



Trader Update

Date: May 19, 2016

Audience: NYSE & NYSE MKT Traders

Subject: Market Order Functionality on NYSE/NYSE MKT

Subject to effectiveness of a filing with the SEC, the NYSE and NYSE MKT (the “Exchanges”) will introduce new behavior for Market Orders. This new behavior will harmonize the operation of Market Orders with NYSE Arca. Customers will not need to make any changes to take advantage of this new behavior.

The Exchanges will roll out this functionality on a symbol-by-symbol basis beginning on May 23, 2016 and ending during the week of June 13. The schedule for the symbol roll out will be announced in a subsequent Trader Update.

Currently, an arriving Market Order will sweep up or down the book to the LULD Bands or Trading Collars, routing away under Reg NMS as necessary. If the Market Order reaches an LULD band, it will be displayed at the LULD band price. If the Market Order reaches a Trading Collar before hitting an LULD band, the residual will be cancelled.

The Exchanges are making the following changes for all Market Orders:

- Incoming Market Orders will execute on the Exchange book until they reach the contra-side best away NBBO. They will then be routed to all away markets at the price of the contra-side best away NBBO and any residual quantity will be held undisplayed at the contra-side NBBO.
- While resting on the book, Market Orders will be undisplayed and will have priority over other posted interest.
- When the contra-side best away NBBO is updated, resting Market Orders will trade or route, or both, up to the price of updated contra-side NBBO. Any residual of the Market Order will be held undisplayed on the Exchange’s book.
- For opening and re-opening transactions, Market Orders will be allocated as they are today. MOO and MOC behavior also remain unchanged. However, unexecuted Market Orders that participate in the closing transaction will participate as a Limit Order at the most recent contra-side away NBBO price.
- Market Orders will be rejected or cancelled if the PBBO is crossed or there is no contra-side NBBO.

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