



REG NMS ORDER PROTECTION RULE

**NYSE AND NYSE ARCA.
TWO WAYS TO TRADE,
ONE REG NMS SOLUTION.**

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At NYSE Group, we are taking customer choice to new heights. As the operator of two exchanges – NYSE and NYSE Arca – we have two differentiated market models to meet your trading needs. We have even expanded these options to include the NASD/NYSE Trade Reporting Facility. With all of these choices, we can provide you with the solutions you need to navigate the changes being implemented on March 5 with the introduction of the Reg NMS Order Protection Rule. We have made many system enhancements to help ensure your compliance and to enable you to access the best price in the best way for you and your clients. These changes include greater speed of execution, new order types and the best routing broker in the business.



ONE "SMART" ORDER ROUTER

One critical compliance component in the new environment is a robust and sophisticated order router.

NYSE and NYSE Arca will both use the NYSE Arca Routing technology, which revolutionized the marketplace as the first intelligent router to find the best price, whether it resided in private pools of liquidity or resided on national exchanges. Our centralized routing system constantly evaluates the marketplace and reprioritizes its

routing functionality to identify the performance of other markets and to provide reliable and exceptionally fast connectivity to all eligible markets. In many cases, depending on the marketplace, your order will be routed in less than a tenth of a second. You can be confident about meeting your trade-through obligations when you leave the routing to us.

NYSE

When you are looking for liquidity in NYSE-listed stocks, there is no better place to look than the NYSE. The NYSE has made the transformation to a hybrid market, providing customers with superior choice and flexibility in the trading of NYSE-listed securities, while maintaining our hallmarks of best price, superior market quality and the world's deepest pool of liquidity.

The NYSE is now a fast market over 99% of the time, with execution speeds in milliseconds. Couple this with our vast pool of liquidity and the fact that the NYSE sets or matches the NBBO roughly 87% of the time with a fill rate of 78% – the NYSE is the place to go to get the best price. With all of these factors, and expanded functionality on the NYSE, there are new opportunities for fills beyond the quoted size and possible price improvement.

Why wait for another market to route your order to the NYSE when you can route it yourself. Don't waste precious sub-seconds and potentially miss out on our liquidity and best price.

However your order is communicated to the NYSE, the tools are in place to assure best execution. The NYSE now provides the best of both worlds – the NYSE auction market and electronic executions to the world's deepest pool of liquidity. New order types such as IOC, ISO, Broker Reserve, Pegging and d-Quotes all ensure that you have the most choices when trading NYSE-listed stocks.

NYSE ARCA

Since 1997, NYSE Arca (formerly the Archipelago Exchange) has provided a fully electronic, best-execution model to all market participants. Focusing on speed of execution in NASDAQ, AMEX and NYSE-listed stocks, NYSE Arca has provided an efficient and seamless way to find the best price. As the innovator in smart order routing, our expertise puts NYSE Arca at the forefront of Reg NMS preparedness, with nearly a decade of knowledge and technical know-how.

A New Twist on Some Existing Order Types

With the introduction of the Order Protection Rule, we've added a new twist to some of our most popular, existing order types and added a few new ones as well.

Limit, Reserve, Discretion, PNP, IOC, NOW and Pegged Orders –

These order types may lock, cross and trade-through a manual quotation and will not route to manual quotes. These order types will only honor protected quotes.

Market Orders and Inside Limit Orders – Market and Inside Limit Orders will function exactly as today, including honoring all quotes (protected and manual) and will be bound by the full NBBO.

Cross Orders – NYSE Arca's existing Cross Order types can help you with rule compliance since they do not trade through any protected quotes. There are several crossing options tailored to a variety of needs, including those that allow for interaction with other orders in the NYSE Arca Book as well as other markets, and those that will reject if they cannot be processed cleanly.

NYSE NEW ORDER TYPES

Order Type	Description
IOC (Immediate or Cancel)	A market or limit order that trades immediately and automatically cancels any unfilled portion. IOC orders are eligible for auto execution and residual sweeping of the book in the Hybrid Market. There are two types of IOC orders: those that route to ITS away markets (NYSE IOC) and those that do not (Reg NMS IOC).
ISO (Intermarket Sweep Order)	A limit order designated for automatic execution in a specific market center even when another market center is publishing a better quotation. When sending an Intermarket Sweep Order, the sender fulfills Reg NMS order-protection obligations and NYSE Rules by concurrently sending orders to market centers with better prices. These orders are not subject to auto-routing.

NYSE ARCA INTERMARKET SWEEP ORDER: TYPES AND MODIFIERS

ISO-IOC	A new designation on a limit order that allows the limit order to sweep the Arca Book without regard to any external quotes (manual or protected).
ISO-PNP	A new designation on a limit order to sweep the Arca Book and post any balance without regard to any external quotes (manual or protected).
ISO Cross IOC	A new designation on a cross order that allows the order to sweep the Arca Book and cross the balance without regard to any external quotes (manual or protected).
ISO Cross and Post	A new designation on a cross order that allows the order to sweep the Arca Book, cross and balance and post the takeout amount without regard to any external quotes (manual and protected).

NYSE ARCA CROSS ORDERS

Cross Order	Cross orders must satisfy better prices displayed in the Book and any protected quotes before matching the remaining shares as a cross.
Midpoint Cross OrderSM	Order trades at the midpoint of the PBBO (Protected Best Bid and Offer). Orders will never be broken up and will always execute as "clean crosses." Orders cannot trade ahead of the Book.
IOC Cross Order	An IOC Cross will not interact with the Book or protected quotes, and will be rejected if order interaction would occur. Orders will never be broken up and will always execute as "clean crosses." Orders cannot trade ahead of the Book.
Post No Preference (PNP) Cross and Post Order	A cross order to buy or sell that is to be executed in whole or in part on NYSE Arca. Any residual share balance that has been broken up and not crossed initially is immediately posted in the Book without routing any portion of the order to another market center. The posted share balance will be treated as a normal limit order.

NASD/NYSE TRADE REPORTING FACILITY (TRF)

Now, orders matched internally can be reported in a reliable and low-cost venue, the new NASD/NYSE TRF.

The TRF is an automated trade reporting and reconciliation service that uses NYSE Arca technology. The TRF electronically facilitates the post-execution steps of price and volume reporting of trades in NYSE, NASDAQ and Amex-listed securities. All participants must be NASD members and support all Reg NMS reporting conditions.

At NYSE Group, our goal is to provide you with the choices and tools you need to best work and manage your orders in the changing Reg NMS environment. The NYSE Group is your turnkey solution for Reg NMS compliance. NYSE and NYSE Arca – providing you with two ways to trade, one Reg NMS solution.

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