

Retail Liquidity Program

The Retail Liquidity Program Promotes Cost Savings through Price Improvement to Individual Investor Orders on NYSE and NYSE MKT.

The Retail Liquidity Program

The new first-of-its-kind Retail Liquidity Program, would promote price improvement for individual investors on retail order flow for NYSE and NYSE MKT listed securities.

Offering price improvement for retail orders within an exchange environment offers individual investors new economic incentives and ensures greater transparency, liquidity, and competition in the U.S. cash equities marketplace. The Program is complementary to existing offerings to retail investors and can be utilized by retail firms directly as well as by the brokers that service retail order flow providers.

The electronic Retail Liquidity Program requires liquidity providers to improve the best protected bid or the best protected offer (PBBO) by a minimum increment, benefitting the retail investor's execution price. Operating similar to a Dutch-auction, executions will occur at the price that completes the transaction. Each transaction will include a rebate for RMOs and a fee for RLPs who interact with the Retail Orders. There is a minimum price improvement requirement of \$0.001 and quoting is in increments of \$0.001. Stocks priced under \$1.00 are not eligible for the Program. The allocation methodology for competing quotes is as follows:

- Price time ranking
- But will execute at the price that completes/maximizes executions

Retail Order Overview

A retail order is an agency order that originates from a natural person and is submitted to the Exchange by a Retail Member Organization (RMO). The order cannot originate from a trading algorithm or any other computer methodology. Additionally, a customer may attach other available order indicators to the retail order (i.e., Do Not Ship).

If no retail liquidity is available, the retail order can interact with the NYSE book or route if desired. NYSE will send an indicator when retail liquidity is available indicating the side of the interest but not the size. At launch, the indicator will be disseminated in the NYSE Alerts feed and will also be included in the CQS feed. Three new order types will be created for the program:

- Remove order that interacts with Retail Liquidity- IOC or Day
- Remove order that interacts with Retail Liquidity and NYSE Book – IOC or Day
- Remove order that interacts with Retail Liquidity, NYSE Book and away markets

The program will include NYSE for Tape A, NYSE MKT for Tape B and Tape C UTP equities. In the future, NYSE Arca for Tape B and C will be added.

Contact Information

For more information, please contact your Relationship Manager.

Two New Classes of Market Participants

Under the proposed rule change and subject to SEC approval, there will be two new classes of market participants:

- **Retail Member Organizations (RMOs)** who would be eligible to submit certain retail order flow (Retail Orders) to the Exchange.
- **Retail Liquidity Providers (RLPs)** who would provide price improvement for Retail Orders in the form of non-displayed interest priced better than the PBBO. RLPs would receive economic benefits in exchange for meeting performance obligations. RLPs that miss obligations will not receive enhanced economics. The Exchange has the right to revoke RLP status. Only Designated Market Makers (DMMs) or Supplemental Liquidity Providers (SLPs) are eligible to participate as an RLP.

Member organizations, other than RLPs, would also be permitted to submit **Retail Price Improvement Orders** and interact with incoming retail orders.

Retail Quote Overview

