

# Information Memo



11 Wall Street  
New York, NY 10005

## Trading Technology

September 9, 2008

**TO:** All Members and Member Organizations/Chief Operations Officers/Managing Partners/Operations Managers/Data Processing Managers and P&S Managers of Member Organizations/OCS Users/Merged Order Log Recipients

**SUBJECT:** NYSE/Amex Integration – Post Trade Update

PT 148

As previously announced, on a specified date following the closing of the merger between NYSE Euronext and the American Stock Exchange, trading in Amex listed securities will be migrated to 11 Wall Street and integrated onto the NYSE trading platform. Amex trades and quotes will be disseminated with the market center Participant ID “A” in the consolidated Market Data streams, reflecting the fact that Amex and NYSE will continue to be separate registered securities exchanges.<sup>1</sup>

Since the distribution of the original Amex integration notification on July 7, 2008, we have received valuable feedback from our customers regarding the proposed integration plan and the associated system enhancements required to complete the migration. Based upon your feedback, we have revised the current timeline and integration plan, with system changes as follows:

### **Revised Integration Plan and Timeline**

Amex-listed structured products and ETFs that will be transferring their listing to NYSE Arca will move in a phased approach beginning shortly after the closing of the transaction and continuing through the end of November. Upon completion, all Amex equities will then be migrated over to the NYSE trading platform.

| Amex Product Names   | Target Dates                 | Comments  |
|--|------------------------------|---|
| Amex Structured Products (equity cusip ILN/ELN), ETNs & ETFs | Completing November 30, 2008 | Will migrate in a phased approach to the NYSE Arca trading platform.              |
| Amex Equities  | December 1, 2008             | Will completely migrate to the NYSE trading platform same day.                    |
| Amex Options <sup>(2)</sup>                                  | 1 <sup>st</sup> Qtr 2009     | Will completely migrate to a modified instance of the NYSE Arca Options platform. |
| Amex Bonds <sup>(2)</sup>                                    | TBD                          | Will completely migrate to the NYSE Bonds platform.                               |

<sup>1</sup> Following the closing, the name of the American Stock Exchange will be changed to NYSE Alternext U.S. for equities.

<sup>2</sup> The disposition of the Amex Bond and Option products will be addressed in a separate notice.

The NYSE Post Trade Systems are being enhanced to support these newly listed Amex equities. Both NYSE and Amex equities will be intermingled in the NYSE Post Trade After Hours and Comparison streams. Member Firms are being advised in advance so that they can prepare for these changes.

NYSE and Amex equities will be distinguished from each other on the NYSE OCS Uncompared File and the following Merged Order Log Outputs [Agency MOL File, Badge MOL File, Entering Firm MOL File and Clearing Firm MOL File]. All other input/output format that has an Originating Market or Exchange Indicator field defined will default to the NYSE designation. Member Firms that need to identify the exchange indicator can do so by referring to the NSCC CNS Security Master (product id 02040290).

**Trade Reconciliation:**

Currently, many clearing firms run separate “breaksheets” and balancing routines for the NYSE and Amex comparison data. Amex Listed Contract Output (product id 02013037) is usually reconciled against an internal Amex customer blotter. When migrated to the NYSE stream, Amex comparison data will appear on the NYSE Listed Contract Output (product id 02013036) with an NYSE indicator in the Originating Market Field (position 105-108 = XNYS). In addition a new field, “Primary Market Indicator, will be added in position 400. Clearing firms are advised to review their internal trade reconciliation processing (breaksheets, balancing, blotters, etc.) and determine what changes are required.

| Output                 | Product ID | Field Name                    | Position | Value                          |
|------------------------|------------|-------------------------------|----------|--------------------------------|
| OCS Unc.Adv File       | 06010984   | Originating Market (existing) | 105-108  | XNYS = NYSE                    |
|                        |            | Primary Market (new)          | 400      | 0 = NYSE<br>1 = NYSE Alternext |
| SOS Unf/Alert File     | 06010983   | Originating Market (existing) | 105-108  | XNYS = NYSE                    |
|                        |            | Primary Market (new)          | 400      | 0 = NYSE<br>1 = NYSE Alternext |
| NYSE Listed Contract   | 02013036   | Originating Market (existing) | 105-108  | XNYS = NYSE                    |
|                        |            | Primary Market (new)          | 400      | 0 = NYSE<br>1 = NYSE Alternext |
| NSCC CNS Equity Master | 02040290   | Exchange Indicator            | 12       | 0 = NYSE<br>1 = NYSE Alternext |

**Comparison Stream:**

**Omnibus Accounts**

- Existing NYSE Omnibus Accounts shall be used to clear Amex equities (the same as NYSE equities)
- Systems side NYSE omnibus accounts will be submitted on behalf of the entering firm and processed as locked-in (such as TOD/772 and LOC/787)
- Crowd side NYSE omnibus accounts will require submission to OCS (such as OARS/752, DOT/769 and YB/685)
- Broker eQuote omnibus processing will be supported (LMT/789)
- Amex omnibus accounts **will not** be supported by the NYSE OCS (PER/0620, APEX/0621, BOOK/0625, AUTO/0723, ASE/0724 and ITS/0737)
- NYSE OCS Member Firm MQM submission will support Amex equities

### OCS Processing

- NYSE and Amex equities will appear together on the NYSE OCS® (including the Step-Out Service product)
- NYSE OCS Member Firm MQM submission will support Amex equities

| Input                                | Field Name | Position | Value                                   |
|--------------------------------------|------------|----------|---|
| MQM OCS Equity Detail Message Format | System ID  | 1-4      | QTCQ = NYSE or Alternext                |
| Stepout Service MQM Message Format   | Product ID | 1-4      | SOSQ = Equity Stepout NYSE or Alternext |

- Amex equities will be eligible for OCS Direct submission
- NYSE and Amex equities will appear together on OCS output (such as the activity log and uncomparing file)
- Odd-Lot executions will be executed in the NYSE SDOT System and locked-in against the specialist clearing agent (same as NYSE)
- Clearing Members that are not OCS users today will need to set up connectivity to the OCS system in order to perform Comparison and Stepout functions.

### Clearance

- Amex equities will appear on the NYSE Listed Contract Output (product ids 02013036, 02010168 and 02010092). Amex Listed Contract Output (product id 02013037, 02010094 and 02010178) will be phased out.
- Amex equities will be distinguished by the Primary Market Indicator (new field) in position 400 on Intraday Contract Output (02013036). NSCC will distribute an Important Notice with specific details.
- Clearing Members that are Amex eligible only clearing members will need to become valid NYSE Clearing Member at DTCC in order to clear Amex equity executions.

### Post Trade After Hours Stream:

NYSE and Amex equities will be disseminated together on the following after-hours reports with a new Primary Market Indicator on Order Records.

| Output                  | Product ID (production)   | Record Types | Field/Position           | Values                         |
|-------------------------|---|--------------|--------------------------|--------------------------------|
| Merged Order Log Output | 06010176 (Agency MRO)<br>06201029 (Badge MRO)<br>06220174 (Entering Firm MRO)<br>06220143 (Clearing Firm MRO) | 1A-1C        | Primary Market**<br>/145 | 0 = NYSE<br>1 = NYSE Alternext |

\*\* - New field, previously filler space

Print-image MOL data will not have an NYSE Alternext Indicator.

## **Implementation Considerations:**

### **As-of trade processing**

Trades executed on the Amex trading platform prior to converting to the NYSE trading platform should be resolved on the Amex Comparison system (IDCE) with Amex Omnibus Accounts (if applicable) on the last trading day prior to the conversion. These compared trades will appear on the Amex Contract Output.

### **Amex Exchange Trading Funds (ETFs) and Structured Products**

Amex ETFs and Structured Products that migrate over to the NYSE Arca trading platform will appear on the Regional (RIO) Contract Output. These symbols **will not** be eligible for processing in the NYSE OCS®.

### **Amex Good-till-cancel (GTC) Orders**

Any Amex GTC orders on the Amex trading platform shall be deleted prior to migrating onto the NYSE trading platform. It is recommended that firms cancel any open GTC orders the day before the migration.

## **Trading Systems:**

A companion Trading Systems notice has been issued with subject “NYSE/Amex Integration – Trading Systems Update” dated 9/9/08.

### **Testing**

The NYSE plans to provide multiple Saturday industry tests for Firms in the October/November timeframe. A subsequent notice providing testing dates and details will be distributed separately.

### **Summary**

Any questions regarding Post Trade should be forwarded to John Schwarzbeck (212) 656-5462, Larry Moreno (212) 656-4648 or Bob Hesdra (212) 656-3859

If you have any business questions relating to the Amex equities integration, please contact your NYSE Relationship Manager or Robert Airo at (212) 656-5663.