



NYSE Regulation

Regulatory Bulletin

NYSE Arca Equities RB-16-39

March 21, 2016

Attention: COMPLIANCE AND LEGAL DEPARTMENTS, TECHNOLOGY AND OPERATIONS OFFICERS

To: ALL ETP HOLDERS

Subject: REVISION OF CAPACITY CODES AND FREQUENTLY ASKED QUESTIONS

This Bulletin advises all NYSE Arca Equities' ("Exchange") ETP Holders that the Exchange recently amended NYSE Arca Rule 7.33 to require ETP Holders to identify the capacity in which they enter an order as set forth in the list of Capacity Codes in Attachment A. ETP Holders are reminded that they have an obligation to input accurate information into the NYSE Arca Marketplace. This Bulletin also provides guidance in the form of frequently asked questions with respect to the appropriate use of capacity codes.

Firms may begin to conform to the amended list immediately and will be required to make all necessary changes by August 1, 2016.

Capacity Codes and Definitions

The revised list of capacity codes and related definitions in Attachment A now includes capacity code "A" to denote agency transactions, "P" to denote principal transactions, and "R" to denote riskless principal transactions. As noted above, effective August 1, 2016, ETP Holders may only use capacity codes A, P and R listed in Attachment A.

Frequently Asked Questions

Q1: What types of orders require capacity code "A"?

A1: Any order that was entered by an ETP Holder acting as agent on behalf of a customer should be marked with an "A" capacity code. In addition, any order routed to an ETP Holder from an affiliate, or entered by the ETP Holder on behalf of an affiliate should also be marked as "A".

- Q2: When should an ETP Holder use the “P” capacity code?
- A2: When entering orders for the ETP Holder’s own account, the order should be marked with the “P” capacity code.
- Q3: When should an ETP Holder use capacity code “R” to denote riskless principal transactions?
- A3: An ETP Holder’s riskless principal transactions should be identified with an “R” capacity code when the ETP Holder’s activity is intended to satisfy an originating customer order to buy or sell a security at the same price as the principal execution. Firms are required to have adequate systems and controls that allow it to easily link the riskless principal executions at the Exchange to underlying orders, and to provide this information to NYSE Regulation upon request.
- Q4: When entering an order into the Exchange systems, should an ETP Holder only use the capacity codes relevant to NYSE Arca?
- A4: Yes. Effective August 1, 2016, an ETP Holder must only use the capacity codes in Attachment A when entering an order into Exchange systems. As such, numbers, blanks and values (other than A, P, and R as defined in Attachment A) are invalid. Entering any values into Exchange systems in place of a valid capacity code may subject the ETP Holder to disciplinary action.

Staff Contacts

Any questions pertaining to publication of this list of capacity codes should be addressed to:

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Operational questions regarding this Bulletin should be directed to: Scott Berta, Manager, Operations, scott.bertha@theice.com, 770.999.4482.

Attachment A:

CAPACITY CODES

ACCOUNT TYPE	DEFINITION
A	Trading by an ETP Holder acting as agent on behalf of a customer or an affiliate.
P	Trading for the proprietary account of an ETP Holder
R	Trading by an ETP Holder as principal that is intended to satisfy an originating customer order to buy or sell a security at the same price as the principal execution.