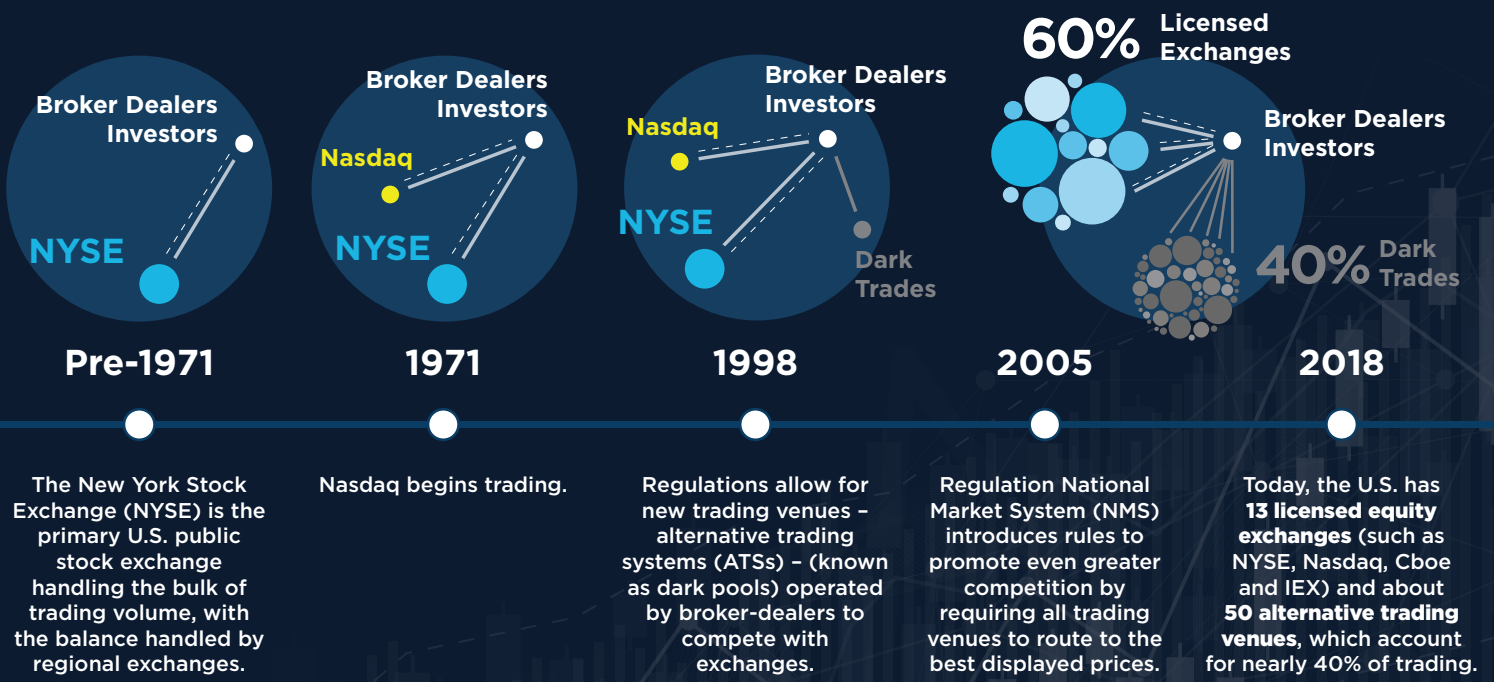


A Snapshot of U.S. Equity Markets Today

The U.S. equities marketplace is the largest, most competitive and complex in the world. While its function has remained the same, it has dramatically transformed over the past two decades. Learn how these changes impact listed companies and U.S. investors.



“A blue chip stock can now be traded on more than 60 different venues”

BENEFITS OF U.S. MARKET STRUCTURE

- Among the most diverse and resilient in the world, with investors not needing to rely on a single exchange or other trading venue.
- Investment professionals and retail investors benefit from lower cost transactions due to innovation and efficient pricing - the result of greater competition.

COSTS

- Technology, connectivity and market data costs have risen for investment professionals to facilitate trading to all the disparate trading venues.
- Order flow is fractured across the licensed exchange groups (60% of trading) and the 50+ alternative trading systems (40% of trading).

THE ROLE OF PUBLIC EXCHANGES

Licensed exchanges – like the NYSE and Nasdaq – are the backbone of our equity markets. They provide public companies with access to capital. Investors benefit from highly regulated markets with efficient, transparent prices.

Exchanges also provide the quotes and prices that the entire market relies upon. This includes broker dealers which use the prices formed on exchanges to internalize their clients’ orders and facilitate trading in their dark pools.

NYSE’s key functions:

- Provide an efficient, transparent, liquid marketplace with a robust displayed quote
- Facilitate the daily Opening and Closing Auctions
- Deliver an effective regulatory framework for both listing and secondary trading
- Act as advocates for their listed companies and the investment community – and balance the needs of both, without any undue influence from stakeholders with vested interests

THE REGULATORY FRAMEWORK

Exchanges and ATS/dark pools have different regulatory responsibilities under the current regulatory system:

	EXCHANGES	ATSs/ DARK POOLS
Highly regulated with SEC oversight to maintain fair, orderly and efficient markets.	✔ YES	✘ NO
Order data is transparent and publicly available in real time.	✔ YES	✘ NO Execution information is reported post-trade.
Transparent pricing and publicly available commercial terms.	✔ YES	✘ NO

GUIDING PRINCIPLES TO PRESERVE INTEGRITY OF MARKET STRUCTURE

To ensure the U.S. remains the envy of the world, the regulatory framework should seek to maintain:

- An **EFFICIENT** marketplace that minimizes bid-ask spreads (the difference between the highest price a buyer is willing to pay, and the lowest price a seller is willing to accept) and supports better pricing for retail investors.
- A **TRANSPARENT** marketplace that does not advantage one trader over another, and ensures investors know where their trades are executed and who profits from them.
- A **LIQUID** marketplace that encourages displayed quoting on regulated exchanges where price discovery takes place.