591)
Cash flows from financing activities:		
Proceeds from commercial paper, net	154	—
Repayments of long-term debt	(683)	(1,118)
Payment of debt extinguishment cost	(9)	—
Proceeds from utilization of credit commitment, net of debt issuance costs	10	878
Proceeds from issuances of senior unsecured notes, net of debt issuance costs	498	1,159
Proceeds from issuance of term loan facility	—	399
Cash paid for repurchase of common stock	(175)	(100)
Cash dividends	(180)	(147)
Proceeds received from employee stock activity	32	42
Payments related to employee shares withheld for taxes	(65)	(58)
Proceeds (disbursements) of customer funds	—	(38)
Net cash (used in) provided by financing activities	(418)	1,017
Effect of exchange rate changes on cash and cash equivalents and restricted cash	15	1
Net increase (decrease) in cash and cash equivalents and restricted cash	133	(81)
Cash and cash equivalents and restricted cash at beginning of period	418	357
Cash and cash equivalents and restricted cash at end of period	\$ 551	\$ 276
Supplemental Disclosure Cash Flow Information		
Cash paid for:		
Interest	\$ 114	\$ 96
Income taxes, net of refund	\$ 126	\$ 167

See accompanying notes to condensed consolidated financial statements.

Nasdaq, Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Organization and Nature of Operations

Nasdaq, Inc. is a leading provider of trading, clearing, exchange technology, regulatory, securities listing, information and public company services. Our global offerings are diverse and include trading and clearing across multiple asset classes, trade management 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 derivative trading, clearing and settlement, cash equity trading, fixed income trading and many other functions.

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

Market Services

Our Market Services segment includes our Equity Derivative Trading and Clearing, Cash Equity Trading, FICC, and Trade Management Services businesses. We operate multiple exchanges and other marketplace facilities across several asset classes, including derivatives, commodities, cash equity, debt, structured products and ETPs. 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 six electronic options exchanges and 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 an electronic platform for trading of U.S. Treasuries and NFX, a U.S. based energy derivatives market which offers cash settled energy derivatives based on key energy benchmarks including oil, natural gas and U.S. power. In addition, we also operate three Canadian markets for the trading of Canadian-listed securities.

In Europe, we operate exchanges in Stockholm (Sweden), Copenhagen (Denmark), Helsinki (Finland), and Reykjavik (Iceland), as well as the clearing operations of Nasdaq 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 exchange traded funds as well as trading and clearing of derivatives and clearing of resale and repurchase agreements.

Nasdaq Commodities is the brand name for Nasdaq's worldwide suite of commodity-related products and services. Nasdaq Commodities' offerings include oil, power, natural gas

and carbon emission markets, tanker and dry cargo freight, seafood derivatives, iron ore, electricity certificates and clearing services. The products are listed on two of Nasdaq's derivatives exchanges, Nasdaq Oslo ASA and NFX.

Through our Trade Management 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 centers. Our broker services operations offer technology and customized securities administration solutions to financial participants in the Nordic market.

Corporate Services

Our Corporate Services segment includes our Corporate Solutions and Listing Services businesses.

Our Corporate Solutions business serves corporate clients, including companies listed on our exchanges and private companies. 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: IR intelligence, public relations, board and leadership, and digital media services. As of September 30, 2017, our public relations solutions and digital media services businesses have been classified as held for sale. See Note 5, "Assets and Liabilities Held for Sale," for further discussion.

Our Listing Services business 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. Through Nasdaq First North, our Nordic and Baltic operations also offer alternative marketplaces for smaller companies and growth companies. Our Listing Services business also includes NPM, which provides services for private companies.

As of September 30, 2017, there were 2,935 total listings on The Nasdaq Stock Market, including 362 separately listed ETPs. The combined market capitalization was approximately \$10.8 trillion. In Europe, the Nasdaq Nordic and Nasdaq Baltic exchanges, together with Nasdaq First North, were home to 952 listed companies with a combined market capitalization of approximately \$1.6 trillion.

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 professional and non-professional 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, 2017, we had 314 ETPs licensed to Nasdaq's indexes which had \$154 billion of assets under management.

Market Technology

Our Market Technology segment 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 and energy products, and are currently powering more than 90 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. GAAP and 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. See "Equity Method Investments," of Note 7, "Investments," for further discussion of our equity method investments.

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, 2016.

Certain prior year amounts have been reclassified to conform to the current year 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.

Subsequent Event

In October 2017, we acquired eVestment. See "Acquisition of eVestment," of Note 4, "Acquisitions," and "Note 18, "Subsequent Event," for further discussion of our acquisition of eVestment.

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.

The following table shows our income tax provision and effective tax rates:

	Three Months Ended September 30,		Percentage Change
	2017	2016	
	(\$ in millions)		
Income tax provision	\$ 65	\$ 68	(4.4)%
Effective tax rate	27.5%	34.2%	
	Nine Months Ended September 30,		
	(\$ in millions)		
Income tax provision	\$ 179	\$ 208	(13.9)%
Effective tax rate	26.8%	38.4%	

The lower income tax provision and effective tax rate in the third quarter and first nine months of 2017 when compared with

the same periods in 2016 is primarily due to the recognition of excess tax benefits associated with the vesting of employee share-based compensation arrangements. See “Recently Adopted Accounting Pronouncements” below for further discussion. In addition, in the third quarter of 2017, we recognized previously unrecognized tax benefits associated with positions taken in prior years which also contributed to the lower income tax provision and effective tax rate in both periods. Furthermore, in the second quarter of 2016, we received an unfavorable ruling from the Finnish Supreme Administrative Court which resulted in an increase to tax expense. The lower income tax provision in the third quarter and first nine months of 2017 is partially offset by an increase in income tax expense associated with the increase in income before taxes in the third quarter and first nine months of 2017.

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 the 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 2012 through 2015 are currently under examination by the Internal Revenue Services and we are subject to examination by the Internal Revenue Service for 2016. Several state tax returns are currently under examination by the respective tax authorities for the years 2005 through 2015 and we are subject to examination for 2016. Non-U.S. tax returns are subject to examination by the respective tax authorities for the years 2009 through 2016. Although the results of such examinations may have an impact on our

unrecognized tax benefits, we do not anticipate that such impact will be material to our consolidated financial position or results of operations. Based on the expiration of the statute of limitations in the third quarter of 2017, we recognized \$8 million in previously unrecognized tax benefits associated with positions taken in prior years. In addition, we anticipate that the amount of unrecognized tax benefits at September 30, 2017 will decrease in the next twelve months as we expect to settle certain tax audits.

The Swedish Tax Agency has disallowed certain interest expense deductions for the years 2013 - 2015. We have appealed to the Lower Administrative Court. Despite a prior negative decision from the Council for Advance Rulings and the Supreme Administrative Court's refusal to hear our appeal at that time, we continue to expect a favorable decision from the Swedish Courts. Since January 1, 2013, we have recorded tax benefits of \$54 million associated with this matter. We continue to 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 \$47 million, or \$0.28 per diluted share, which is gross of any related U.S. tax benefits and reflects the impact of foreign currency translation. We record quarterly tax benefits of \$1 million to \$2 million related to this matter.

Although no new U.S. tax legislation has been enacted, we are currently assessing the impact various tax reform proposals will have on our condensed consolidated financial statements.

Recently Adopted Accounting Pronouncements

Accounting Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
<p>Compensation - Stock Compensation</p> <p>In March 2016, the FASB issued ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting.”</p>	<p>This ASU involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This guidance requires all income tax effects of awards to be recognized as income tax expense or benefit in the income statement when the awards vest or are settled, as opposed to additional paid-in-capital where it was previously recorded. This guidance impacts the calculation of our total diluted share count for the earnings per share calculation, as calculated under the treasury stock method. It also allows an employer to repurchase more of an employee’s shares for tax withholding purposes without triggering liability accounting. All tax-related cash flows resulting from share-based payments are reported as operating activities on the statement of cash flows. In regards to forfeitures, a policy election is required to either estimate the number of awards that are expected to vest or account for forfeitures as they occur.</p>	<p>We adopted this new standard on January 1, 2017 on a prospective basis for the impacts on the accounting for income taxes and the effect on earnings per share. We have adopted the changes in cash flow statement classification retrospectively.</p>	<p>The adoption resulted in the recognition of excess tax benefit in our provision for income taxes rather than additional paid-in capital, which was \$7 million for the three months ended September 30, 2017 and was \$30 million for the nine months ended September 30, 2017.</p>
<p>Compensation - Stock Compensation</p> <p>In May 2017, the FASB issued ASU 2017-09, “Scope of Modification Accounting.”</p>	<p>This ASU clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions.</p>	<p>We adopted this new standard on June 30, 2017 on a prospective basis.</p>	<p>Adopting this standard had no impact on our consolidated financial statements. The future impact will depend on the extent and nature of future changes to the terms of our share-based payment awards. Historically, we have not had significant changes to our share-based payment awards and therefore do not expect adoption of this guidance to have a material impact on our consolidated financial statements.</p>

Recently Issued Accounting Pronouncements

Accounting Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
<p>Business Combination In January 2017, the FASB issued ASU 2017-01, “Clarifying the Definition of a Business.”</p>	<p>This ASU clarifies the definition of a business with the objective of adding guidance to assist companies with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance is expected to reduce the number of transactions that need to be further evaluated as businesses. Early adoption is permitted for certain types of transactions.</p>	<p>January 1, 2018, with early adoption permitted.</p>	<p>This new standard is required to be applied prospectively and therefore, may impact how we account for future acquisitions.</p>
<p>Goodwill In January 2017, the FASB issued ASU 2017-04, “Simplifying the Test for Goodwill Impairment.”</p>	<p>This ASU simplifies how an entity is required to test goodwill for impairment and removes the second step of the goodwill impairment test, which required a hypothetical purchase price allocation if the fair value of a reporting unit is less than its carrying amount. Goodwill impairment will now be measured using the difference between the carrying amount and the fair value of the reporting unit and the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendments in this ASU should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.</p>	<p>January 1, 2020, with early adoption as of January 1, 2017 permitted.</p>	<p>We do not anticipate a material impact on our consolidated financial statements at the time of adoption of this new standard as the carrying amounts of our reporting units have been less than their corresponding fair values in recent years. Therefore, the second step of the goodwill impairment test was not required. However, changes in future projections, market conditions and other factors may cause a change in the excess of fair value of our reporting units over their corresponding carrying amounts.</p>
<p>Financial Instruments - Credit Losses In June 2016, the FASB issued ASU 2016-13, “Measurement of Credit Losses on Financial Instruments.”</p>	<p>This ASU changes the impairment model for certain financial instruments. The new model is a forward looking expected loss model and will apply to financial assets subject to credit losses and measured at amortized cost and certain off-balance sheet credit exposures. This includes loans, held-to-maturity debt securities, loan commitments, financial guarantees and net investments in leases, as well as trade receivables. For available-for-sale debt securities with unrealized losses, credit losses will be measured in a manner similar to today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities.</p>	<p>January 1, 2020, with early adoption as of January 1, 2019 permitted.</p>	<p>We are currently assessing the impact that this standard will have on our consolidated financial statements.</p>
<p>Leases In February 2016, the FASB issued ASU 2016-02, “Leases.”</p>	<p>Under this ASU, at the commencement date, lessees will be required to recognize a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. This guidance is not applicable for leases with a term of 12 months or less. Lessor accounting is largely unchanged.</p>	<p>January 1, 2019, with early adoption permitted.</p>	<p>We are currently assessing the impact that this standard will have on our consolidated financial statements.</p>

Accounting Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
<p>Financial Instruments - Overall</p> <p>In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities."</p>	<p>This ASU requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. Under this new guidance, Nasdaq will no longer be able to recognize unrealized holding gains and losses on equity securities classified today as available-for-sale in accumulated other comprehensive income within stockholders' equity. This new standard does not change the guidance for classifying and measuring investments in debt securities and loans. This new guidance also impacts financial liabilities accounted for under the fair value option and affects the presentation and disclosure requirements for financial assets and liabilities.</p>	<p>January 1, 2018. Early adoption is not permitted.</p>	<p>As we do not have a significant investment in financial instruments impacted by this standard, we do not anticipate a material impact on our consolidated financial statements at the time of adoption of this new standard.</p>
<p>Revenue From Contracts With Customers</p> <p>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, "Revenue Recognition."</p>	<p>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.</p>	<p>January 1, 2018, with early adoption permitted.</p>	<p>See discussion below.</p>

Revenue From Contracts With Customers

We are currently assessing the expected impact of the adoption of Topic 606 on our consolidated financial statements. We have determined that revenue and expense recognition for our Market Technology business and revenue recognition for our Listing Services business will be impacted, however we currently do not anticipate these changes to have a material impact on our consolidated financial statements at the time of adoption. We do not anticipate an impact to revenue and expense recognition for our other businesses.

The following are key items to note regarding the accounting for our Market Technology and Listing Services businesses under Topic 606:

- revenue recognition for existing and new contracts will be recognized in earlier stages under the new standard;
- expense recognition for Market Technology contracts will be recognized in earlier stages under the new standard;
- a portion of revenues and expenses that were previously deferred will be recognized either in prior period revenues, through restatement, or as an adjustment to retained earnings upon adoption of the new standard; and
- the overall value of our contracts and the timing of cash flows from customers will not change.

We will adopt the new standard on January 1, 2018 using the full retrospective method.

Market Technology. In our Market Technology business, we enter into contracts with customers to develop technology solutions, license the right to use software, and provide post-contract support and other services to our customers. Under current accounting policies, we do not recognize revenue or expense until we begin the final stage of the contract as we are not able to establish vendor specific objective evidence of fair value for individual elements of the contract. Under Topic 606, we will no longer defer recognition of revenue and expense until the final stage of the contract. For each of our contracts, we have identified multiple performance obligations, allocated the transaction price to these obligations and will recognize revenue for each of these obligations as they are satisfied. Expenses will no longer be deferred, with the exception of commission expense, but will be recognized as incurred. Since revenue and expense will be recognized in earlier stages of the contract, the balance sheet accounts for deferred revenue and costs will decline upon adoption of Topic 606. Due to the complexity of certain contracts, the revenue recognition treatment under the new standard will be dependent on contract-specific terms and may vary in some instances.

Listing Services. Amounts received for initial listing fees and listing of additional shares fees are generally deferred and revenue is recognized over estimated service periods of six and four years, respectively. Under Topic 606, we have identified the performance obligations associated with these services and will record revenue upon satisfaction of each performance obligation. We expect to recognize initial listing fees over a shorter period on average than the current estimated service period. Since we expect to recognize revenues earlier under Topic 606, the balance sheet account for deferred revenue will decline upon adoption.

During the remainder of 2017, we will implement any required changes to our systems and processes to meet the new accounting, reporting and disclosure requirements and will update our internal controls accordingly. There are no significant barriers to implementation of the new standard.

* * * * *

3. Restructuring Charges

2015 Restructuring Plan

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. This restructuring plan was completed in the second quarter of 2016.

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

	Nine Months Ended September 30, 2016	
	(in millions)	
Severance	\$	22
Facilities-related		1
Asset impairments		8
Other		10
Total restructuring charges	\$	41

* * * * *

4. Acquisitions

We completed the following acquisitions in 2017 and 2016. Financial results of each transaction are included in our Condensed Consolidated Statements of Income from the date of each acquisition.

2017 Acquisitions

Acquisition of eVestment

In October 2017, we acquired eVestment, a content and analytics provider used by asset managers, investment consultants and asset owners to help facilitate institutional investment decisions, for \$705 million. The aggregate cash

For the nine months ended September 30, 2016, we recognized restructuring charges totaling \$41 million, including severance costs of \$22 million related to workforce reductions of 201 positions across our organization, \$8 million for asset impairments, primarily related to fixed assets and capitalized software that have been retired and \$10 million of other charges.

Restructuring Reserve

Severance

The accrued severance balance was \$4 million at September 30, 2017 and \$17 million at December 31, 2016. As of September 30, 2017, the accrued severance is included in other current liabilities in the Condensed Consolidated Balance Sheets and will be paid in 2017.

consideration, net of cash acquired, of \$744 million included \$39 million of estimated tax benefits associated with the transaction. eVestment is part of our Information Services segment. For further discussion of our acquisition of eVestment, see Note 18, "Subsequent Event."

Acquisition of Sybenetix

In September 2017, we acquired Sybenetix, a surveillance provider that combines behavioral analytics and cognitive computing with financial markets expertise, for an immaterial amount. Sybenetix's technology offering is designed to solve key surveillance challenges facing the asset management industry. Sybenetix is part of our Market Technology segment.

2016 Acquisitions

	Purchase Consideration	Total Net Assets (Liabilities) Acquired	Total Net Deferred Tax Liability	Acquired Intangible Assets	Goodwill
	(in millions)				
ISE	\$ 1,070	\$ 83	\$ (185)	\$ 623	\$ 549
Boardvantage	242	28	(38)	111	141
Marketwired	111	(1)	(5)	31	86
Nasdaq CXC	116	6	(20)	76	54

The amounts in the table above represent the final allocation of purchase price. The allocations of the purchase price were subject to revision during the measurement period, a period not to exceed 12 months from the acquisition date. Adjustments to the provisional values, which may include tax and other estimates, during the measurement period are recorded in the reporting period in which the adjustment amounts are determined. Changes to amounts recorded as assets and liabilities may result in a corresponding adjustment to goodwill. We finalized the allocation of the purchase price for Marketwired and Nasdaq CXC in February 2017. In the second quarter of 2017, we finalized the allocation of the price for Boardvantage and ISE. There were no adjustments to the provisional values during the 12 month measurement period for Nasdaq CXC and ISE. In the second quarter of 2016, we recorded a measurement period adjustment of \$5 million related to our acquisition of Marketwired which is discussed below under “Acquisition of Marketwired.” In the second quarter of 2017, we recorded a measurement period adjustment of \$7 million related to our acquisition of Boardvantage which is discussed below under “Acquisition of Boardvantage.”

See “Intangible Assets” below for further discussion of intangible assets acquired through our 2016 acquisitions.

Acquisition of ISE

On June 30, 2016, we acquired ISE for \$1,070 million. We acquired net assets, at fair value, totaling \$83 million and recorded a net deferred tax liability of \$185 million, comprised of a deferred tax liability of \$266 million and a deferred tax asset of \$81 million, related to differences in the U.S. GAAP and tax basis of our investment in ISE. ISE is part of our Market Services, Information Services and Market Technology segments.

In May 2016, we issued the 2023 Notes and in June 2016, we issued the 2026 Notes to fund this acquisition. See “1.75% Senior Unsecured Notes,” and “3.85% Senior Unsecured Notes,” of Note 9, “Debt Obligations,” for further discussion.

Acquisition of Boardvantage

In May 2016, we acquired Boardvantage for \$242 million (\$197 million in cash paid plus \$45 million in working capital adjustments, which primarily includes cash acquired). We acquired net assets, at fair value, totaling \$28 million and recorded a net deferred tax liability of \$45 million, comprised of a deferred tax liability of \$46 million and a deferred tax asset

of \$1 million, related to differences in the U.S. GAAP and tax basis of our investment in Boardvantage. In the second quarter of 2017, we recorded a measurement period adjustment of \$7 million to the estimated fair value of deferred tax assets to reflect a revised assessment following the receipt of new information. The adjustment resulted in an increase to deferred tax assets recorded and a decrease to goodwill. The adjustment did not result in an impact to our Condensed Consolidated Statements of Income. Boardvantage is part of our Corporate Solutions business within our Corporate Services segment.

Nasdaq borrowed \$197 million under the revolving credit commitment of a previous credit facility to fund this acquisition.

Acquisition of Marketwired

In February 2016, we acquired Marketwired for \$111 million (\$109 million in cash paid plus \$2 million in working capital adjustments). We acquired net liabilities, at fair value, totaling \$1 million and recorded a deferred tax liability of \$10 million related to differences in the U.S. GAAP and tax basis of our investment in Marketwired. In the second quarter of 2016, we recorded a measurement period adjustment of \$5 million to the estimated fair value of deferred tax liabilities to reflect a revised assessment following the receipt of new information. The adjustment resulted in a decrease to both deferred tax liabilities recorded and goodwill. The adjustment did not result in an impact to our Condensed Consolidated Statements of Income. Marketwired is part of our Corporate Solutions business within our Corporate Services segment.

Nasdaq borrowed \$109 million under the revolving credit commitment of a previous credit facility to fund this acquisition.

Acquisition of Nasdaq CXC

In February 2016, we acquired Nasdaq CXC for \$116 million (\$115 million in cash paid plus \$1 million in working capital adjustments). We acquired net assets, at fair value, totaling \$6 million and recorded a deferred tax liability of \$20 million related to differences in the U.S. GAAP and tax basis of our investment in Nasdaq CXC. Nasdaq CXC is part of our Market Services segment and our Data Products business within our Information Services segment.

Nasdaq used cash on hand and borrowed \$55 million under the revolving credit commitment of a previous credit facility to fund this acquisition.

Intangible Assets

The following table presents the details of acquired intangible assets at the date of each acquisition. All acquired intangible assets with finite lives are amortized using the straight-line method.

	2016			
	ISE	Boardvantage	Marketwired	Nasdaq CXC
	(\$ in millions)			
Intangible Assets				
Exchange registrations	\$ 467	\$ —	\$ —	\$ —
Discount rate used	8.6%	—	—	—
Estimated average useful life	Indefinite	—	—	—
Customer relationships	\$ 148	\$ 103	\$ 29	\$ 76
Discount rate used	9.1%	15.5%	16.4%	10.3%
Estimated average useful life	13 years	14 years	6 years	17 years
Trade name	\$ 8	\$ 2	\$ 2	\$ —
Discount rate used	8.6%	15.0%	15.8%	—
Estimated average useful life	Indefinite	1 year	2 years	—
Technology	\$ —	\$ 6	\$ —	\$ —
Discount rate used	—	15.5%	—	—
Estimated average useful life	—	5 years	—	—
Total intangible assets	\$ 623	\$ 111	\$ 31	\$ 76

Exchange Registrations

As part of our acquisition of ISE we acquired exchange registrations. The exchange registrations represent licenses that provide ISE with the ability to operate its option exchanges. Nasdaq views these intangible assets as a perpetual license to operate the exchanges so long as ISE meets its regulatory requirements. Nasdaq selected a variation of the income approach called the Greenfield Approach to value the exchange registrations. The Greenfield Approach refers to a discounted cash flow analysis that assumes the buyer is building the exchange from a start-up business to a normalized level of operations as of the acquisition date. This discounted cash flow model considers the required resources and eventual returns from the build-out of operational exchanges and the acquisition of customers, once the exchange registrations are obtained. The advantage of this approach is that it reflects the actual expectations that will arise from an investment in the registrations and it directly values the registrations. The Greenfield Approach relies on assumptions regarding projected revenues, margins, capital expenditures, depreciation, and working capital during the two year pre-trade phase, the 10 year ramp-up period, as well as the terminal period.

In developing a discount rate for the exchange registrations, 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 the applicable statutory rate.

Customer Relationships

As part of our acquisitions of ISE, Boardvantage, Marketwired, and Nasdaq CXC, we acquired customer relationships.

Customer relationships represent the non-contractual and contractual relationships with customers.

Methodology

For our acquisitions of ISE, Boardvantage, Marketwired and Nasdaq CXC, customer relationships were valued using the income approach, specifically an 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.

Discount rate

The discount rates used reflect the amount of risk associated with the hypothetical cash flows for the customer relationships relative to the overall business. In developing a discount rate for the customer relationships, 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 the applicable statutory rate.

For our acquisitions of Marketwired and Nasdaq CXC, a discounted tax amortization benefit was added to the fair value of the assets under the assumption that the customer relationships would be amortized for tax purposes over a period of 15 years.

Estimated Useful Life

We estimate the useful life based on the historical behavior of the customers and a parallel analysis of the customers using the excess earnings method.

Pro Forma Results and Acquisition-related Costs

The condensed consolidated financial statements for the three and nine months ended September 30, 2017 and 2016 include the financial results of the above 2016 acquisitions from the date of each acquisition. Pro forma financial results have not been presented since these acquisitions both individually and in the aggregate were not material to our financial results.

Acquisition-related costs for the transactions described above were expensed as incurred and are included in merger and strategic initiatives expense in the Condensed Consolidated Statements of Income.

5. Assets and Liabilities Held For Sale

We classify assets and liabilities as held for sale (disposal group) when management, having the authority to approve the action, commits to a plan to sell the disposal group, the sale is probable within one year, and the disposal group is available for immediate sale in its present condition. We also consider whether an active program to locate a buyer has been initiated, whether the disposal group is marketed actively for sale at a price that is reasonable in relation to its current fair value, and whether actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. We initially measure a disposal group that is classified as held for sale at the lower of its carrying amount or fair value less costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized until the date of sale. We assess the fair value of a disposal group less costs to sell each reporting period it remains classified as held for sale and report any subsequent changes as an adjustment to the carrying amount of the disposal group, as long as the new carrying amount does not exceed the carrying amount of the disposal group at the time it was initially classified as held for sale. Assets are not depreciated or amortized while they are classified as held for sale. Upon determining that a disposal group meets the criteria to be classified as held for sale, we report the assets and liabilities of the disposal group as assets held for sale and liabilities held for sale in our Consolidated Balance Sheets.

In September 2017, we commenced a process to evaluate potential strategic alternatives for our public relations solutions and digital media services businesses within our Corporate Solutions business as part of our strategic refinement. The Corporate Solutions business is part of our Corporate Services segment. The public relations solutions and digital media services businesses include the following products and services:

- Nasdaq GlobeNewswire;
- Nasdaq Influencers;
- Nasdaq Media Intelligence;
- Nasdaq IR Websites and Newsrooms; and
- Nasdaq Webcasts.

As a result of the above, we determined that we met all of the criteria to classify the assets and liabilities of these businesses as held for sale as of September 30, 2017. The potential disposal of these businesses does not represent a strategic shift that will have a major effect on our operations and financial results and is, therefore, not classified as discontinued operations. No impairment charge was recorded as the carrying amount of the net assets was less than the fair value less costs to sell. Fair value was determined based upon the anticipated sales price of these businesses based on current market conditions and assumptions made by management, which may differ from actual results and may result in an impairment if market conditions deteriorate.

The following table presents the carrying amounts of the major classes of assets and liabilities classified as held for sale in the Condensed Consolidated Balance Sheets:

	September 30, 2017
	(in millions)
Receivables, net	\$ 23
Property and equipment, net	21
Goodwill	202
Intangible assets, net	41
Other assets	13
Total assets held for sale	\$ 300
Deferred tax liabilities	\$ 20
Other current liabilities	29
Total liabilities held for sale	\$ 49

6. Goodwill and Acquired Intangible Assets

Goodwill

The following table presents the changes in goodwill by business segment during the nine months ended September 30, 2017:

	Market Services	Corporate Services	Information Services	Market Technology	Total
	(in millions)				
Balance at December 31, 2016	\$ 3,390	\$ 674	\$ 1,806	\$ 157	\$ 6,027
Goodwill acquired	—	—	—	13	13
Measurement period adjustment	—	(7)	—	—	(7)
Foreign currency translation adjustment	170	26	109	18	323
Goodwill reclassified as held for sale ⁽¹⁾	—	(202)	—	—	(202)
Balance at September 30, 2017	\$ 3,560	\$ 491	\$ 1,915	\$ 188	\$ 6,154

⁽¹⁾ See Note 5, “Assets and Liabilities Held for Sale,” for further discussion.

In the second quarter of 2017, we recorded a measurement period adjustment of \$7 million to the estimated fair value of deferred tax assets related to our acquisition of Boardvantage. See “Acquisition of Boardvantage,” of Note 4, “Acquisitions,” for further discussion of the Boardvantage acquisition. The adjustment was made to reflect a revised assessment of deferred tax assets following the receipt of new information. The adjustment resulted in an increase to deferred tax assets recorded and a decrease to goodwill and is reflected in the above table. The measurement period adjustment is included in our Condensed Consolidated Balance Sheets as of September 30, 2017. The adjustment did not result in an impact to our Condensed Consolidated Statements of Income.

As of September 30, 2017, the amount of goodwill that is expected to be deductible for tax purposes in future periods is \$815 million.

Goodwill represents the excess of purchase price over the value assigned to the net assets, including 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. As discussed in Note 5, “Assets and Liabilities Held for Sale,” our public relations solutions and digital media services businesses have been classified as held for sale as of September 30, 2017. Therefore, we performed an interim goodwill impairment test on the remaining businesses in our Corporate Solutions business. No impairment charge was recorded as a result of the interim impairment test. In addition, no impairment of goodwill was recorded for our other reporting units for the nine months ended September 30, 2017 and 2016; however, events such as extended economic weakness or unexpected significant declines in operating results of a reporting unit may result in goodwill impairment charges in the future.

Acquired Intangible Assets

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

	September 30, 2017				December 31, 2016			
	Gross Amount	Accumulated Amortization	Net Amount	Weighted-Average Useful Life (in Years)	Gross Amount	Accumulated Amortization	Net Amount	Weighted-Average Useful Life (in Years)
	(in millions)				(in millions)			
Finite-Lived Intangible Assets								
Technology	\$ 51	\$ (20)	\$ 31	8	\$ 38	\$ (24)	\$ 14	5
Customer relationships	1,330	(502)	828	19	1,394	(464)	930	18
Other	4	(3)	1	10	7	(6)	1	6
Foreign currency translation adjustment	(108)	44	(64)		(160)	58	(102)	
Total finite-lived intangible assets	\$ 1,277	\$ (481)	\$ 796		\$ 1,279	\$ (436)	\$ 843	
Indefinite-Lived Intangible Assets								
Exchange and clearing registrations	\$ 1,257	\$ —	\$ 1,257		\$ 1,257	\$ —	\$ 1,257	
Trade names	127	—	127		130	—	130	
Licenses	52	—	52		52	—	52	
Foreign currency translation adjustment	(141)	—	(141)		(188)	—	(188)	
Total indefinite-lived intangible assets	\$ 1,295	\$ —	\$ 1,295		\$ 1,251	\$ —	\$ 1,251	
Total intangible assets	\$ 2,572	\$ (481)	\$ 2,091		\$ 2,530	\$ (436)	\$ 2,094	

As a result of our decision to evaluate potential strategic alternatives for our public relations solutions and digital media services businesses within our Corporate Solutions business, we reclassified certain intangibles assets to held for sale. The following table presents the gross amount, accumulated amortization and net amount of finite-lived and indefinite-lived intangible assets that have been reclassified as assets held for sale as of September 30, 2017. See Note 5, "Assets and Liabilities Held for Sale," for further discussion.

Amortization expense for acquired finite-lived intangible assets was \$22 million for the three months ended September 30, 2017, \$23 million for the three months ended September 30, 2016, \$67 million for the nine months ended September 30, 2017, and \$59 million for the nine months ended September 30, 2016. The increase in amortization expense for the nine months ended September 30, 2017 compared with the same period in 2016 was primarily due to additional acquired intangible assets related to our 2016 acquisitions.

	Gross Amount	Accumulated Amortization	Net Amount
	(in millions)		
Finite-lived intangible assets reclassified as held for sale:			
Customer relationships	\$ 54	\$ (17)	\$ 37
Other	2	(1)	1
Total finite-lived intangible assets held for sale	56	(18)	38
Indefinite-lived intangible assets reclassified as held for sale - trade name			
	3	—	3
Total intangible assets held for sale	\$ 59	\$ (18)	\$ 41

The estimated future amortization expense (excluding the impact of foreign currency translation adjustments of \$64 million as of September 30, 2017) of acquired finite-lived intangible assets as of September 30, 2017 is as follows:

	(in millions)
2017 ⁽¹⁾	\$ 22
2018	86
2019	71
2020	70
2021	68
2022 and thereafter	543
Total	\$ 860

⁽¹⁾ Represents the estimated amortization to be recognized for the remaining three months of 2017.

7. Investments

The following table presents the details of our investments:

	September 30, 2017	December 31, 2016
	(in millions)	
Trading securities	\$ 207	\$ 228
Available-for-sale investment securities	—	17
Equity method investments	127	124
Cost method investments	151	144

Trading Securities

Trading securities, which are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets, are primarily comprised of highly rated European government debt securities, of which \$159 million as of September 30, 2017 and \$172 million as of December 31, 2016, are assets utilized to meet regulatory capital requirements primarily for our clearing operations at Nasdaq Clearing.

Available-for-Sale Investment Securities

As of December 31, 2016, available-for-sale investment securities, which are included in financial investments, at fair value in the Condensed Consolidated Balance Sheets, are primarily comprised of short-term certificates of deposit and commercial paper. The cumulative unrealized gains and losses on these securities were immaterial.

Equity Method Investments

As of September 30, 2017 and December 31, 2016, our equity method investments primarily included equity interests in OCC and EuroCCP N.V.

The carrying amounts of our equity method investments are included in other non-current assets in the Condensed Consolidated Balance Sheets.

Net income recognized from our equity interest in the earnings and losses of these equity method investments was \$4 million for the three months ended September 30, 2017, \$2 million for the three months ended September 30, 2016, \$10 million for the nine months ended September 30, 2017, and \$6 million for the nine months ended September 30, 2016. The increase in the three months ended September 30, 2017 compared with the same period in 2016 was primarily due to growth in earnings from our equity method investments. The increase in the nine months ended September 30, 2017 relates to our additional 20.0% ownership interest in OCC, which we acquired in connection with our acquisition of ISE on June 30, 2016, bringing our total ownership interest in OCC to 40.0%. The increase in the nine months ended September 30, 2017 was partially offset by \$2 million of wind down costs associated with an equity method investment that was previously written off.

Capital Contribution to 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. Under the OCC capital plan, OCC's existing exchange stockholders, including Nasdaq and ISE, each contributed a pro-rata share of \$150 million in new equity capital. Nasdaq's and ISE's capital contributions were each \$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 parties petitioned the full Commission to reconsider the capital plan's approval. This stay was lifted by the SEC in September 2015, allowing OCC to implement the plan and in February 2016, the SEC issued an order approving the OCC capital plan as previously implemented and dismissed the petitions challenging that plan. The petitioners filed for a stay of the SEC's order, which would have blocked OCC from paying a dividend under the OCC capital plan. The Federal Court of Appeals for the District of Columbia Circuit, or the Court of Appeals, denied the requested stay, permitting OCC to pay a dividend which Nasdaq received in February 2016.

The petitioners also appealed the SEC’s order to the Court of Appeals. The Court of Appeals heard arguments on the case in March 2017 and decided the case in August 2017. The Court of Appeals remanded the case to the SEC for further examination of the record and an independent assessment by the SEC of the evidence OCC submitted. The Court directed that the SEC approval of the OCC capital plan remain in place during the SEC’s examination unless the SEC determined not to preserve it. The SEC has allowed OCC to preserve the capital plan, and in September 2017, OCC disbursed an annual dividend of \$5 million per ownership share. Nasdaq, as the owner of two shares, received \$10 million. There has been no additional ruling by the SEC.

Cost Method Investments

The carrying amounts of our cost method investments are included in other non-current assets in the Condensed Consolidated Balance Sheets. As of September 30, 2017 and December 31, 2016, our cost method investments primarily represented our 5% ownership interest in Borsa Istanbul, and our 5% ownership interest in LCH.Clearnet Group Limited.

The Borsa Istanbul shares, which were issued to us in the first quarter of 2014, are part of the consideration 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.

* * * * *

8. Deferred Revenue

Deferred revenue represents consideration received that is yet to be recognized as revenue. The changes in our deferred revenue during the nine months ended September 30, 2017 and 2016 are reflected in the following table:

	Initial Listing Revenues		Listing of Additional Shares Revenues		Annual Renewal and Other Revenues		Market Technology Revenues		Total
	(in millions)								
Balance at January 1, 2017	\$	54	\$	37	\$	57	\$	185	\$ 333
Additions		12		9		468		170	659
Revenue recognized		(13)		(17)		(422)		(197)	(649)
Translation adjustment		—		—		2		21	23
Deferred revenue reclassified as held for sale ⁽¹⁾		—		—		(5)		—	(5)
Balance at September 30, 2017	\$	53	\$	29	\$	100	\$	179	\$ 361
Balance at January 1, 2016	\$	59	\$	53	\$	28	\$	187	\$ 327
Additions		9		10		516		195	730
Revenue recognized		(13)		(22)		(433)		(185)	(653)
Translation adjustment		—		—		—		3	3
Balance at September 30, 2016	\$	55	\$	41	\$	111	\$	200	\$ 407

⁽¹⁾ See Note 5, “Assets and Liabilities Held for Sale,” for further discussion.

The additions and revenue recognized for initial listing revenues, listing of additional shares revenues and annual renewal and other revenues primarily reflect revenues from our Listing Services business within our Corporate Services segment.

For our market technology contracts, total revenues, as well as costs incurred, are deferred until significant customizations 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.

At September 30, 2017, we estimate that our deferred revenue, which is primarily corporate services and market technology revenues, will be recognized in the following years:

	Initial Listing Revenues	Listing of Additional Shares Revenues	Annual Renewal and Other Revenues	Market Technology Revenues	Total
	(in millions)				
Fiscal year ended:					
2017 ⁽¹⁾	\$ 4	\$ 5	\$ 78	\$ 28	\$ 115
2018	15	13	22	57	107
2019	14	6	—	36	56
2020	10	4	—	33	47
2021	6	1	—	15	22
2022 and thereafter	4	—	—	10	14
	\$ 53	\$ 29	\$ 100	\$ 179	\$ 361

⁽¹⁾ Represents deferred revenue that is anticipated to be recognized over the remaining three months of 2017.

The timing of recognition of our deferred market technology revenues is primarily dependent upon the completion of customization and any significant modifications made pursuant

to existing market technology contracts. As such, as it relates to market technology revenues, the timing represents our best estimate.

* * * * *

9. Debt Obligations

The following table presents the changes in the carrying amount of our debt obligations during the nine months ended September 30, 2017:

	December 31, 2016	Additions	Payments, Accretion and Other	September 30, 2017
	(in millions)			
Short-term debt - commercial paper	\$ —	\$ 1,402	\$ (1,248)	\$ 154
Long-term debt:				
5.55% senior unsecured notes due January 15, 2020	598	—	—	598
5.25% senior unsecured notes repaid on May 26, 2017	369	—	(369)	—
3.875% senior unsecured notes due June 7, 2021	625	—	80	705
4.25% senior unsecured notes due June 1, 2024	495	—	1	496
1.75% senior unsecured notes due May 19, 2023	622	—	79	701
3.85% senior unsecured notes due June 30, 2026	495	—	1	496
Senior unsecured floating rate notes due March 22, 2019	—	498	—	498
\$400 million senior unsecured term loan facility due November 25, 2019 (average interest rate of 2.43% for the period January 1, 2017 through September 30, 2017)	399	—	(299)	100
\$1 billion revolving credit commitment due April 25, 2022 (average interest rate of 2.40% for the period April 25, 2017 through September 30, 2017)	—	15	(20)	(5)
Total long-term debt	3,603	513	(527)	3,589
Total debt obligations	\$ 3,603	\$ 1,915	\$ (1,775)	\$ 3,743

Commercial Paper Program

In April 2017, we entered into a U.S. dollar commercial paper program, or the Commercial Paper Program. The Commercial Paper Program is supported by our 2017 Credit Facility which provides liquidity support for the repayment of commercial paper issued through the Commercial Paper Program. See “2017 Credit Facility” below for further discussion of our 2017 Credit Facility. The effective interest rate of commercial paper issuances fluctuate as short term interest rates and demand fluctuate. The fluctuation of these rates due to market conditions may impact our interest expense.

In May 2017, we used a combination of cash on hand and net proceeds from the sale of commercial paper to redeem all of our \$370 million aggregate principal amount of 5.25% senior unsecured notes, or the 2018 Notes. In addition, in June 2017, we used net proceeds from the sale of commercial paper to repay \$300 million of the amount outstanding on the 2016 Credit Facility. See “Early Extinguishment of 2018 Notes” and “2016 Credit Facility” below for further discussion.

In connection with our agreement to acquire eVestment, we issued the 2019 Notes. Since the proposed acquisition of eVestment was not immediately expected to close, \$276 million of the net proceeds from the 2019 Notes was used to partially pay down our outstanding commercial paper balance. See

“Senior Unsecured Floating Rate Notes” below for further discussion of our 2019 Notes.

As of September 30, 2017, commercial paper notes in the table above reflect the aggregate principal amount, less the unamortized discount which is being accreted through interest expense over the life of the applicable notes. The original maturities of these notes range from 29 days to 92 days and the weighted-average maturity is 19 days. The weighted-average effective interest rate is 1.59% per annum.

Senior Unsecured Notes

Our senior unsecured notes were all issued at a discount. As a result of the discount, the proceeds received from each issuance were less than the aggregate principal amount. As of September 30, 2017, the amounts in the table above reflect the aggregate principal amount, less the unamortized debt discount and the unamortized debt issuance costs which are being accreted through interest expense over the life of the applicable notes. Our senior unsecured notes are general unsecured obligations of ours and rank equally with all of our existing and future unsubordinated obligations and they are not guaranteed by any of our subsidiaries. The senior unsecured 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.

With the exception of the 2020 Notes, upon a change of control triggering event (as defined in the various note indentures), 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.

5.55% Senior Unsecured Notes

In January 2010, Nasdaq issued the 2020 Notes. The 2020 Notes pay interest semiannually at a rate of 5.55% per annum until January 15, 2020.

Early Extinguishment of 2018 Notes

In December 2010, Nasdaq issued the 2018 Notes. The 2018 Notes paid interest semiannually at a rate of 5.25% per annum.

In May 2017, we redeemed all of our 2018 Notes using a combination of cash on hand and net proceeds from the sale of commercial paper issued through the Commercial Paper Program. See "Commercial Paper Program" above for further discussion of our Commercial Paper Program. In connection with the early extinguishment of the 2018 Notes, we recorded a pre-tax charge of \$9 million, which primarily included a make-whole redemption price premium. This charge is included in general, administrative and other expense in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2017.

3.875% Senior Unsecured Notes

In June 2013, Nasdaq issued 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 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 increase in the carrying amount of \$80 million noted in the "Payments, Accretion and Other" column in the table above primarily reflects the translation of the 2021 Notes into U.S. dollars and is recorded in accumulated other comprehensive loss within stockholders' equity in the

Condensed Consolidated Balance Sheets as of September 30, 2017.

4.25% Senior Unsecured Notes

In May 2014, Nasdaq issued 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%.

1.75% Senior Unsecured Notes

In May 2016, Nasdaq issued the 2023 Notes. We used the net proceeds from the 2023 Notes and the 2026 Notes to fund our acquisition of ISE. See "Acquisition of ISE," of Note 4, "Acquisitions," for further discussion of the ISE acquisition.

The 2023 Notes pay interest annually at a rate of 1.75% per annum until May 19, 2023 and such rate may vary with Nasdaq's debt rating up to a rate not to exceed 3.75%.

The 2023 Notes have been designated as a hedge of our net investment in certain foreign subsidiaries to mitigate the foreign exchange rate risk associated with certain investments in these subsidiaries. The increase in the carrying amount of \$79 million noted in the "Payments, Accretion and Other" column in the table above reflects the translation of the 2023 Notes into U.S. dollars and is recorded in accumulated other comprehensive loss within stockholders' equity in the Condensed Consolidated Balance Sheets as of September 30, 2017.

3.85% Senior Unsecured Notes

In June 2016, Nasdaq issued the 2026 Notes. We used the net proceeds from the 2023 Notes and the 2026 Notes to fund our acquisition of ISE. See "Acquisition of ISE," of Note 4, "Acquisitions," for further discussion of the ISE acquisition.

The 2026 Notes pay interest semiannually at a rate of 3.85% per annum until June 30, 2026 and such rate may vary with Nasdaq's debt rating up to a rate not to exceed 5.85%.

Senior Unsecured Floating Rate Notes

In connection with our agreement to acquire eVestment, we issued the 2019 Notes. The 2019 Notes pay interest quarterly in arrears at a rate equal to the three-month U.S. dollar LIBOR as determined at the beginning of each quarterly period plus 0.39% per annum until March 22, 2019.

Since the proposed acquisition of eVestment was not immediately expected to close, \$276 million of the net proceeds from the 2019 Notes was used to partially pay down our outstanding commercial paper balance and the remainder of this balance was invested in short-term investments which are included in cash and cash equivalents in the Condensed Consolidated Balance Sheets as of September 30, 2017.

In October 2017, we acquired eVestment. See "Acquisition of eVestment," of Note 4, "Acquisitions," and "Note 18, "Subsequent Event," for further discussion of our acquisition of eVestment.

Credit Facilities

As of September 30, 2017, the amounts in the table above reflect the aggregate principal amount, less the unamortized debt issuance costs which are being accreted through interest expense over the life of the applicable credit facility. Nasdaq is permitted to repay borrowings under our credit facilities at any time in whole or in part, without penalty.

Our credit facilities contain financial and operating covenants. Financial covenants include a minimum interest expense coverage ratio and a maximum leverage ratio. Operating covenants include, among other things, limitations on Nasdaq's ability to incur additional indebtedness, grant liens on assets, dispose of assets and pay dividends. Our credit facilities allow us to pay cash dividends on our common stock. The facilities also contain customary affirmative covenants, including access to financial statements, notice of defaults and certain other material events, maintenance of properties and insurance, and events of default, including cross-defaults to our material indebtedness.

2017 Credit Facility

In April 2017, Nasdaq entered into the 2017 Credit Facility. The 2017 Credit Facility consists of a \$1 billion five-year revolving credit facility (with sublimits for non-dollar borrowings, swingline borrowings and letters of credit), which replaced our 2014 credit facility. See "2014 Credit Facility" below for further discussion. Nasdaq intends to use funds available under the 2017 Credit Facility for general corporate purposes and to provide liquidity support for the repayment of commercial paper issued through the Commercial Paper Program.

As of September 30, 2017, no amounts were outstanding on the 2017 Credit Facility. The \$5 million credit balance represents unamortized debt issuance costs. Of the \$1 billion that is available for borrowing, \$154 million provides liquidity support for the principal amount outstanding under the Commercial Paper Program as of September 30, 2017. In addition, \$1 million has been utilized for a letter of credit. As such, the total remaining amount available under the 2017 Credit Facility was \$845 million as of September 30, 2017. See "Commercial Paper Program" above for further discussion of our Commercial Paper Program.

Borrowings under the revolving credit facility of the 2017 Credit Facility pay interest monthly and swingline borrowings pay interest quarterly at a variable interest rate based on either the 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 2017 Credit Facility 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.

2016 Credit Facility

In March 2016, Nasdaq entered into the 2016 Credit Facility. In March 2016, loans in an aggregate principal amount of \$400 million were drawn under the 2016 Credit Facility and the net proceeds were used to partially repay amounts outstanding under the revolving credit commitment of the 2014 credit facility. See "2014 Credit Facility" below for further discussion of our 2014 credit facility.

Loans under the 2016 Credit Facility pay interest monthly at a variable interest rate based on either the LIBOR or the base rate (or other applicable rate with respect to non-dollar borrowings), plus an applicable margin that varies with Nasdaq's debt rating.

In June 2017, we used net proceeds from the sale of commercial paper issued through the Commercial Paper Program to repay \$300 million of the amount outstanding on the 2016 Credit Facility. The remaining amount outstanding of \$100 million is due upon maturity at November 25, 2019. See "Commercial Paper Program" above for further discussion of our Commercial Paper Program. In connection with the partial repayment of the amount outstanding on the 2016 Credit Facility, we recorded a pre-tax charge of \$1 million which related to the write-off of unamortized debt issuance costs related to the \$300 million payment. This charge is included in general, administrative and other expense in the Condensed Consolidated Statements of Income for the nine months ended September 30, 2017.

2014 Credit Facility

In November 2014, Nasdaq entered into the 2014 credit facility. The 2014 credit facility consisted of a \$750 million revolving credit commitment (with sublimits for non-dollar borrowings, swingline borrowings and letters of credit).

Loans under the 2014 credit facility had a variable interest rate based on either the 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 varied with Nasdaq's debt rating.

In April 2017, Nasdaq entered into the 2017 Credit Facility which replaced the 2014 credit facility. As a result, our 2014 credit facility has been terminated. No amounts were outstanding on the 2014 credit facility during 2017. See "2017 Credit Facility" above for further discussion of our 2017 Credit Facility.

Other Credit Facilities

We also have credit facilities related to our Nasdaq Clearing operations in order to provide further liquidity. Credit facilities, which are available in multiple currencies, totaled \$188 million at September 30, 2017 and \$170 million at December 31, 2016 in available liquidity, none of which was utilized.

Debt Covenants

At September 30, 2017, we were in compliance with the covenants of all of our debt obligations.

10. Retirement Plans

Defined Contribution Savings Plan

We sponsor a 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 both the three months ended September 30, 2017 and 2016, \$10 million for the nine months ended September 30, 2017 and \$8 million for the nine months ended September 30, 2016.

Pension and Supplemental Executive Retirement Plans

We maintain non-contributory, defined-benefit pension plans, non-qualified SERPs for certain senior executives and other 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. 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. The total expense for these plans is included in compensation and benefits expense in the Condensed Consolidated Statements of Income and was \$4 million for both the three months ended September 30, 2017 and 2016, \$12 million for the nine months ended September 30, 2017 and \$13 million for the nine months ended September 30, 2016.

11. 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 granted under this program include stock options, restricted stock (consisting of restricted stock units), and PSUs. For accounting purposes, we consider PSUs to be a form of restricted stock.

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, 2017 and 2016 in the Condensed Consolidated Statements of Income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
Share-based compensation expense before income taxes	\$ 18	\$ 19	\$ 52	\$ 55
Income tax benefit	(7)	(8)	(21)	(23)
Share-based compensation expense after income taxes	\$ 11	\$ 11	\$ 31	\$ 32

Common Shares Available Under Our Equity Plan

As of September 30, 2017, we had approximately 5.9 million shares of common stock authorized for future issuance under our Equity Plan.

Restricted Stock

We grant restricted stock to most active employees. 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. Restricted stock awards granted generally vest 25.0% on the second anniversary of the grant date, 25.0% on the third anniversary of the grant date, and 50.0% on the fourth anniversary of the grant date. We generally recognize compensation expense for restricted stock awards on a straight-line basis over the requisite service period of the award, taking into account an estimated forfeiture rate.

Summary of Restricted Stock Activity

The following table summarizes our restricted stock activity for the nine months ended September 30, 2017:

	Restricted Stock	
	Number of Awards	Weighted-Average Grant Date Fair Value
Unvested balances at January 1, 2017	2,560,578	\$ 45.92
Granted	633,234	66.08
Vested	(1,095,663)	38.43
Forfeited	(188,292)	51.68
Unvested balances at September 30, 2017	1,909,857	\$ 56.33

At September 30, 2017, \$56 million of total unrecognized compensation cost related to restricted stock is expected to be recognized over a weighted-average period of 1.8 years.

PSUs

The grant date fair value of PSUs 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. 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 have two performance-based long-term PSU programs for certain officers, a one-year performance-based program and a three-year cumulative performance-based program that focuses on TSR.

One-Year PSU Program

Under the one-year performance-based program, an employee may receive from 0.0% to 150.0% of the target amount granted, depending on the achievement of performance measures. These awards vest ratably on an annual basis over a three-year period

commencing with the end of the performance period. Compensation cost is recognized over the performance period and the three-year vesting period, taking into account an estimated forfeiture rate.

During 2016, certain grants of PSUs with a one-year performance period exceeded the applicable performance parameters. As a result, an additional 56,929 units above target were considered granted in the first quarter of 2017 and are included in the below table.

Three-Year PSU Program

Under the three-year performance-based program, each individual receives PSUs with a three-year cumulative performance period that vest at the end of the performance period. Compensation cost is recognized over the three-year vesting period. Performance will be determined by comparing Nasdaq's TSR to two peer groups, each weighted 50.0%. The first peer group consists of exchange companies, and the second peer group consists of all companies in the S&P 500. 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 0.0% and 200.0% 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 100.0% of the number of PSUs granted. We estimate the fair value of PSU's granted under the three-year PSU program using the Monte Carlo simulation model, as these awards contain a market condition.

Certain grants of PSUs that were issued in 2014 with a three-year performance period exceeded the applicable performance parameters. As a result, an additional 538,892 units above target were considered granted in the first quarter of 2017 and are included in the below table.

The following weighted-average assumptions were used to determine the weighted-average fair values of the PSU awards granted under the three-year PSU program for the nine months ended September 30, 2017 and 2016:

	Nine Months Ended September 30,	
	2017	2016
Weighted-average risk free interest rate ⁽¹⁾	1.44%	0.84%
Expected volatility ⁽²⁾	19.2%	21.0%
Weighted-average grant date share price	\$69.45	\$66.36
Weighted-average fair value at grant date	\$81.57	\$93.25

⁽¹⁾ The risk-free interest rate for periods within the expected life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

⁽²⁾ We use historic volatility for PSU awards issued under the three-year PSU program, as implied volatility data could not be obtained for all the companies in the peer groups

used for relative performance measurement within the 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 grant.

Summary of PSU Activity

The following table summarizes our PSU activity for the nine months ended September 30, 2017:

	PSUs			
	One-Year Program		Three-Year Program	
	Number of Awards	Weighted-Average Grant Date Fair Value	Number of Awards	Weighted-Average Grant Date Fair Value
Unvested balances at January 1, 2017	378,766	\$ 52.55	1,314,668	\$ 63.18
Granted	197,075	65.51	803,712	55.57
Vested	(10,729)	53.72	(1,079,925)	42.83
Forfeited	(41,063)	55.95	(28,497)	87.86
Unvested balances at September 30, 2017	524,049	\$ 57.13	1,009,958	\$ 78.18

At September 30, 2017, \$11 million of total unrecognized compensation cost related to the one-year PSU program is expected to be recognized over a weighted-average period of 1.5 years. For the three-year PSU program, \$27 million of total unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.5 years.

Stock Options

The fair value of stock options is estimated using the Black-Scholes option-pricing model. Each grant has a 10-year life. In January 2017, our CEO received 268,817 performance-based non-qualified stock options which will vest annually over a three-year period, starting at the date of the grant with each vesting contingent upon the achievement of performance parameters. There were no stock option awards granted during the nine months ended September 30, 2016.

Summary of Stock Option Activity

A summary of stock option activity for the nine months ended September 30, 2017 is as follows:

	Number of Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2017	1,406,371	\$ 22.32	2.65	\$ 63
Granted	268,817	66.68		
Exercised	(1,074,321)	21.87		
Forfeited	(978)	21.33		
Outstanding at September 30, 2017	599,889	\$ 43.00	5.49	\$ 21
Exercisable at September 30, 2017	331,072	\$ 23.77	2.54	\$ 18

We received net cash proceeds of \$1 million from the exercise of 40,160 stock options for the three months ended September 30, 2017 and received net cash proceeds of \$24 million from the exercise of 1,074,321 stock options for the nine months ended September 30, 2017. We received net cash proceeds of \$14 million from the exercise of 424,361 stock options for the three months ended September 30, 2016 and received net cash proceeds of \$36 million from the exercise of 1,051,828 stock options for the nine months ended September 30, 2016.

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 29, 2017 of \$77.57 and the exercise price, times the number of shares) based on stock options with an exercise price less than Nasdaq's closing price of \$77.57 as of September 29, 2017, 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, 2017 was 0.3 million. As of September 30, 2016, 1.6 million outstanding stock options were exercisable and the weighted-average exercise price was \$23.72.

The total pre-tax intrinsic value of stock options exercised was \$2 million for the three months ended September 30, 2017, \$14 million for the three months ended September 30, 2016, \$53 million for the nine months ended September 30, 2017 and \$36 million for the nine months ended September 30, 2016.

ESPP

We have an ESPP under which approximately 2.2 million shares of our common stock have been reserved for future issuance as of September 30, 2017. Under our ESPP, employees may purchase shares having a value not exceeding 10.0% of their annual compensation, subject to applicable annual Internal Revenue Service limitations. We record compensation expense related to the 15.0% discount that is given to our employees, which totaled \$1 million for both the three months ended September 30, 2017 and 2016 and \$3 million for both the nine months ended September 30, 2017 and 2016.

12. Nasdaq Stockholders' Equity

Common Stock

At September 30, 2017, 300,000,000 shares of our common stock were authorized, 171,454,303 shares were issued and 166,594,818 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. Shares repurchased under our share repurchase program are currently retired and cancelled. When treasury shares are reissued, they are recorded at the average cost of the treasury shares acquired. We held 4,859,485 shares of common stock in treasury as of September 30, 2017 and 3,921,718 shares as of December 31, 2016, most of which are related to shares of our common stock repurchased for the settlement of employee tax withholding obligations arising from the vesting of restricted stock.

Share Repurchase Program

In the fourth quarter of 2014, our board of directors authorized the repurchase of up to \$500 million of our outstanding common stock and in the first quarter of 2016, our board of directors authorized the repurchase of an additional \$370 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 primarily funded from existing cash balances. The share repurchase program may be suspended, modified or discontinued at any time.

The following table summarizes our share repurchase activity:

	Nine Months Ended September 30,	
	2017	2016
Number of shares of common stock repurchased	2,455,171	1,547,778
Average price paid per share	\$ 71.15	\$ 64.42
Total purchase price (in millions)	\$ 175	\$ 100

As discussed above in "Common Stock in Treasury, at Cost," shares repurchased under our share repurchase program are currently retired and cancelled. As of September 30, 2017, the remaining amount authorized for share repurchases under the program was \$255 million.

Other Repurchases of Common Stock

During the first nine months of 2017, we repurchased 937,767 shares of our common stock in settlement of employee tax withholding obligations arising from the vesting of restricted stock.

Preferred Stock

Our certificate of incorporation authorizes the issuance of 30,000,000 shares of preferred stock, par value \$0.01 per share, issuable from time to time in one or more series. At September 30, 2017 and December 31, 2016, no shares of preferred stock were issued or outstanding.

* * * * *

Cash Dividends on Common Stock

During the nine months ended September 30, 2017, our board of directors declared the following cash dividends:

Declaration Date	Dividend Per Common Share	Record Date	Total Amount Paid	Payment Date
(in millions)				
January 30, 2017	\$ 0.32	March 17, 2017	\$ 53	March 31, 2017
April 25, 2017	0.38	June 16, 2017	63	June 30, 2017
July 25, 2017	0.38	September 15, 2017	64	September 29, 2017
			\$ 180	

The total amount paid of \$180 million was recorded in retained earnings in the Condensed Consolidated Balance Sheets at September 30, 2017.

In October 2017, the board of directors declared a regular quarterly cash dividend of \$0.38 per share on our outstanding common stock. The dividend is payable on December 29, 2017 to shareholders of record at the close of business on December 15, 2017. The estimated amount of this dividend is \$63 million. In April 2017, the board of directors declared a regular quarterly cash dividend of \$0.38 per share on our outstanding common stock which reflected a 19.0% increase from our prior quarterly cash dividend of \$0.32. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the board of directors.

In April 2017, our board of directors adopted a dividend policy with the intention to provide shareholders with regular and growing dividends over the long term as earnings and cash flow grow.

13. 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,	
	2017	2016	2017	2016
(in millions, except share and per share amounts)				
Numerator:				
Net income attributable to common shareholders	\$ 171	\$ 131	\$ 488	\$ 333
Denominator:				
Weighted-average common shares outstanding for basic earnings per share	166,694,755	165,606,199	166,195,433	164,971,288
Weighted-average effect of dilutive securities:				
Employee equity awards	2,315,145	2,898,633	3,036,349	3,355,780
Contingent issuance of common stock	992,247	992,247	334,384	333,163
Weighted-average common shares outstanding for diluted earnings per share	170,002,147	169,497,079	169,566,166	168,660,231
Basic and diluted earnings per share:				
Basic earnings per share	\$ 1.03	\$ 0.79	\$ 2.93	\$ 2.02
Diluted earnings per share	\$ 1.01	\$ 0.77	\$ 2.88	\$ 1.97

Stock options to purchase 599,889 shares of common stock and 3,443,864 shares of restricted stock and PSUs were outstanding at September 30, 2017. For the three months ended September 30, 2017, we included 420,677 of the outstanding

stock options and 3,437,639 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, 2017, we included 331,072 of the outstanding stock options and 2,926,602 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, shares of restricted stock and PSUs are antidilutive, and as such, they were properly excluded.

Stock options to purchase 1,574,659 shares of common stock and 4,519,995 shares of restricted stock and PSUs were outstanding at September 30, 2016. For the three months ended September 30, 2016, we included all of the outstanding stock options and 4,135,696 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, 2016, we included all of the outstanding stock options and 3,864,478 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.

14. Fair Value of Financial Instruments

The following table presents our financial assets that are measured at fair value on a recurring basis as of September 30, 2017 and December 31, 2016. We did not have any financial liabilities measured at fair value on a recurring basis as of September 30, 2017 and December 31, 2016.

	September 30, 2017			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Financial investments, at fair value	\$ 207	\$ 134	\$ 73	\$ —
Default fund and margin deposit investments	1,905	252	1,653	—
Total	\$ 2,112	\$ 386	\$ 1,726	\$ —

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Financial investments, at fair value	\$ 245	\$ 151	\$ 94	\$ —
Default fund and margin deposit investments	1,900	614	1,286	—
Total	\$ 2,145	\$ 765	\$ 1,380	\$ —

Our Level 1 financial investments, at fair value were comprised of trading securities, mainly highly rated European government debt securities. Level 2 financial investments, at fair value were primarily comprised of trading securities, mainly European mortgage and corporate bonds as of September 30, 2017 and

were primarily comprised of available-for-sale investment securities in short-term commercial paper and trading securities, mainly European mortgage and corporate bonds as of December 31, 2016. Of the Level 1 and Level 2 financial investments, at fair value, \$159 million as of September 30, 2017 and \$172 million as of December 31, 2016 are assets utilized to meet regulatory capital requirements, primarily for our clearing operations at Nasdaq Clearing.

Our default fund and margin deposit investments include cash contributions invested by Nasdaq Clearing, in accordance with its investment policy. Of the total balance of \$3,893 million recorded in the Condensed Consolidated Balance Sheets as of September 30, 2017, \$1,314 million of cash contributions have been invested in highly rated European and U.S. government debt securities or central bank certificates and \$591 million in reverse repurchase agreements. The remainder of this balance is held in cash. Of the total balance of \$3,301 million recorded in the Condensed Consolidated Balance Sheets as of December 31, 2016, \$137 million of cash contributions have been invested in reverse repurchase agreements and \$1,763 million of cash contributions have been invested in highly rated European and U.S. government debt securities and central bank certificates. The remainder of this balance is held in cash. See Note 15, "Clearing Operations," for further discussion of default fund contributions and margin deposits.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy as of September 30, 2017 and December 31, 2016.

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, commercial paper and certain other current liabilities.

In addition, our investments in OCC and EuroCCP N.V. are accounted for under the equity method of accounting and our investments in Borsa Istanbul and LCH.Clearnet Group Limited are carried at cost. See "Equity Method Investments," and "Cost Method Investments," of Note 7, "Investments," for further discussion.

We also consider our debt obligations to be financial instruments. The fair value of our debt obligations, utilizing discounted cash flow analyses for our floating rate debt and prevailing market rates for our fixed rate debt, was \$4.0 billion at September 30, 2017 and \$3.8 billion at December 31, 2016. The discounted cash flow analyses are based on borrowing rates currently available to us for debt with similar terms and maturities. The fair value of our commercial paper approximates the carrying value since the rates of interest on this short-term debt approximate market rates as of September 30, 2017. Our commercial paper and our fixed rate

and floating rate debt are categorized as Level 2 in the fair value hierarchy.

For further discussion of our debt obligations, see Note 9, “Debt Obligations.”

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

Our non-financial assets, which include goodwill, intangible assets, and other long-lived assets, are not required to be carried at fair value on a recurring basis. Fair value measures of non-financial assets are primarily used in the impairment analysis of these assets. Any resulting asset impairment would require that the non-financial asset be recorded at its fair value. Nasdaq uses Level 3 inputs to measure the fair value of the above assets on a non-recurring basis. At September 30, 2017 and December 31, 2016, there were no non-financial assets measured at fair value on a non-recurring basis.

15. Clearing Operations

Nasdaq Clearing

Nasdaq Clearing is authorized and supervised under EMIR as a multi-asset clearinghouse by the SFSA and is authorized to conduct clearing operations in Norway by the Norwegian Ministry of Finance. The clearinghouse acts as the CCP for exchange and OTC trades in equity derivatives, fixed income derivatives, resale and repurchase contracts, power derivatives, emission allowance derivatives, freight and fuel oil derivatives, iron ore derivatives and seafood derivatives.

Through our clearing operations in the financial markets, which include the resale and repurchase market, the commodities markets, and the seafood market, Nasdaq Clearing is the legal counterparty for, and guarantees the fulfillment of, each contract cleared. These contracts are not used by Nasdaq Clearing for the purpose of trading on its own behalf. As the legal counterparty of each transaction, Nasdaq Clearing bears the counterparty risk between the purchaser and seller in the contract. In its guarantor role, Nasdaq Clearing has precisely equal and offsetting claims to and from clearing members on opposite sides of each contract, standing as the CCP on every contract cleared. In accordance with the rules and regulations of Nasdaq 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 Clearing’s default fund and margin requirements.

Nasdaq 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 Clearing and its clearing members must contribute to the total regulatory capital related to the clearing operations of Nasdaq 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 Clearing’s members with regard to total regulatory capital required. See “Default Fund Contributions” below for further discussion of Nasdaq 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 Clearing and its clearing members.

Default Fund Contributions and Margin Deposits

As of September 30, 2017, clearing member default fund contributions and margin deposits were as follows:

	September 30, 2017		
	Cash Contributions	Non-Cash Contributions	Total Contributions
	(in millions)		
Default fund contributions	\$ 361	\$ 133	\$ 494
Margin deposits	3,532	4,561	8,093
Total	\$ 3,893	\$ 4,694	\$ 8,587

In accordance with its investment policy, of the total cash contributions of \$3,893 million, Nasdaq Clearing has invested \$1,314 million in highly rated European and U.S. government debt securities or central bank certificates and \$591 million in reverse repurchase agreements. The remainder of this balance is held in cash. Of the total default fund contributions of \$494 million, Nasdaq Clearing can utilize \$411 million as capital resources in the event of a counterparty default. The remaining balance of \$83 million pertains to member posted surplus balances.

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 Clearing, in accordance with its investment policy, either in highly rated government debt securities, time deposits, central bank certificates or reverse repurchase agreements with highly rated government debt securities as collateral. Nasdaq Clearing maintains and manages all cash deposits related to margin collateral. All risks and rewards of collateral ownership, including interest, belong to Nasdaq Clearing. 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 Clearing. Non-cash contributions are pledged assets that are not recorded in the Condensed Consolidated Balance Sheets as Nasdaq 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 Clearing's name for the benefit of the clearing members and are immediately accessible by Nasdaq Clearing in the event of a default. In addition to clearing members' required contributions to the liability waterfall, Nasdaq Clearing is also required to contribute capital to the liability waterfall and overall regulatory capital as specified under its clearinghouse rules. As of September 30, 2017, Nasdaq Clearing committed capital totaling \$113 million to the liability waterfall 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 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 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 if needed. See "Default Fund Contributions" above for further discussion of cash and non-cash contributions.

Similar to default fund contributions, Nasdaq Clearing maintains and manages all cash deposits related to margin collateral. All risks and rewards of collateral ownership, including interest, belong to Nasdaq Clearing. These cash deposits are recorded in default funds and margin 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 Clearing's name for the benefit of the clearing members and are immediately accessible by Nasdaq Clearing in the event of a default.

Nasdaq 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 Clearing the ability to mitigate the risk of a clearing member defaulting due to exceptionally large losses. In the event of a default, Nasdaq Clearing can access the defaulting member's margin deposits to cover the defaulting member's losses.

Regulatory Capital and Risk Management Calculations

Nasdaq Clearing manages risk through a comprehensive counterparty risk management framework, which is comprised of policies, procedures, standards and financial resources. The level of regulatory capital is determined in accordance with Nasdaq 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 Clearing is the legal counterparty for each contract traded and thereby guarantees the fulfillment of each contract. Nasdaq 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, 2017.

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

	September 30, 2017	
	(in millions)	
Commodity and seafood options, futures and forwards ⁽¹⁾⁽²⁾⁽³⁾	\$	646
Fixed-income options and futures ⁽¹⁾⁽²⁾		700
Stock options and futures ⁽¹⁾⁽²⁾		140
Index options and futures ⁽¹⁾⁽²⁾		181
Total	\$	1,667

(1) 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.

(2) We determined the fair value of our futures contracts based upon quoted market prices and average quoted market yields.

(3) 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.

The total number of derivative contracts cleared through Nasdaq Clearing for the nine months ended September 30, 2017 and 2016 was as follows:

	September 30, 2017	September 30, 2016
Commodity and seafood options, futures and forwards ⁽¹⁾	2,040,033	2,548,090
Fixed-income options and futures	14,788,850	10,656,778
Stock options and futures	20,070,584	22,012,777
Index options and futures	32,748,357	38,389,146
Total	69,647,824	73,606,791

- (1) The total volume in cleared power related to commodity contracts was 911 Terawatt hours (TWh) for the nine months ended September 30, 2017 and 1,197 TWh for the nine months ended September 30, 2016.

The outstanding contract value of resale and repurchase agreements was \$5.0 billion as of September 30, 2017 and \$6.3 billion at September 30, 2016. The total number of contracts cleared was 5,891,900 for the nine months ended September 30, 2017 and was 6,027,419 for the nine months ended September 30, 2016.

Power of Assessment

To further strengthen the contingent financial resources of the clearinghouse, Nasdaq 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 100.0% of the clearing member's aggregate contribution to the financial, commodities and seafood markets' default funds.

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 Clearing, which totaled \$18 million at September 30, 2017;
- 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 where the loss occurred (i.e., the financial, commodities, or seafood market), which includes capital contributions of the clearing members on a pro-rata basis;
- senior capital contributed to each specific market by Nasdaq Clearing, calculated in accordance with clearinghouse rules, which totaled \$25 million at September 30, 2017; and
- mutualized default fund, which includes capital contributions of the clearing members on a pro-rata basis.

If additional funds are needed after utilization of the mutualized default fund, then Nasdaq 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.

16. 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 15, "Clearing Operations," we have obtained financial guarantees and credit facilities which are guaranteed by us through counter indemnities, to provide further liquidity related to our clearing businesses. Financial guarantees issued to us totaled \$13 million at September 30, 2017 and December 31, 2016. As discussed in "Other Credit Facilities," of Note 9, "Debt Obligations," clearing-related credit facilities, which are available in multiple currencies, totaled \$188 million at September 30, 2017 and \$170 million at December 31, 2016, in available liquidity, none of which was utilized.

Execution Access is an introducing broker which operates the trading platform for our Fixed Income business to trade in U.S. Treasury securities. Execution Access has a clearing arrangement with Cantor Fitzgerald. As of September 30, 2017, 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 subject to a credit due diligence process and may be 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 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 \$3 million as of September 30, 2017 and December 31, 2016. 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.

Through our clearing operations in the financial markets, Nasdaq Clearing is the legal counterparty for, and guarantees the performance of, its clearing members. See Note 15, "Clearing Operations," for further discussion of Nasdaq Clearing performance guarantees.

We have provided a guarantee related to lease obligations for The Nasdaq Entrepreneurial Center, Inc. which 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.

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.

Non-Cash Contingent Consideration

As part of the purchase price consideration of a prior acquisition, 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.

Escrow Agreements

In connection with prior acquisitions, we entered into escrow agreements to secure the payment of post-closing adjustments and to ensure other closing conditions. As of September 30, 2017, these escrow agreements provide for future payment of \$13 million, of which \$9 million is included in other current liabilities and \$4 million is included in other non-current liabilities in the Condensed Consolidated Balance Sheets.

Routing Brokerage Activities

One of our broker-dealer subsidiaries, Nasdaq Execution Services, 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.

Legal and Regulatory Matters

As previously disclosed, we were named as a defendant in a putative class action, *Rabin v. NASDAQ OMX PHLX LLC, et al.*, No. 15-551 (E.D. Pa.), filed in 2015 in the United States District Court for the Eastern District of Pennsylvania. On April 21, 2016, the court entered an order granting our motion to dismiss the complaint. The plaintiff appealed the dismissal to the Court of Appeals for the Third Circuit on May 18, 2016. On October 25, 2017, the Third Circuit issued a decision affirming the dismissal of the case. Given the fact that the complaint has been dismissed, we are unable to estimate what, if any, liability may result from this litigation. However, we believe (as the district court and the Third Circuit concluded) that the claims are without merit and intend to continue to litigate vigorously if there are further proceedings in this matter.

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 Exchange Act and Rule 10b-5, as well as under Section 6(b) of the Exchange Act. The plaintiffs seek injunctive and monetary relief of an unspecified amount. 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. 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. The Second Circuit heard oral argument on August 24, 2016. On August 25, 2016, the Second Circuit issued an order requesting the SEC's views on whether the district court had subject-matter jurisdiction over the case, and whether the defendants are immune from suit regarding the challenged conduct. The SEC filed its brief on November 28, 2016. The exchanges and plaintiffs filed supplemental briefs responding to the SEC's brief on December 12, 2016. 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 will continue to litigate 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.

In the normal course of business, Nasdaq discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry and oversight. These matters could result in censures, fines, penalties or other sanctions. Management believes the outcome of any resulting actions will not have a material impact on its consolidated financial position or results of operations. However, Nasdaq is unable to predict the outcome or the timing of the ultimate resolution of these matters, or the potential fines, penalties or injunctive or other equitable relief, if any, that may result from these matters.

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.

* * * * *

17. Business Segments

We manage, operate and provide our products and services in four business segments: Market Services, Corporate Services, Information Services and Market Technology. See Note 1, "Organization and Nature of Operations," 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.

The following table presents certain information regarding our operating segments for the three and nine months ended September 30, 2017 and 2016:

	Market Services	Corporate Services	Information Services	Market Technology	Corporate Items	Consolidated
(in millions)						
Three Months Ended September 30, 2017						
Total revenues	\$ 581	\$ 161	\$ 150	\$ 77	\$ —	\$ 969
Transaction-based expenses	(362)	—	—	—	—	(362)
Revenues less transaction-based expenses	219	161	150	77	—	607
Operating income (loss)	\$ 118	\$ 45	\$ 111	\$ 16	\$ (26)	\$ 264
Three Months Ended September 30, 2016						
Total revenues	\$ 557	\$ 162	\$ 137	\$ 73	\$ —	\$ 929
Transaction-based expenses	(344)	—	—	—	—	(344)
Revenues less transaction-based expenses	213	162	137	73	—	585
Operating income (loss)	\$ 114	\$ 42	\$ 97	\$ 19	\$ (39)	\$ 233
Nine Months Ended September 30, 2017						
Total revenues	\$ 1,808	\$ 486	\$ 432	\$ 215	\$ —	\$ 2,941
Transaction-based expenses	(1,149)	—	—	—	—	(1,149)
Revenues less transaction-based expenses	659	486	432	215	—	1,792
Operating income (loss)	\$ 359	\$ 133	\$ 318	\$ 44	\$ (98)	\$ 756
Nine Months Ended September 30, 2016						
Total revenues	\$ 1,661	\$ 467	\$ 405	\$ 199	\$ —	\$ 2,732
Transaction-based expenses	(1,054)	—	—	—	—	(1,054)
Revenues less transaction-based expenses	607	467	405	199	—	1,678
Operating income (loss)	\$ 332	\$ 117	\$ 290	\$ 46	\$ (159)	\$ 626

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 segment's ongoing operating

performance. The following items are allocated to corporate items for segment reporting purposes:

Amortization expense of acquired intangible assets: We amortize intangible assets acquired in connection with various acquisitions. Intangible asset amortization expense can vary from period to period due to episodic acquisitions completed, rather than from our ongoing business operations. As such, if intangible asset amortization is included in performance measures, it is more difficult to assess the day-to-day operating performance of the segments, and the relative operating performance of the segments between periods. Management does not consider intangible asset amortization expense for the purpose of evaluating the performance of our segments or their managers or when making decisions to allocate resources. Therefore, we believe performance measures excluding intangible asset amortization expense provide management with a more useful representation of our segment’s ongoing activity in each period.

Restructuring charges: Restructuring charges are associated with our 2015 restructuring plan to improve performance, cut costs and reduce spending and are primarily related to (i) severance and other termination benefits, (ii) asset impairment charges, and (iii) other charges. We do not allocate these restructuring costs because they do not contribute to a meaningful evaluation of a particular segment’s ongoing operating performance.

Merger and strategic initiatives expense: We have pursued various strategic initiatives and completed a number of acquisitions in recent years which have resulted in expenses which would not have otherwise been incurred. These expenses generally include integration costs, as well as legal, due diligence and other third party transaction costs. The frequency and the amount of such expenses vary significantly based on the size, timing and complexity of the transaction. Accordingly, we do not allocate these costs for purposes of disclosing segment results because they do not contribute to a meaningful evaluation of a particular segment’s ongoing operating performance.

Other significant items: We have excluded certain other charges or gains that are the result of other non-comparable events to measure operating performance. For the nine months ended September 30, 2017, other significant items included loss on extinguishment of debt. For the nine months ended September 30, 2016, other significant items included the release of a sublease loss reserve due to the early exit of a facility. We believe the exclusion of such amounts allows management and investors to better understand the financial results of Nasdaq.

* * * * *

A summary of our corporate items is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
Amortization expense of acquired intangible assets	\$ 22	\$ 23	\$ 67	\$ 59
Restructuring charges	—	—	—	41
Merger and strategic initiatives expense	3	12	20	56
Loss on extinguishment of debt	—	—	10	—
Sublease loss reserve	—	—	—	(2)
Other	1	4	1	5
Total	\$ 26	\$ 39	\$ 98	\$ 159

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.”

18. Subsequent Event

In October 2017, we acquired eVestment for \$705 million. The aggregate cash consideration, net of cash acquired, of \$744 million included \$39 million of estimated tax benefits associated with the transaction. The transaction was funded from cash on hand and issuances of commercial paper. See “Acquisition of eVestment,” of Note 4, “Acquisitions,” and “Senior Unsecured Floating Rate Notes,” of Note 9, “Debt Obligations,” for further discussion of our acquisition of eVestment.

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. Our global offerings are diverse and include trading and clearing across multiple asset classes, trade management 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 derivative trading, clearing and settlement, cash equity trading, fixed income trading and many other functions.

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, 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, changing technology, particularly in the financial services industry, and changes in investment patterns and priorities. Our future revenues and net income will continue to be influenced by a number of domestic and international economic trends including, among others:

- Trading volumes and values 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, and 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 trade management 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 ETPs 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 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' and customers' demand for speed, efficiency, and reliability.

The current consensus forecast for gross domestic product growth for the U.S. is 2.2% in 2017 and 2.4% in 2018 and the Eurozone is 2.2% in 2017 and 1.8% in 2018. U.S. growth forecasts for 2018 have remained consistent since the start of 2017 but could change depending on the fiscal priorities of the new administration. Growth forecasts for the Eurozone in 2018 have steadily risen since an estimate of 1.5% at the start of 2017. While we expect continued modest annual growth in many of our non-trading segments (Corporate Services, Information Services, and Market Technology), we recognize that there are a number of significant structural and political issues continuing to impact the global economy. Consequently, sustained instability could return at any time, resulting in an increased level of market volatility, oscillating trading volumes, and a more cautious outlook by the clients of our non-trading segments. Low volatility seen in the first half of 2017 continued in the third quarter, and volatility has continued to decline since the first quarter of 2016 following elevated volatility levels in 2015.

Following a weak 2016, IPO activity has remained low through the first nine months of 2017. Additional impacts on our business drivers include the international enactment and implementation of new legislative and regulatory initiatives, notably MiFID II in Europe, the evolution of market participants' trading and investment strategies, and the continued rapid progression and deployment of new technology in the financial services industry. The business environment that influences our financial performance in 2017 may be characterized as follows:

- Intense competition among U.S. exchanges and dealer-owned systems for cash equity trading and strong competition between MTFs and exchanges in Europe for cash equity trading;
- Globalization of exchanges, customers and competitors extending the competitive horizon beyond national markets; and

- Improvement in fund flows and market performance in ETPs.

Business Segments

We manage, operate and provide our products and services in four business segments: Market Services, Corporate Services, Information Services and Market Technology. See Note 1, “Organization and Nature of Operations,” and Note 17, “Business Segments,” to the condensed consolidated financial statements for further discussion of our reportable segments, as well as how management allocates resources, assesses performance and manages these businesses as four separate segments.

Nasdaq's Operating Results

Key Drivers

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Market Services				
Equity Derivative Trading and Clearing				
<u>U.S. equity options</u>				
Total industry average daily volume (in millions)	14.1	13.8	14.5	14.4
Nasdaq PHLX matched market share	16.9%	16.0%	16.9%	16.1%
The Nasdaq Options Market matched market share	9.1%	8.5%	9.5%	7.6%
Nasdaq BX Options matched market share	0.7%	0.8%	0.7%	0.9%
Nasdaq ISE Options matched market share ⁽¹⁾	8.8%	12.0%	9.1%	12.0%
Nasdaq GEMX Options matched market share ⁽¹⁾	5.3%	1.8%	5.3%	1.8%
Nasdaq MRX Options matched market share ⁽¹⁾	0.2%	0.2%	0.1%	0.2%
Total matched market share executed on Nasdaq's exchanges	41.0%	39.3%	41.6%	38.6%
<u>Nasdaq Nordic and Nasdaq Baltic options and futures</u>				
Total average daily volume of options and futures contracts ⁽²⁾	296,086	291,410	335,679	391,884
Cash Equity Trading				
<u>Total U.S.-listed securities</u>				
Total industry average daily share volume (in billions)	6.06	6.59	6.58	7.45
Matched share volume (in billions)	69.1	71.0	223.2	245.3
The Nasdaq Stock Market matched market share	14.1%	13.4%	14.2%	14.1%
Nasdaq BX matched market share	3.3%	2.6%	3.0%	2.3%
Nasdaq PSX matched market share	0.7%	0.9%	0.8%	1.0%
Total matched market share executed on Nasdaq's exchanges	18.1%	16.9%	18.0%	17.4%
Market share reported to the FINRA/Nasdaq Trade Reporting Facility	34.1%	33.5%	34.3%	32.8%
Total market share ⁽³⁾	52.2%	50.4%	52.3%	50.2%
<u>Nasdaq Nordic and Nasdaq Baltic securities</u>				
Average daily number of equity trades executed on Nasdaq's exchanges	545,115	410,999	547,985	465,555
Total average daily value of shares traded (in billions)	\$ 5.1	\$ 4.4	\$ 5.3	\$ 5.1
Total market share executed on Nasdaq's exchanges	67.9%	61.3%	66.2%	62.1%
FICC				
<u>Fixed Income</u>				
U.S. fixed income notional trading volume (in billions)	\$ 3,975	\$ 4,816	\$ 13,770	\$ 16,039
Total average daily volume of Nasdaq Nordic and Nasdaq Baltic fixed income contracts	101,026	73,422	110,004	88,276
<u>Commodities</u>				
Power contracts cleared (TWh) ⁽⁴⁾	264	321	911	1,197
Corporate Services				
<u>Initial public offerings</u>				
The Nasdaq Stock Market	34	31	87	66
Exchanges that comprise Nasdaq Nordic and Nasdaq Baltic	10	5	60	38
<u>Total new listings</u>				
The Nasdaq Stock Market ⁽⁵⁾	78	80	184	200
Exchanges that comprise Nasdaq Nordic and Nasdaq Baltic ⁽⁶⁾	11	10	72	57
<u>Number of listed companies</u>				
The Nasdaq Stock Market ⁽⁷⁾	2,935	2,872	2,935	2,872
Exchanges that comprise Nasdaq Nordic and Nasdaq Baltic ⁽⁸⁾	952	875	952	875
Information Services				
Number of licensed ETPs	314	289	314	289
ETP assets under management tracking Nasdaq indexes (in billions)	\$ 154	\$ 118	\$ 154	\$ 118
Market Technology				
Order intake (in millions) ⁽⁹⁾	\$ 66	\$ 49	\$ 177	\$ 140
Total order value (in millions) ⁽¹⁰⁾	\$ 805	\$ 738	\$ 805	\$ 738

- (1) For the nine months ended September 30, 2016, Nasdaq ISE, Nasdaq GEMX and Nasdaq MRX matched market share represents trading volume which commenced on June 30, 2016.
- (2) Includes Finnish option contracts traded on EUREX Group.
- (3) Includes transactions executed on The Nasdaq Stock Market's, Nasdaq BX's and Nasdaq PSX's systems plus trades reported through the FINRA/Nasdaq Trade Reporting Facility.
- (4) Transactions executed on Nasdaq Commodities or OTC and reported for clearing to Nasdaq Commodities measured by Terawatt hours (TWh).
- (5) 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 ETPs.
- (6) 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.
- (7) Number of total listings on The Nasdaq Stock Market at period end, including 362 separately listed ETPs at September 30, 2017 and 295 at September 30, 2016.
- (8) Represents companies listed on the Nasdaq Nordic and Nasdaq Baltic exchanges and companies on the alternative markets of Nasdaq First North at period end.
- (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 8, "Deferred Revenue," to the condensed consolidated financial statements, represents consideration received that is yet to be recognized as revenue for these signed orders.

* * * * *

Financial Summary

The following table summarizes our financial performance for the three and nine months ended September 30, 2017 when compared with the same periods in 2016. The comparability of our results of operations between reported periods for the nine months ended September 30, 2017 and 2016 is impacted by the acquisitions of Nasdaq CXC and Marketwired in February 2016, Boardvantage in May 2016, and ISE in June 2016. See "2016 Acquisitions," of Note 4, "Acquisitions," to the condensed consolidated financial statements for further discussion. For a detailed discussion of our results of operations, see "Segment Operating Results" below.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Percentage Change	2017	2016	Percentage Change
	(in millions, except per share amounts)			(in millions, except per share amounts)		
Revenues less transaction-based expenses	\$ 607	\$ 585	3.8 %	\$ 1,792	\$ 1,678	6.8 %
Operating expenses	343	352	(2.6)%	1,036	1,052	(1.5)%
Operating income	264	233	13.3 %	756	626	20.8 %
Interest expense	(34)	(37)	(8.1)%	(107)	(98)	9.2 %
Income before income taxes	236	199	18.6 %	667	541	23.3 %
Income tax provision	65	68	(4.4)%	179	208	(13.9)%
Net income attributable to Nasdaq	\$ 171	\$ 131	30.5 %	\$ 488	\$ 333	46.5 %
Diluted earnings per share	\$ 1.01	\$ 0.77	31.2 %	\$ 2.88	\$ 1.97	46.2 %
Cash dividends declared per common share	\$ 0.38	\$ 0.32	18.8 %	\$ 1.08	\$ 0.89	21.3 %

In countries with currencies other than the U.S. dollar, revenues and expenses are translated using monthly average exchange rates. Impacts on our revenues less transaction-based expenses and operating income associated with fluctuations in foreign currency are discussed in more detail under "Item 3. Quantitative and Qualitative Disclosures about Market Risk."

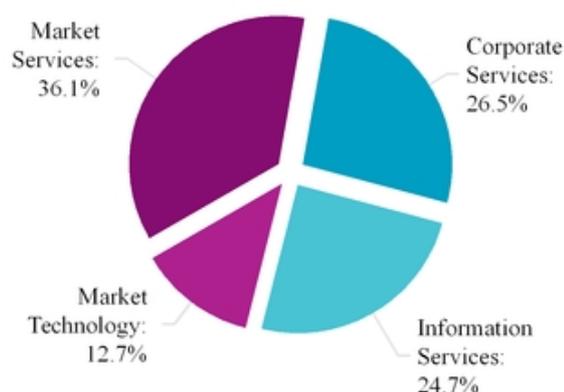
Segment Operating Results

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

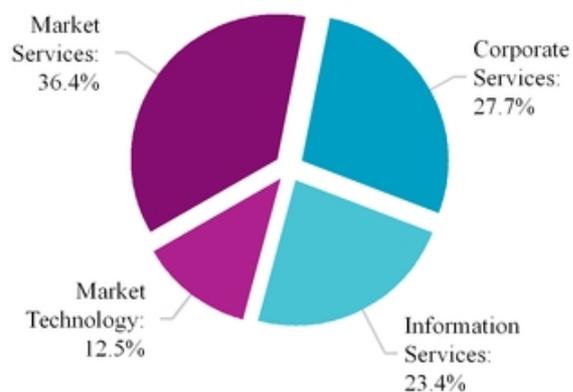
	Three Months Ended September 30,			Percentage Change	Nine Months Ended September 30,		
	2017	2016			2017	2016	Percentage Change
	(in millions)				(in millions)		
Market Services	\$ 581	\$ 557		4.3 %	\$ 1,808	\$ 1,661	8.9%
Transaction-based expenses	(362)	(344)		5.2 %	(1,149)	(1,054)	9.0%
Market Services revenues less transaction-based expenses	219	213		2.8 %	659	607	8.6%
Corporate Services	161	162		(0.6)%	486	467	4.1%
Information Services	150	137		9.5 %	432	405	6.7%
Market Technology	77	73		5.5 %	215	199	8.0%
Total revenues less transaction-based expenses	\$ 607	\$ 585		3.8 %	\$ 1,792	\$ 1,678	6.8%

The following charts show our Market Services, Corporate Services, Information Services and Market Technology segments as a percentage of our total revenues less transaction-based expenses for the three and nine months ended September 30, 2017 and 2016:

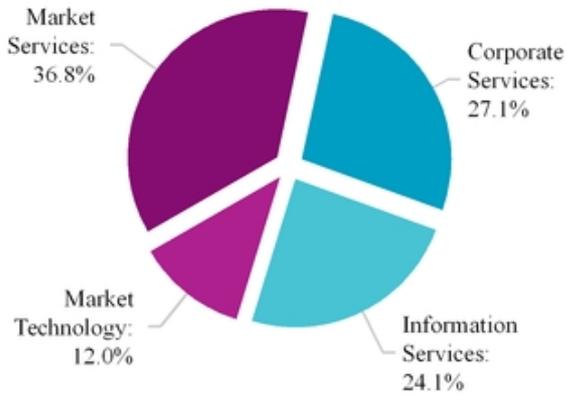
Percentage of Revenues Less Transaction-based Expenses by Segment for the Three Months Ended September 30, 2017



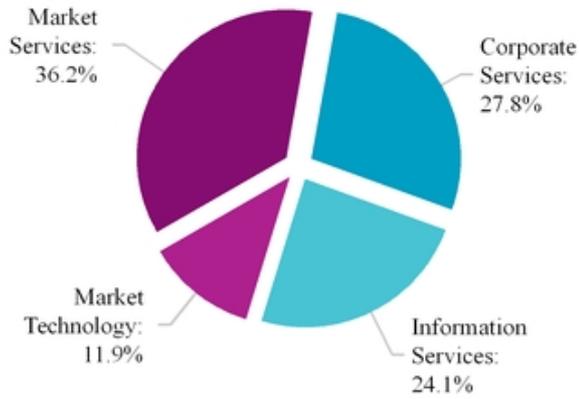
Percentage of Revenues Less Transaction-based Expenses by Segment for the Three Months Ended September 30, 2016



Percentage of Revenues Less Transaction-based Expenses by Segment for the Nine Months Ended September 30, 2017



Percentage of Revenues Less Transaction-based Expenses by Segment for the Nine Months Ended September 30, 2016



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,			Nine Months Ended September 30,		Percentage Change
	2017	2016	Percentage Change	2017	2016	
	(in millions)			(in millions)		
Market Services Revenues:						
Equity Derivative Trading and Clearing Revenues ⁽¹⁾	\$ 178	\$ 164	8.5 %	\$ 560	\$ 368	52.2 %
Transaction-based expenses:						
Transaction rebates	(106)	(90)	17.8 %	(335)	(191)	75.4 %
Brokerage, clearance and exchange fees ⁽¹⁾	(10)	(7)	42.9 %	(29)	(17)	70.6 %
Equity derivative trading and clearing revenues less transaction-based expenses	62	67	(7.5)%	196	160	22.5 %
Cash Equity Trading Revenues ⁽²⁾	304	302	0.7 %	958	1,023	(6.4)%
Transaction-based expenses:						
Transaction rebates	(157)	(171)	(8.2)%	(526)	(599)	(12.2)%
Brokerage, clearance and exchange fees ⁽²⁾	(85)	(72)	18.1 %	(245)	(231)	6.1 %
Cash equity trading revenues less transaction-based expenses	62	59	5.1 %	187	193	(3.1)%
FICC Revenues	24	22	9.1 %	72	74	(2.7)%
Transaction-based expenses:						
Transaction rebates	(3)	(4)	(25.0)%	(13)	(14)	(7.1)%
Brokerage, clearance and exchange fees	(1)	—	N/M	(1)	(2)	(50.0)%
FICC revenues less transaction-based expenses	20	18	11.1 %	58	58	— %
Trade Management Services Revenues	75	69	8.7 %	218	196	11.2 %
Total Market Services revenues less transaction-based expenses	\$ 219	\$ 213	2.8 %	\$ 659	\$ 607	8.6 %

N/M Not meaningful.

⁽¹⁾ Includes Section 31 fees of \$9 million in the third quarter of 2017, \$27 million in the first nine months of 2017, \$7 million in the third quarter of 2016 and \$16 million for the first nine months of 2016. 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 \$82 million in the third quarter of 2017, \$234 million for the first nine months of 2017, \$67 million in the third quarter of 2016 and \$215 million in the first nine months of 2016. Section 31 fees are recorded as cash equity trading revenues with a corresponding amount recorded in transaction-based expenses.

Equity Derivative Trading and Clearing Revenues

Equity derivative trading and clearing revenues increased in the third quarter and first nine months of 2017 compared with the same periods in 2016. The increase in the third quarter was primarily due to higher U.S. industry trading volumes, higher U.S. market share and higher Section 31 pass-through fee revenue. The increase in the first nine months was primarily due to the inclusion of revenues from our acquisition of ISE and higher Section 31 pass-through fee revenue.

Equity derivative trading and clearing revenues less transaction-based expenses decreased in the third quarter and increased in the first nine months of 2017 compared with the same periods in 2016. The decrease in the third quarter was primarily due to lower net revenue capture, partially offset by higher industry trading volumes and higher U.S. market share.

The increase in the first nine months was primarily due to the inclusion of revenues from our acquisition of ISE.

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. The increase in the third quarter of 2017 compared to the same period in 2016 was primarily due to higher dollar value traded on Nasdaq's

exchanges. The increase in the first nine months of 2017 compared with the same period in 2016 was primarily due to the inclusion of Section 31 fees from our acquisition of ISE.

Transaction rebates, in which we credit a portion of the per share execution charge to the market participant, increased in the third quarter and first nine months of 2017 compared with the same periods in 2016, primarily due to increases in rebate capture, higher U.S. industry trading volumes and higher U.S. market share. The increase in the first nine months of 2017 was also due to the inclusion of rebates associated with our acquisition of ISE.

Brokerage, clearance and exchange fees increased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to higher Section 31 pass-through fees, as discussed above.

Cash Equity Trading Revenues

Cash equity trading revenues increased in the third quarter of 2017 and decreased in the first nine months of 2017 compared with the same periods in 2016. The increase in the third quarter was primarily due to higher European industry trading volumes and higher European market share executed on Nasdaq's exchanges. The decrease in the first nine months of 2017 was primarily due to:

- lower U.S. industry trading volumes, partially offset by;
- higher European industry trading volumes;
- an increase in Section 31 pass-through fee revenue; and
- an increase in our overall U.S. matched market share and European market share executed on Nasdaq's exchanges.

Cash equity trading revenues less transaction-based expenses increased in the third quarter of 2017 compared with the same period in 2016. The increase was primarily due to:

- an increase in European cash equities revenues due to higher industry trading volumes and market share executed on Nasdaq's exchanges.

Cash equity trading revenues less transaction-based expenses decreased in the first nine months of 2017 compared with the same period in 2016. The decrease was primarily due to:

- lower U.S. industry trading volumes, partially offset by;
- an increase in our overall U.S. matched market share and European market share executed on Nasdaq's exchanges; and
- higher European industry trading volumes.

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 assessed these fees from the SEC and pass them through to our customers in the form of incremental fees. Since the amount recorded as revenues is equal to the amount recorded as transaction-based expenses, there is no impact on our revenues less transaction-based expenses. The increase in Section 31 fees in the third quarter and first nine months of 2017 compared with the same periods in 2016 was primarily due to higher dollar value traded on Nasdaq's exchanges.

Transaction rebates decreased in the third quarter and first nine months of 2017 compared with the same periods in 2016. For The Nasdaq Stock Market, Nasdaq PSX and Nasdaq CXC, 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 takes the liquidity. The decrease in transaction rebates in the third quarter and first nine months of 2017 compared with the same periods in 2016 was primarily due to:

- lower U.S. industry trading volumes, partially offset by;
- an increase in our overall U.S. matched market share.

Brokerage, clearance and exchange fees increased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to higher Section 31 pass-through fees, as discussed above, partially offset by a decline in routing fees.

FICC Revenues

FICC revenues and FICC revenues less transaction-based expenses increased in the third quarter compared with the same period in 2016 primarily due to higher volumes and pricing changes at NFX and a favorable impact from foreign exchange. FICC revenues decreased in the first nine months of 2017 compared with the same period in 2016 primarily due to volume declines in European commodities products and U.S. fixed income products, partially offset by higher volumes and pricing changes at NFX. FICC revenues less transaction-based expenses were flat in the first nine months of 2017 compared with the same period in 2016 as declines in European commodities products and U.S. fixed income products were offset by higher volumes and pricing changes at NFX.

Trade Management Services Revenues

Trade management services revenues increased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to an increase in customer demand for third party connectivity, co-location and test facilities. The increase in the first nine months was also due to the inclusion of revenues from our acquisition of ISE.

CORPORATE SERVICES

The following table shows revenues from our Corporate Services segment:

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2017	2016		2017	2016	
	(in millions)			(in millions)		
Corporate Services:						
Corporate Solutions	\$ 94	\$ 94	— %	\$ 287	\$ 265	8.3 %
Listing Services	67	68	(1.5)%	199	202	(1.5)%
Total Corporate Services	\$ 161	\$ 162	(0.6)%	\$ 486	\$ 467	4.1 %

Corporate Solutions Revenues

Corporate solutions revenues were flat in the third quarter of 2017 compared with the same period in 2016. Corporate solutions revenues increased in the first nine months of 2017 compared with the same period in 2016 primarily due to the inclusion of revenues associated with the acquisitions of Boardvantage and Marketwired.

Listing Services Revenues

Listing services revenues decreased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to a decrease in U.S. listing of additional share fees as a result of the implementation of our all-inclusive annual fee, partially offset by an increase in European listing services revenues.

* * * * *

INFORMATION SERVICES

The following table shows revenues from our Information Services segment:

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2017	2016		2017	2016	
	(in millions)			(in millions)		
Information Services:						
Data Products	\$ 116	\$ 109	6.4%	\$ 335	\$ 322	4.0%
Index Licensing and Services	34	28	21.4%	97	83	16.9%
Total Information Services	\$ 150	\$ 137	9.5%	\$ 432	\$ 405	6.7%

Data Products Revenues

Data products revenues increased in the third quarter of 2017 compared with the same period in 2016 primarily due to growth in shared tape plan revenues and higher audit collections. The increase in the first nine months of 2017 was primarily due to growth in proprietary data products revenues.

Index Licensing and Services Revenues

Index licensing and services revenues increased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to higher assets under management in ETPs linked to Nasdaq indexes.

* * * * *

MARKET TECHNOLOGY

The following table shows revenues from our Market Technology segment:

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2017	2016		2017	2016	
	(in millions)			(in millions)		
Market Technology	\$ 77	\$ 73	5.5%	\$ 215	\$ 199	8.0%

Market Technology Revenues

Market technology revenues increased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to higher change request revenues and an increase in revenues from software as a service. Also contributing to the increase in the third quarter was a favorable

impact from foreign exchange of \$2 million. The increase in the third quarter of 2017 was partially offset by lower software, licensing and support revenues. The decline in software, licensing and support revenues reflected in part the shift in BWISE revenues from a perpetual license to a subscription revenue model.

Total Order Value

Total order value, which represents the total contract value of orders signed that are yet to be recognized as revenues, was \$805 million as of September 30, 2017 and \$738 million as of September 30, 2016. As of September 30, 2017, market technology deferred revenue of \$179 million represents consideration received that is yet to be recognized as revenue for these signed orders. See Note 8, “Deferred Revenue,” to the condensed consolidated financial statements for further discussion. The recognition and timing of these revenues depend 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:		
2017 ⁽¹⁾	\$	73
2018		257
2019		169
2020		128
2021		82
2022 and thereafter		96
Total	\$	805

(1) Represents deferred revenue that is anticipated to be recognized over the remaining three months of 2017.

Expenses

Operating Expenses

The following table shows our operating expenses:

	Three Months Ended September 30,			Percentage Change	Nine Months Ended September 30,			Percentage Change
	2017	2016			2017	2016		
	(in millions)				(in millions)			
Compensation and benefits	\$ 169	\$ 168	0.6 %	\$ 493	\$ 484	1.9 %		
Professional and contract services	39	40	(2.5)%	112	111	0.9 %		
Computer operations and data communications	31	28	10.7 %	91	80	13.8 %		
Occupancy	23	23	— %	69	62	11.3 %		
General, administrative and other	15	19	(21.1)%	64	50	28.0 %		
Marketing and advertising	7	8	(12.5)%	22	22	— %		
Depreciation and amortization	47	46	2.2 %	140	125	12.0 %		
Regulatory	9	8	12.5 %	25	21	19.0 %		
Merger and strategic initiatives	3	12	(75.0)%	20	56	(64.3)%		
Restructuring charges	—	—	— %	—	41	(100.0)%		
Total operating expenses	\$ 343	\$ 352	(2.6)%	\$ 1,036	\$ 1,052	(1.5)%		

The increase in compensation and benefits expense in the third quarter of 2017 was primarily due to an unfavorable impact from foreign exchange of \$2 million. The increase in the first nine months of 2017 was primarily due to overall higher compensation costs resulting from our 2016 acquisitions, partially offset by a favorable impact from foreign exchange of \$2 million.

Headcount increased to 4,416 employees at September 30, 2017 from 4,364 at September 30, 2016.

The increase in computer operations and data communications expense in the third quarter of 2017 was primarily due to higher software lease and maintenance costs. The increase in the first nine months of 2017 was primarily due to higher hardware and license costs associated with our 2016 acquisitions.

The increase in occupancy expense in the first nine months of 2017 primarily reflects additional facility and rent costs associated with our 2016 acquisitions.

The decrease in general, administrative and other expense in the third quarter of 2017 was primarily due to a lower provision for bad debts. The increase in general, administrative and other expense in the first nine months of 2017 was primarily due to a pre-tax charge of \$10 million which primarily included a make-whole redemption price premium paid on the early extinguishment of our 2018 Notes and lower regulatory fine collections.

The increase in depreciation and amortization expense in the first nine months of 2017 was primarily due to additional amortization expense associated with acquired intangible assets related to our 2016 acquisitions.

The increase in regulatory expense in the first nine months of 2017 was primarily due to a rate increase for regulatory services and trade surveillance.

The decrease in merger and strategic initiatives expense in the third quarter and first nine months of 2017 was primarily due to expenses incurred during 2016 in connection with our

acquisitions of ISE, Boardvantage, Marketwired, and Nasdaq CXC.

See Note 3, “Restructuring Charges,” to the condensed consolidated financial statements for a discussion of our restructuring charges recorded in the first nine months of 2016.

* * * * *

Non-operating Income and Expenses

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Percentage Change	2017	2016	Percentage Change
	(in millions)			(in millions)		
Interest income	\$ 2	\$ 1	100.0 %	\$ 6	\$ 4	50.0 %
Interest expense	(34)	(37)	(8.1)%	(107)	(98)	9.2 %
Net interest expense	(32)	(36)	(11.1)%	(101)	(94)	7.4 %
Other investment income	—	—	— %	2	3	(33.3)%
Net income from unconsolidated investees	4	2	100.0 %	10	6	66.7 %
Total non-operating expenses	\$ (28)	\$ (34)	(17.6)%	\$ (89)	\$ (85)	4.7 %

Interest Income

Interest income increased in the third quarter and first nine months of 2017 compared with the same periods in 2016 primarily due to an increase in interest rates.

Interest Expense

The following table shows our interest expense:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Percentage Change	2017	2016	Percentage Change
	(in millions)			(in millions)		
Interest expense on debt	\$ 32	\$ 36	(11.1)%	\$ 101	\$ 94	7.4%
Accretion of debt issuance costs and debt discount	1	1	— %	4	3	33.3%
Other bank and investment-related fees	1	—	N/M	2	1	100.0%
Interest expense	\$ 34	\$ 37	(8.1)%	\$ 107	\$ 98	9.2%

N/M Not meaningful.

Interest expense decreased in the third quarter of 2017 compared with the same period in 2016 primarily due to the retirement of debt with higher per annum interest rates. Interest expense increased in the first nine months of 2017 compared with the same period in 2016 primarily due to our debt issuances in 2016 related to our 2016 acquisitions.

See Note 9, “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 in the third quarter and first nine months of 2017 and 2016 primarily relates to income recognized from our equity method investment in OCC. See “Equity Method Investments,” of Note 7, “Investments,” to the condensed consolidated financial statements for further discussion of our equity method investments.

Tax Matters

The following table shows our income tax provision and effective tax rate:

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2017	2016		2017	2016	
	(\$ in millions)			(\$ in millions)		
Income tax provision	\$ 65	\$ 68	(4.4)%	\$ 179	\$ 208	(13.9)%
Effective tax rate	27.5%	34.2%		26.8%	38.4%	

For further discussion of our tax matters, see “Tax Matters,” of Note 2, “Basis of Presentation and Principles of Consolidation,” to the condensed consolidated financial statements.

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.

Although no new U.S. tax legislation has been enacted, we are currently assessing the impact various tax reform proposals will have on our condensed consolidated financial statements.

* * * * *

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 comparisons of results as the items described below do not reflect ongoing 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.

We understand that analysts and investors regularly rely on non-GAAP financial measures, such as non-GAAP net income attributable to Nasdaq 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 highlight trends more clearly 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 ongoing operating performance. Non-GAAP net income attributable to Nasdaq for the periods presented below is calculated by adjusting for the following items:

Amortization expense of acquired intangible assets: We amortize intangible assets acquired in connection with various acquisitions. Intangible asset amortization expense can vary from period to period due to episodic acquisitions completed, rather than from our ongoing business operations. As such, if intangible asset amortization is included in performance measures, it is more difficult to assess the day-to-day operating performance of the businesses, the relative operating performance of the businesses between periods, and the earnings power of Nasdaq. Performance measures excluding intangible asset amortization therefore provide investors with a more useful representation of our businesses’ ongoing activity in each period.

Restructuring charges: Restructuring charges are associated with our 2015 restructuring plan to improve performance, cut costs and reduce spending and were primarily related to (i) severance and other termination benefits, (ii) asset impairment charges, and (iii) other charges. We exclude these restructuring costs because these costs do not reflect future operating expenses and do not contribute to a meaningful evaluation of Nasdaq’s ongoing operating performance or comparison of Nasdaq’s performance between periods.

Merger and strategic initiatives expense: We have pursued various strategic initiatives and completed a number of acquisitions in recent years which have resulted in expenses which would not have otherwise been incurred. These expenses generally include integration costs, as well as legal, due diligence and other third party transaction costs. The frequency

and the amount of such expenses vary significantly based on the size, timing and complexity of the transaction. Accordingly, we exclude these costs for purposes of calculating non-GAAP measures which provide a more meaningful analysis of Nasdaq's ongoing operating performance or comparison in Nasdaq's performance between periods.

Other significant items: We have excluded certain other charges or gains that are the result of other non-comparable events to measure operating performance. For the three months ended September 30, 2017, other significant items include recognition of previously unrecognized tax benefits associated with positions taken in prior years. For the nine months ended September 30, 2017, other significant items include a make-whole redemption price premium paid on the early

extinguishment of our 2018 notes, wind down costs associated with an equity method investment that was previously written off, and recognition of previously unrecognized tax benefits associated with positions taken in prior years. For the nine months ended September 30, 2016, other significant items include tax expense due to an unfavorable tax ruling received during the three months ended June 30, 2016, the impact of which related to prior periods, and the release of a sublease loss reserve due to the early exit of a facility. We believe the exclusion of such amounts allows management and investors to better understand the financial results of Nasdaq.

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

	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016	
	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	\$ 171	\$ 1.01	\$ 131	\$ 0.77
Non-GAAP adjustments:				
Amortization expense of acquired intangible assets	22	0.13	23	0.14
Merger and strategic initiatives	3	0.02	12	0.07
Other	1	—	—	—
Adjustment to the income tax provision to reflect non-GAAP adjustments ⁽¹⁾	(16)	(0.10)	(12)	(0.07)
Total non-GAAP adjustments, net of tax	10	0.05	23	0.14
Non-GAAP net income attributable to Nasdaq and diluted earnings per share	\$ 181	\$ 1.06	\$ 154	\$ 0.91
Weighted-average common shares outstanding for diluted earnings per share		170,002,147		169,497,079
(in millions, except share and per share amounts)				
	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	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	\$ 488	\$ 2.88	\$ 333	\$ 1.97
Non-GAAP adjustments:				
Amortization expense of acquired intangible assets	67	0.39	59	0.35
Restructuring charges	—	—	41	0.24
Merger and strategic initiatives	20	0.12	56	0.33
Extinguishment of debt	10	0.06	—	—
Other	3	0.01	—	—
Sublease loss reserve	—	—	(2)	(0.01)
Adjustment to the income tax provision to reflect non-GAAP adjustments ⁽¹⁾	(48)	(0.28)	(28)	(0.17)
Total non-GAAP adjustments, net of tax	52	0.30	126	0.74
Non-GAAP net income attributable to Nasdaq and diluted earnings per share	\$ 540	\$ 3.18	\$ 459	\$ 2.71
Weighted-average common shares outstanding for diluted earnings per share		169,566,166		168,660,231

⁽¹⁾ We determine the tax effect of each item based on the tax rules in the respective jurisdiction where the transaction occurred. The non-GAAP adjustment to the income tax provision also reflects the recognition of previously unrecognized tax benefits associated with positions taken in prior years of \$8 million for the three months ended September 30, 2017 and \$12 million for the nine months ended September 30, 2017. For the nine months ended September 30, 2016, also included in this adjustment is \$27 million in tax expense associated with an unfavorable decision from the Finnish Supreme Administrative Court on a tax position.

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 9, “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 purchase price consideration of a prior acquisition, 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.

In April 2017, we entered into the 2017 Credit Facility which replaced our existing 2014 credit facility. We also entered into the Commercial Paper Program which enables us to borrow efficiently at reasonable short-term interest rates and is supported by our 2017 Credit Facility. See “Commercial Paper,” “2017 Credit Facility,” and “2014 Credit Facility,” of Note 9, “Debt Obligations,” to the condensed consolidated financial statements for further discussion of our Commercial Paper Program and our 2017 and 2014 Credit Facilities.

As of September 30, 2017, no amounts were outstanding on the 2017 Credit Facility. Of the \$1 billion that is available for borrowing, \$154 million provides liquidity support for the principal amount outstanding under the Commercial Paper Program as of September 30, 2017 and \$1 million has been utilized for a letter of credit. As of September 30, 2017, the total remaining amount available under the 2017 Credit Facility was \$845 million.

In May 2017, we used a combination of cash on hand and net proceeds from the sale of commercial paper to redeem all of our 2018 Notes. In addition, in June 2017, we used net proceeds from the sale of commercial paper to repay \$300 million of the amount outstanding on the 2016 Credit Facility. As of September 30, 2017, the outstanding balance of \$100 million on the 2016 Credit Facility reflects the aggregate principal amount, less the unamortized debt issuance costs. See “Early Extinguishment of 2018 Notes,” and “2016 Credit Facility,” of Note 9, “Debt Obligations,” to the condensed consolidated financial statements for further discussion.

In September 2017, we announced an agreement to acquire eVestment and issued the 2019 Notes. Since the proposed acquisition of eVestment was not immediately expected to close, \$276 million of the net proceeds from the 2019 Notes was used to partially pay down our outstanding commercial paper balance and the remainder of this balance was invested in short-term investments which are included in cash and cash equivalents in the Condensed Consolidated Balance Sheets as of September 30, 2017.

In October 2017, we acquired eVestment for \$705 million. The aggregate cash consideration, net of cash acquired, of \$744 million included \$39 million of estimated tax benefits associated with the transaction. The transaction was funded from cash on hand and issuances of commercial paper. See “Acquisition of eVestment,” of Note 4, “Acquisitions,” and “Senior Unsecured Floating Rate Notes,” of Note 9, “Debt Obligations,” for further discussion of our acquisition of eVestment.

In May 2016, Nasdaq issued the 2023 Notes and in June 2016, Nasdaq issued the 2026 Notes. We used the majority of the net proceeds from the 2023 Notes of \$664 million and the 2026 Notes of \$495 million to fund the acquisition of ISE and related expenses. See “3.85% Senior Unsecured Notes,” and “1.75% Senior Unsecured Notes,” of Note 9, “Debt Obligations,” and “Acquisition of ISE,” of Note 4, “Acquisitions,” 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 and newly created commercial paper program 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, and commercial paper can fluctuate from month to month. Working capital (calculated as current assets less current liabilities) was \$723 million at September 30, 2017, compared with \$478 million at December 31, 2016, an increase of \$245 million. Current asset balance changes increased working capital by \$886 million, with increases in default funds and margin deposits, assets held for sale, cash and cash equivalents, other current assets and restricted cash, partially offset by decreases in receivables, net and financial investments, at fair value. Current liability balance changes decreased working capital by \$641 million, due to increases in default funds and margin deposits, short-term debt, liabilities held for sale, and deferred revenue, partially offset by decreases in Section 31 fees payable to the SEC, accrued personnel costs, other current liabilities, and accounts payable and accrued expenses. 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 facilities that limit our total borrowing capacity;
- increases in interest rates under our credit facilities;
- credit rating downgrades, which could limit our access to additional debt;

- a decrease in the market price of our common stock; and
- volatility or disruption 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, 2017	(in millions)		December 31, 2016
Cash and cash equivalents	\$	530	\$	403
Restricted cash		21		15
Financial investments, at fair value		207		245
Total financial assets	\$	758	\$	663

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents includes all non-restricted cash in banks and highly 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, 2017, our cash and cash equivalents of \$530 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, 2017 increased \$127 million from December 31, 2016, primarily due to:

- net cash provided by operating activities;
- net proceeds received from the issuance of the 2019 Notes; and
- net proceeds received from commercial paper, net, partially offset by;
- repayments of long-term debt;
- cash dividends paid on our common stock;
- repurchases of our common stock; and
- purchases of property and equipment.

See “Cash Flow Analysis” below for further discussion.

As of September 30, 2017 and December 31, 2016, restricted cash is restricted from withdrawal due to a contractual requirement or not available for general use. Restricted cash was \$21 million as of September 30, 2017 and \$15 million as

of December 31, 2016, an increase of \$6 million. The increase relates to an increase in regulatory capital required. 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 \$87 million as of September 30, 2017 and \$102 million as of December 31, 2016. The remaining balance held in the U.S. totaled \$443 million as of September 30, 2017 and \$301 million as of December 31, 2016.

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 12, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of our share repurchase program.

Cash Dividends on Common Stock

The following table shows quarterly cash dividends declared per common share on our outstanding common stock:

	2017		2016	
First quarter	\$	0.32	\$	0.57
Second quarter		0.38		—
Third quarter		0.38		0.32

See “Cash Dividends on Common Stock,” of Note 12, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of the dividends. In the first quarter of 2016, we declared a cash dividend of \$0.25 in January 2016 and \$0.32 in March 2016.

Financial Investments, at Fair Value

Our financial investments, at fair value totaled \$207 million as of September 30, 2017 and \$245 million as of December 31, 2016 and are primarily comprised of trading securities, mainly highly rated European government debt securities. Of these securities, \$159 million as of September 30, 2017 and \$172 million as of December 31, 2016 are assets utilized to meet regulatory capital requirements, primarily for our clearing operations at Nasdaq Clearing. See Note 7, “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, 2017	December 31, 2016
(in millions)			
Short-term debt - commercial paper	Weighted-average maturity of 19 days	\$ 154	\$ —
Long-term debt:			
5.25% senior unsecured notes	Repaid May 2017	—	369
Senior unsecured floating rate notes	March 2019	498	—
\$400 million senior unsecured term loan facility	November 2019	100	399
5.55% senior unsecured notes	January 2020	598	598
3.875% senior unsecured notes	June 2021	705	625
\$1 billion revolving credit commitment	April 2022	(5)	—
1.75% senior unsecured notes	May 2023	701	622
4.25% senior unsecured notes	June 2024	496	495
3.85% senior unsecured notes	June 2026	496	495
Total long-term debt		3,589	3,603
Total debt obligations		\$ 3,743	\$ 3,603

In addition to the \$1 billion revolving credit commitment and \$400 million term loan facility, we also have other credit facilities related to our Nasdaq Clearing operations in order to provide further liquidity. Other credit facilities, which are available in multiple currencies, totaled \$188 million at September 30, 2017 and \$170 million at December 31, 2016, in available liquidity, none of which was utilized.

At September 30, 2017, we were in compliance with the covenants of all of our debt obligations.

See Note 9, "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 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, 2017, our required regulatory capital of \$159 million is primarily comprised 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 broker-dealer subsidiaries, Nasdaq Execution Services, Execution Access, NPM Securities, SMTX, and Nasdaq Capital Markets Advisory 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. The following table summarizes the net capital requirements for our broker-dealer subsidiaries as of September 30, 2017:

Broker-Dealer Subsidiaries	Total Net Capital	Required Minimum Net Capital	Excess Capital
(in millions)			
Nasdaq Execution Services	\$ 7.7	\$ 0.3	\$ 7.4
Execution Access	48.6	0.3	48.3
NPM Securities	0.3	—	0.3
SMTX	1.2	0.3	0.9
Nasdaq Capital Markets Advisory	0.6	0.3	0.3

Other Capital Requirements

Nasdaq Execution Services

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

Nasdaq CXC

As a member of the Investment Industry Regulatory Organization of Canada, Nasdaq CXC must comply with its dealer member rules which are intended to ensure general financial soundness and liquidity. Under these rules, Nasdaq CXC is required to comply with minimum net capital requirements. At September 30, 2017, Nasdaq CXC was required to maintain minimum net capital of \$0.2 million and had total net capital of approximately \$9.3 million, or \$9.1 million in excess of the minimum amount required.

Cash Flow Analysis

The following table summarizes the changes in cash flows:

	Nine Months Ended September 30,		Percentage Change
	2017	2016	
	(in millions)		
Net cash provided by (used in):			
Operating activities	\$ 609	\$ 492	23.8 %
Investing activities	(73)	(1,591)	(95.4)%
Financing activities	(418)	1,017	(141.1)%
Effect of exchange rate changes on cash and cash equivalents and restricted cash	15	1	1,400.0 %
Net increase (decrease) in cash and cash equivalents and restricted cash	133	(81)	(264.2)%
Cash and cash equivalents and restricted cash at beginning of period	418	357	17.1 %
Cash and cash equivalents and restricted cash at end of period	\$ 551	\$ 276	99.6 %

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased \$117 million for the nine months ended September 30, 2017 compared with the same period in 2016. The increase was primarily due to higher net income, offset by higher estimated tax payments and higher payments of accrued personnel costs primarily driven by our 2016 acquisitions.

Net Cash Used in Investing Activities

Net cash used in investing activities decreased \$1,518 million for the nine months ended September 30, 2017 compared with the same period in 2016 primarily due to cash paid for acquisitions, net of cash and cash equivalents acquired of \$1,460 million in 2016.

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2017 primarily consisted of repayment of long-term debt of \$683 million, \$180 million related to cash dividends paid on our common stock, \$175 million related to the repurchase of our common stock, partially offset by net proceeds from the issuance of the 2019 Notes of \$498 million and commercial paper, net of \$154 million.

Net cash provided by financing activities for the nine months ended September 30, 2016 primarily consisted of net proceeds of \$1,159 million related to the issuances of our 2023 Notes

and 2026 Notes to fund our acquisition of ISE, net proceeds of \$399 million from our 2016 Credit Facility and proceeds from the partial utilization of the revolving credit commitment under our 2014 Credit Facility of \$878 million to partially fund our acquisitions of Boardvantage, Marketwired and Nasdaq CXC, and other general corporate purposes, partially offset by repayment of \$1,118 million on the revolving credit commitment under our 2014 Credit Facility, \$147 million related to cash dividends paid on our common stock, \$100 million related to the repurchase of our common stock and \$38 million related to disbursements of customer funds, which were held in connection with privately negotiated securities transactions.

See “2016 Acquisitions,” of Note 4, “Acquisitions,” to the condensed consolidated financial statements for further discussion of our acquisitions.

See Note 9, “Debt Obligations,” to the condensed consolidated financial statements for further discussion of our debt obligations.

See “Share Repurchase Program,” and “Cash Dividends on Common Stock,” of Note 12, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of our share repurchase program and cash dividends paid on our common stock.

Contractual Obligations and Contingent Commitments

Nasdaq has contractual obligations to make future payments under long-term 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, 2017:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in millions)				
Long-term debt obligations by contract maturity ⁽¹⁾	\$ 4,382	\$ 280	\$ 1,322	\$ 939	\$ 1,841
Minimum rental commitments under non-cancelable operating leases, net ⁽²⁾	390	76	132	86	96
Other obligations ⁽³⁾	13	9	4	—	—
Total	\$ 4,785	\$ 365	\$ 1,458	\$ 1,025	\$ 1,937

⁽¹⁾ Our long-term debt obligations include both principal and interest obligations. At September 30, 2017, an interest rate of 3.05% was used to compute the amount of the contractual obligations for interest on the 2016 Credit Facility and 1.82% was used to compute the amount of the contractual obligations for interest on the 2019 Notes. 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, 2017. See Note 9, “Debt Obligations,” to the condensed consolidated financial statements for further discussion.

⁽²⁾ We lease some of our office space 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 potential future escrow agreement payments related to prior acquisitions.

* * * * *

Non-Cash Contingent Consideration

As part of the purchase price consideration of a prior acquisition, 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.

Off-Balance Sheet Arrangements

For discussion of off-balance sheet arrangements see:

- Note 15, “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 16, “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;
 - Escrow agreements;
 - Routing brokerage activities;

- Legal and regulatory matters; 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.

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, 2017, 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, 2017, the fair value of this portfolio would have declined by \$5 million.

Debt Obligations

As of September 30, 2017, 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 the issuance of our 2019 Notes, borrowings under our 2016 Credit Facility, and amounts outstanding from the sale of commercial paper under our Commercial Paper Program, all of which have variable interest rates. As of September 30, 2017, we had principal amounts outstanding of \$498 million on the 2019 Notes, \$100 million under the 2016 Credit Facility and \$154 million of commercial paper. A hypothetical 100 basis points increase in interest rates on our outstanding 2019 Notes, the 2016 Credit Facility and our outstanding commercial paper would increase interest expense by approximately \$8 million based on borrowings as of September 30, 2017.

* * * * *

Foreign Currency Exchange Rate Risk

As a leading global exchange group, we are subject to foreign currency transaction risk. Our primary exposure to foreign currency denominated revenues less transaction-based expenses and operating income for the three and nine months ended September 30, 2017 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, 2017					
Average foreign currency rate to the U.S. dollar	1.1749	0.1229	#	N/A	N/A
Percentage of revenues less transaction-based expenses	10.4%	8.8%	5.8 %	75.0%	100.0%
Percentage of operating income	16.7%	3%	(5.6)%	85.9%	100.0%
Impact of a 10% adverse currency fluctuation on revenues less transaction-based expenses	\$ (6)	\$ (5)	\$ (4)	\$ —	\$ (15)
Impact of a 10% adverse currency fluctuation on 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, 2017					
Average foreign currency rate to the U.S. dollar	1.1110	0.1160	#	N/A	N/A
Percentage of revenues less transaction-based expenses	9.7%	8.7%	5.7 %	75.9%	100.0%
Percentage of operating income	15.1%	1.1%	(3.8)%	87.6%	100.0%
Impact of a 10% adverse currency fluctuation on revenues less transaction-based expenses	\$ (17)	\$ (16)	\$ (10)	\$ —	\$ (43)
Impact of a 10% adverse currency fluctuation on operating income	\$ (11)	\$ (1)	\$ (3)	\$ —	\$ (15)

Represents multiple foreign currency rates.

N/A Not applicable.

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, 2017 is presented in the following table:

	Impact of a 10% Adverse Currency Fluctuation	
	Net Assets	
	(in millions)	
Swedish Krona ⁽¹⁾	\$ 3,423	\$ (342)
Norwegian Krone	206	(21)
Canadian Dollar	194	(19)
British Pound	147	(15)
Euro	147	(15)
Australian Dollar	107	(11)

⁽¹⁾ Includes goodwill of \$2,680 million and intangible assets, net of \$646 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 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 trading platform for our Nasdaq Fixed Income business to trade in U.S. Treasury securities. Execution Access has a clearing arrangement with Cantor Fitzgerald. As of September 30, 2017, 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 subject to a credit due diligence process and may be 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 Clearing. See Note 15, "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 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 President and Chief Executive Officer, and Executive Vice President, Corporate Strategy and Chief Financial Officer, 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 President and Chief Executive Officer and Executive Vice President, Corporate Strategy and Chief Financial Officer, 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, 2017 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.

See “Legal and Regulatory Matters,” of Note 16, “Commitments, Contingencies and Guarantees,” to the condensed consolidated financial statements for further discussion.

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, 2016 as filed with the SEC on March 1, 2017, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, as filed with the SEC on May 10, 2017, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, as filed with the SEC on August 2, 2017. 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 Forms 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.

Nasdaq issued no unregistered equity securities during the quarter ended September 30, 2017.

Issuer Purchases of Equity Securities

Share Repurchase Program

See “Share Repurchase Program,” of Note 12, “Nasdaq Stockholders’ Equity,” to the condensed consolidated financial statements for further discussion of our share repurchase program.

* * * * *

Employee Transactions

During the fiscal quarter ended September 30, 2017, we purchased shares from employees in connection with the settlement of employee tax withholding obligations arising from the vesting of restricted stock and PSUs. The table below represents repurchases made by or on behalf of us or any “affiliated purchaser” of our common stock during the fiscal quarter ended September 30, 2017:

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 2017				
Share repurchase program	—	\$ —	—	\$ 273
Employee transactions	222,356	\$ 75.43	N/A	N/A
August 2017				
Share repurchase program	—	\$ —	—	\$ 273
Employee transactions	3,929	\$ 74.85	N/A	N/A
September 2017				
Share repurchase program	239,416	\$ 75.86	239,416	\$ 255
Employee transactions	590	\$ 74.73	N/A	N/A
Total Quarter Ended September 30, 2017				
Share repurchase program	239,416	\$ 75.86	239,416	\$ 255
Employee transactions	226,875	\$ 75.42	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.

<u>Exhibit Number</u>	
2.1	Agreement and Plan of Merger, dated as of September 4, 2017, by and among eVestment, Inc., Nasdaq, Inc., Echo Holding Company and Insight Venture Partners, LLC (solely in its capacity as representative for eVestment’s securityholders) (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on September 8, 2017).†
4.1	Fifth Supplemental Indenture, dated as of September 22, 2017, among Nasdaq, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on September 22, 2017).
10.1	Nonqualified Stock Option Award Certificate to Adena T. Friedman from Nasdaq, Inc. in connection with grant made on January 3, 2017.*
31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”).
31.2	Certification of Executive Vice President, Corporate Strategy and Chief Financial Officer 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 the Nasdaq, Inc. Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016; (ii) Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2017 and 2016; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2017 and 2016; (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016; and (v) notes to condensed consolidated financial statements.

† Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Nasdaq hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC.

Nasdaq, Inc.

NON-QUALIFIED STOCK OPTION AWARD CERTIFICATE

Grant Date: January 3, 2017 Number of Options Granted: 268,817

Exercise Price per Share: \$66.68 Expiration Date: January 3, 2027

Option Type: Non-qualified Stock Option Vesting Schedule: See below

THIS CERTIFIES THAT Nasdaq, Inc. (the "Company") has on the Grant Date specified above awarded to

ADENA FRIEDMAN

(the "Optionee") options (the "Options") to purchase any part or all of an aggregate number of Shares of the Company's common stock equal to the number of Options granted as indicated above, at a purchase price equal to the Exercise Price indicated above. The Options are intended to be Non-Qualified Stock Options and not Incentive Stock Options within the meaning of Section 422 of the Internal Revenue Code.

The foregoing grant of Options is subject to the terms and conditions contained in this Award Certificate and the Nasdaq, Inc. Equity Incentive Plan (the "Plan"). Capitalized terms not otherwise defined have the meanings set forth in the Plan. A copy of the Plan is available from Human Resources, and is also available on the Company's website.

* * * *

1. Vesting.

- (a) Subject to Section 3 hereof and contingent upon the Optionee's continued employment with the Company until the applicable vesting date (except as otherwise provided in paragraphs (c) and (d) below) the Options shall vest as follows:
- (i) **33% on December 31, 2017**, but only if the 2017 Performance Goal (as defined below) is achieved,
 - (ii) **33% on December 31, 2018** but only if the 2018 Performance Goal (as defined below) is achieved, or
 - (iii) **Remaining balance on December 31, 2019** but only if the 2019 Performance Goal (as defined below) is achieved.

(b) For purposes of this Award Certificate, the following terms shall have the respective meanings set forth below:

- (i) “2017 Performance Goal” is achieved if the 2017 Fully Diluted EPS is at least 3% greater than 2016 Fully Diluted EPS.
- (ii) “2018 Performance Goal” is achieved if (A) the 2018 Fully Diluted EPS is at least 3% greater than 2016, and (B) the 2018 Fully Diluted EPS Growth is at least 3%; or Average Annual 2017 and 2018 Fully Diluted EPS Growth is at least 3%.
- (iii) “2019 Performance Goal” is achieved if (A) the 2019 Fully Diluted EPS is at least 3% greater than 2016, and (B) the 2019 Fully Diluted EPS Growth is at least 3%; or Average Annual 2017, 2018 and 2019 Fully Diluted EPS Growth is at least 3%.
- (iv) “Annual Fully Diluted EPS Growth” shall be determined based upon the percentage by which the Fully Diluted EPS for the fiscal year of the Company exceeds the Fully Diluted EPS of the prior fiscal year of the Company.
- (v) “Fully Diluted EPS” shall be determined by the Committee in accordance with the U.S. Generally Accepted Accounting Principles (GAAP) for the Company and in making this determination, the Committee may include or exclude the effect of any one or more of the applicable extraordinary events described in Section 2 of the Plan that may occur during the fiscal year. The Committee may also decide to include or exclude share buybacks or share issuances in making this determination.

As used herein, “vested” Options shall mean those Options which (1) shall have become exercisable pursuant to the terms of this Award Certificate and (2) shall not have been previously exercised.

- (c) If, prior to vesting of the Options under paragraph (a) above the Optionee has a Separation from Service (as defined in the Plan) with the Company or any of its subsidiaries for any reason (voluntary or involuntary)), then such non-vested Options shall be immediately and irrevocably forfeited, except as otherwise provided in Section 6(j)(ii) of the Plan (Separation from Service by reason of death or Retirement) or Section 12 of the Plan (Separation from Service following a Change in Control) but modified to provide a two-year period of protection following a Change in Control. Following Separation from Service, the Optionee’s vested Options shall remain exercisable for a limited period of time, as set forth in Section 6(j)(ii) or Section 12 of the Plan, as applicable. Notwithstanding anything to the contrary in the Plan or this Award Certificate, and for purposes of clarity, any Separation from Service shall be effective as of

the date the Optionee's active employment ends and shall not be extended by any statutory or common law notice period.

- (d) If, prior to the vesting of the Options under paragraph (a) above the Optionee is determined by the insurance carrier under the Company's then-current long-term disability plan to be entitled to receive benefits under such plan, and, by reason of such disability, is deemed to have a Separation from Service (within the meaning of the Plan), then an amount of unvested Options shall vest as described on Section 6(j)(iii) of the Plan, and the Optionee's vested Options shall be exercisable for a limited period of time as described in Section 6(j)(iii) of the Plan.

2. Exercise of the Options.

- (a) Subject to the provisions of the Plan (including without limitation Section 6(j) of the Plan (Separation from Service) and Section 12 of the Plan (Change in Control)) and this Award Certificate, the Optionee may exercise all or a portion of the vested Options at any time prior to the Expiration Date; provided that Options may be exercised with respect to whole Shares only; and provided further that Options may not be exercised at any one time as to fewer than 100 Shares (or such number of Shares as to which the Options are then exercisable if such number is less than 100). In no event shall the Options be exercisable on or after the Expiration Date.
- (b) In accordance with Section 2(a) hereof, the Options may be exercised by delivering to the Company a notice of intent to exercise. The Optionee shall deliver such notice by such method (whether telephonic, electronic or written) as may be specified by the Committee from time to time. The date of exercise shall be the date the required notice is received by the Company; provided, however, that if payment in full is not received by the Company as described herein or as otherwise permitted, such notice shall be deemed not to have been received. Such notice shall specify the number of Shares as to which the Options are being exercised and shall be accompanied by payment in full, or adequate provision therefor, of the Exercise Price and any applicable withholding tax.
- (c) The payment of the Exercise Price shall be made in accordance with any process or procedure permitted by the Plan as of the date of exercise, including without limitation payment (i) in cash, or its equivalent, (ii) by exchanging Shares owned by the Optionee for at least six months (which are not the subject of any pledge or other security interest), (iii) by having the Company "net settle" the Shares by withholding from the Shares which would otherwise be delivered to the Optionee such Shares with a Fair Market Value sufficient to satisfy the withholding required with respect thereto as determined by the Committee, (iv) through any broker's cashless exercise procedure approved by the Committee, or (v) by a combination of the foregoing, provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to the

Company as of the date of such tender is at least equal to such Exercise Price and, if applicable, the withholding tax. Any broker-assisted exercise procedure must comply with all applicable laws at the time of exercise, and the Optionee shall be responsible for all broker fees. At the time of exercise of the Options, the Optionee shall pay such amount to the Company as the Company deems necessary to satisfy its obligation to withhold federal, state or local income or other taxes incurred by reason of such exercise or make such other arrangements as are acceptable to the Company, all in accordance with the provisions of Section 5 hereof. The net settlement of shares and the exchange of Shares previously owned and herein specifically authorized alternatives for the payment of the Exercise Price and/or the satisfaction of withholding obligations.

- (d) Notwithstanding any other provision of the Plan or this Award Certificate to the contrary, no Option may be exercised prior to the completion of any registration or qualification of such Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any government body, national securities exchange, or inter-dealer market system that the Committee shall in its sole discretion determine to be necessary or advisable.
- (e) As soon as practicable following the Company's determination that an Option has been validly exercised as to any of the Shares, and the receipt by the Company of payment in full of the Exercise Price (as well as any applicable tax withholding as described in Section 5 hereof), the Company shall make delivery of Shares by either (A) delivering certificates representing such Shares to the Optionee, registered in the name of the Optionee, or (B) depositing such Shares into a stock brokerage account maintained for the Optionee. The Company will not deliver any fractional Shares but will instead round down to the next full number of Shares to be delivered. The Company shall not be liable to the Optionee for damages relating to any delays in issuing the certificates or in the certificates themselves.

3. No Right to Continued Employment: No Rights as a Shareholder. Neither the Plan nor this Award Certificate shall confer on the Optionee any right to be retained in any position, as an employee, consultant or director of the Company. Further, nothing in the Plan or this Award Certificate shall be construed to limit the discretion of the Company to terminate the Optionee's employment at any time, with or without cause. The Optionee shall not have any rights as a shareholder with respect to any Shares subject to an Option prior to the date of exercise of the Option.

4. Transferability.

- (a) Except as provided below, the Options are nontransferable and may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Optionee, except by will or the laws of descent and distribution. Notwithstanding the foregoing, the Optionee may transfer vested Options to members of his or her immediate family (defined as his or her spouse,

children or grandchildren (including children or grandchildren by means of adoption, and stepchildren)) or to one or more trusts for the exclusive benefit of such immediate family members or partnerships in which such immediate family members are the only partners if the transfer is approved by the Committee and the Optionee does not receive any consideration for the transfer. Any such transferred Options shall continue to be subject to the same terms and conditions that were applicable to the Options immediately prior to transfer (except that such transferred Options shall not be further transferable by the transferee). No transfer of an Option shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions hereof.

(b) In order to comply with any applicable securities laws, the Shares may only be sold by the Optionee following registration under the Securities Act of 1933, as amended, or pursuant to an exemption therefrom.

5. Tax Liability and Withholding. Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee’s responsibility, and the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant of the Options, the vesting of the Options, the exercise of the Options, the subsequent sale of any Shares acquired pursuant to the Options and the receipt of any dividends; and (b) does not commit to structure the terms of the grant or any aspect of the Options to reduce or eliminate the Optionee’s liability for Tax-Related Items.

Prior to the delivery of the Shares upon the exercise of the Options, if any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise issuable upon the exercise of the Options that have an aggregate Fair Market Value (as defined under the Plan) sufficient to pay the applicable Tax-Related Items required to be withheld with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. No fractional Shares will be withheld or issued pursuant to the grant of the Options and the issuance of Shares hereunder. Alternatively, the Company may, in its discretion and with the consent of the Optionee, withhold any amount necessary to pay the Tax-Related Items from the Optionee's salary or other amounts payable to the Optionee, with no withholding in Shares. In the event the withholding requirements are not satisfied through the withholding of Shares or through the Optionee's salary or other amounts payable to the Optionee, no Shares will be issued upon exercise of the Options unless and until satisfactory arrangements (as determined by the Committee) have been made by the Optionee with respect to the payment of any Tax-Related Items which the Company determines, in its sole discretion, must be withheld or collected with respect to such Options. All other Tax-Related Items related to the Options and any Shares delivered in payment thereof are the Optionee's sole responsibility.

6. Securities Laws. The Company may require, as a condition of the exercise of an Option, that upon the acquisition of any Shares pursuant to the exercise of the Option, the Optionee or the Optionee's transferee, if applicable, make or enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with applicable securities laws, with this Award Certificate, or as the Committee otherwise deems necessary or advisable. The Committee may require that the Optionee, as a condition of the exercise of an Option, execute a stockholders agreement containing terms and conditions generally applicable to some or all of the stockholders of the Company.
7. Administration. This Award Certificate shall at all times be subject to the terms and conditions of the Plan. Capitalized terms not defined in this Award Certificate shall have the meanings set forth in the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the Committee with respect thereto and this Award Certificate shall be final and binding upon the Optionee and the Company. The Committee has the authority and discretion to determine any questions which arise in connection with the grant of the Options hereunder.
8. Code Section 409A. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Award Certificate as may be necessary to ensure that all grants, vesting and exercises provided under this Award Certificate are made in a manner that is exempt from Section 409A of the Code; provided, however, that the Company makes no representation that the Options provided under this Award Certificate will be exempt from and/or comply with Section 409A of the Code.

9. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on the Options and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require, as a condition of the exercise of an Option, the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
10. Amendments. The Committee has the right, as set forth in the Plan, to amend, alter, suspend, discontinue or cancel this Award, prospectively or retroactively; provided however, that no such amendment, alteration, suspension, discontinuance or cancellation of the Options will adversely affect Optionee's material rights under this Award Certificate without Optionee's consent. The Company has the authority to amend this Award Certificate, consistent with the foregoing, without the Optionee's written agreement, except as set forth in this Section 10.

In the event that the Company is reorganized or liquidated, or if all or substantially all of its assets are sold, or if the Company is merged or consolidated with another corporation or entity (or in the event the Company consummates a written agreement to accomplish any of the foregoing), the Committee may, in its sole discretion and upon at least 10 days advance notice to the Optionee, cancel any outstanding Options and cause the Optionee to be paid (in cash or in stock, or any combination thereof) the value of such Options based upon the price per share received or to be received in the transaction.

11. Notices. Any notice, request, instruction or other document given under this Award Certificate shall be in writing and may be delivered by such method as may be permitted by the Company, and shall be addressed and delivered, in the case of the Company, to the Secretary of the Company at the principal office of the Company and, in the case of the Optionee, to the Optionee's address as shown in the records of the Company or to such other address as may be designated in writing (or by such other method approved by the Company) by either party.
12. Option Subject to Plan: Amendments to the Award Certificate. This Award Certificate is subject to the Plan as approved by the stockholders of the Company. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of this Award Certificate will govern and prevail.
13. Severability. The invalidity or unenforceability of any provision of the Plan or this Award Certificate shall not affect the validity or enforceability of any other provision of the Plan or this Award Certificate, and each other provision of the Plan and this Award Certificate shall be severable and enforceable to the extent permitted by law.
14. Discretionary Nature of Plan; No Vested Rights. The Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its

sole discretion, at any time. The grant of the Options represented by this Award Certificate does not create any contractual or other right to receive an award or benefits in lieu of Options in the future. Future Awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an Award, the number of Shares subject to the Award, and the vesting provisions. Any amendment, modification or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Optionee's employment with the Company.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Options or future Awards granted under the Plan by electronic means or request the Optionee's consent to participate in the Plan by electronic means. By accepting this Option, the Optionee hereby consents and agrees to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
16. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or Optionee's acquisition or sale of the underlying Shares. The Optionee acknowledges that he or she should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
17. Entire Agreement. This Award Certificate represents the entire understanding and agreement between the parties with respect to the subject matter of this Award Certificate and supersedes and replaces all previous agreements, arrangements, understandings, rights, obligations and liabilities between the parties in respect of such matters.
18. No Impact on Other Benefits. The value of the Optionee's Options is not part of the Optionee's normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

Nasdaq, Inc.

By: /s/ Adena T. Friedman

CERTIFICATION

I, Adena T. Friedman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nasdaq, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Adena T. Friedman

Name: Adena T. Friedman

Title: President and Chief Executive Officer

Date: November 7, 2017

CERTIFICATION

I, Michael Ptasznik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nasdaq, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Ptasznik

Name: Michael Ptasznik
Title: Executive Vice President, Corporate Strategy and Chief
Financial Officer

Date: November 7, 2017

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Nasdaq, Inc. (the "Company") for the quarter ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Adena T. Friedman, as President and Chief Executive Officer of the Company, and Michael Ptasznik, as Executive Vice President, Corporate Strategy and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her or his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

/s/ Adena T. Friedman

Name: Adena T. Friedman
Title: President and Chief Executive Officer
Date: November 7, 2017

/s/ Michael Ptasznik

Name: Michael Ptasznik
Title: Executive Vice President, Corporate Strategy and Chief
Financial Officer
Date: November 7, 2017

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.