

## NYSE MatchPoint

An NYSE Euronext exchange trading facility

- Centralized, neutral and level playing field
- Scheduled matching sessions
- Anonymous and non-displayed
- Portfolio and block trade capabilities
- Available to all NYSE member firms and their customers

# **NYSE MatchPoint: A Unique Exchange Facility**

## **Point-in-time, Scheduled Matches**

- **Block trading: aggregates multiple buyers and sellers in each security**
- **Neutralizes “probing” algos and algo “pinging”**
- **No high frequency market participants**

## **Portfolio and Order-based Approach**

- **No other exchange facility executes portfolios**
- **Allows portfolios AND single block orders to interact with each other**

## **Black Box Process**

- **No pre-trade order information disclosed**
- **All trades per security are aggregated into a single NYSE print**
- **Trades clear anonymously**

## **Exchange Neutrality**

- **Operates as an exchange facility**
- **Extensive regulatory and surveillance oversight promotes system integrity**

# NYSE MatchPoint Daily Matching Sessions

**Intraday Matching Sessions: 9:45 AM, 10 AM-3 PM every hour on the hour**

- Mid-point of the NBBO randomly selected within a one minute “pricing” window
- Reg NMS trade-through compliant
- “Dark”, liquidity-seeking algos and quant strategies have no informational advantage as in a continuous dark pool

**After Hours Matching Session: 4:45 PM**

- Official closing price from primary market
- With the major markets “closed”, massive latent liquidity is available for matching
- Price collar thresholds and news monitoring reduces after-the-close and late-breaking news and price volatility risk

# NYSE MatchPoint “Stages” of a Match

## Pre-Match (Order Entry)

## Match (Execution)

## Post-Match (Trade Processing)

Match Begins

Match Ends

All NMS Issues

Orders are not displayed

Orders may be entered & canceled until match price is selected

Users may enter min size, limit price and portfolio constraints

Orders are matched on a pro-rata basis while honoring all constraints

Match Price= Mid-point of NBBO randomly selected within a 1 minute window

“Freezes” orders for only about 5 seconds

Users receive execution reports immediately

Single NYSE print per issue with “X” modifier

Trades clear anonymously via NSCC RIO MRO contract output

Order entry enabled for next match session

## **NYSE MatchPoint Internal Match Capability**

**MatchPoint users may execute internal matches and simultaneously match residual shares against orders from other users within a matching session.**

- This feature is optional and is applied at the portfolio level.**
- Internal matches are allowed within a User's (Mnemonic) orderflow**
- Have priority over other User's orderflow**
- Residuals from internal matches must trade with other flow**
- Internal matches are free**

## **NYSE MatchPoint Net Cash Constraints**

**Net cash constraints are an effective cash and risk management tool for managing order executions within a portfolio. A portfolio is a separate and distinct set of linked orders.**

**Net cash constraints limit how much a portfolio may raise or spend in a particular matching session. This feature is optional.**

- Cash Management- Use sales to fund buys within a match**
- Risk Management – Keep buys and sells in line**

# NYSE MatchPoint Value...Something For Everyone

<b>Portfolio Traders</b>	<b>Portfolio-based system attracts broad liquidity, Cash constraints provide risk and cash management</b>
<b>Block Traders</b>	<b>Point-in-time model accumulates same side orders into large block opportunities</b>
<b>Algos &amp; DMA Providers</b>	<b>Orders “frozen” for only 5 seconds and high message throughput, access via existing Arca FIX sessions</b>
<b>Prop Desks</b>	<b>Low cost exchange facility, additional tool to reduce risk with no information leakage to market</b>
<b>Agency Desks</b>	<b>Low cost, neutral alternative to ATs who are competing for your institutional customers (using your liquidity to do it!)</b>
<b>Index Funds/Transitions</b>	<b>Passive, portfolio-based trading environment using benchmark prices, news and price volatility monitoring</b>
<b>Mutual Funds/ RIAs</b>	<b>Centralized liquidity in time, place and price reduces liquidity fragmentation</b>
<b>Hedge Funds</b>	<b>No pre or post trade information leakage (orders are non-displayed and all trades are aggregated into one print per security)</b>

**NYSE MatchPoint**<sup>TM</sup>

**Thank You!**