

# Information Memo



**11 Wall Street  
New York, NY 10005**

**Trading Technology**

**November 15, 2007**  
(Enhancement to  
November 1<sup>st</sup>, 2007  
"Liquidity Taker/Provider  
Determination Info Memo)

**TO: ALL MEMBERS AND MEMBER ORGANIZATIONS**

**SUBJECT: New Execution Report Billing Indicators  
(Liquidity Taker/Provider/Blended)**

**Route To: Technology and Operations Officers, Managing Partners, Operations  
Managers/Data Processing Managers & P&S Managers of Member Organizations**

On October 1<sup>st</sup>, 2007 the NYSE instituted new transaction billing rates for liquidity Takers, Providers or a Blended rate. In support of this new billing structure, the exchange is enhancing its' trading system to clearly identify customer executions with new billing indicators. These indicators will be provided real time on CMS execution reports as well as after-hours reports.

Presently, as an interim measure, customers could use the auto execution (NX) indicator on their executions in determining their execution status as a liquidity provider or taker. The NX indicator always considered a liquidity taker. Since there are no indicators presently that identify provider or blended categories, the rules for determining these billing cases were previously documented in a notification distributed on November 1<sup>st</sup>, 2007 titled "Liquidity Taker/Provider Determination". The link to this notification is provided here for your convenience:  
**<http://www.nyse.com/pdfs/TakeProvideDetermination.pdf>**

### **New Execution Report Billing Indicators**

The table below lists the new Billing Categories and their corresponding Billing Indicators that will be sent on CMS execution reports real time.

<b>Billing Category</b>	<b>New Billing Indicator</b>
<b>Taker</b> All interest on the initiating side of a trade that has not already been designated "2" to "7".	"1"
<b>Provider</b> <ul style="list-style-type: none"><li>• All CAP orders (even if executed at the open or on the close).</li><li>• All interest on the contra side of a trade that has not already been designated "1", "3" to "7".</li><li>• All Crossing Session 1 executions (includes odd lots).</li></ul>	"2"
<b>Blended</b> <ul style="list-style-type: none"><li>• Discretionary e-Quotes that execute while using discretion.</li><li>• All odd lot executions except items executed in Crossing Session I or MOC Service.</li><li>• All non-regular way settlement executions (Cash, Next Day and Seller).</li></ul>	"3"
<b>Opening/Provider (Prior-Day GTC Orders)</b> <ul style="list-style-type: none"><li>• All prior-day GTC orders executed in a trade that opens the stock, including re-openings. The first trade after a stock opens on a quote is not included.</li></ul>	"4"
<b>Opening/Provider</b> <ul style="list-style-type: none"><li>• All interest, except prior-day GTC orders, executed in a trade that opens the stock, including re-openings. The first trade after a stock opens on a quote is not included.</li></ul>	"5"
<b>Closing/Provider</b> All non-MOC/LOC interest executed in a closing trade.	"6"
<b>Closing/Blended</b> <ul style="list-style-type: none"><li>• All LOC and MOC interest executed in a closing trade (includes MOC odd lots).</li></ul>	"7"

## **FCS Protocol**

For firms using the CMS Floor Communication Standard (FCS) protocol, the new billing indicators will appear in Field #7 of the New Line 4B Expanded Report format. Currently, Field #7 either provides the NX indicator or the Market Center ID (MCID) and if applicable, the Market Maker ID (MMID), for those firms that have the appropriate flags activated. Since the NX, MCID/MMID and the new billing indicators are mutually exclusive, they will share the same Field #7 on the Expanded Report format. The MCID and the new billing indicators will be preceded by a forward slash “/”. The MCID is represented as a single-character alpha (e.g., /D) and the new billing indicators will be represented as a single-digit numeric (e.g., /1 – representing “Taker”).

In order to receive the new billing indicators, FCS firms must be capable of receiving the CMS Expanded Line 4B report format. Activation of the new numeric billing indicators is controlled using the existing MCID flag.

- For firms that **do not** presently support MCID, please reference the following website address to obtain information regarding the MCID feature:  
**<http://www.nyse.com/pdfs/CMSAwayMKTIND13107.pdf>**
- For firms that presently support MCID, they will be required to support the new numeric billing indicators by year-end 2007. **If firms are unable to support this new feature by this date, it may be necessary to have their MCID flag deactivated until they can support the new numeric billing indicators.**

### **Notes:**

- Once the new billing indicator feature is activated the new Taker “/1” billing indicator will be provided in place of the “NX” indicator.
- Once the new billing indicator feature is activated Billing indicators will not be present when MCID is present.

## **FIX Protocol**

For firms using the FIX protocol, the new numeric billing indicators will be returned in a new User-defined FIX Tag <9578> - BillingIndicator (e.g., 1 – representing “Taker”). Firms that are presently using FIX Tag <9430> – NYSE Direct+ to recognize that their execution is a liquidity “Taker”, should make the necessary changes to recognize the new billing indicator tag since it will provide all new numeric billing indicators.

### **Notes:**

- Once the new billing indicator tag <9578> is available and the billing indicator is “1” (Taker), the FIX Tag <9430> - NYSE Direct+ may also be present.
- Once the new billing indicator tag <9578> is available the billing indicator tag and the FIX Tag <9570> - ExecAwayMktID will not both be present on a report.

## **Contact Information**

To make testing arrangements, please contact MF Customer Service at 1-866-873-7422.

To activate the MCID flag and Expanded Line 4B flag in production for FCS protocol, please send your email to [mfgroup@siac.com](mailto:mfgroup@siac.com) indicating which mnemonics you want enabled. This request will be processed one business day after its receipt.

If you have any business questions relating to the New Execution Report Billing Indicators, please contact Karl Nystrom (212) 656-5056 or John Limerick (212) 656-3099 at the NYSE.

**FCS Example:**

The example below illustrates an FCS Expanded Line 4B Report format that contains the Give-up field and MemoA/B field, followed by the new Billing Indicator, representing “Provider” (e.g., /2).

```
ABC<=  
LA^10<=  
BOT<=  
1000^XYZ^28.55<=  
ON^28.55^LMT  
DAY<=  
GUABC^...00003.^/2<=  
ID^123123123<=  
=  
7890^LOC10/0000^0948<=
```

**Note:** Since all fields on Line 4B are optional, the populated fields are left-justified without placeholders.

**FIX Example:**

The example below illustrates a FIX Report format that includes the new User-defined FIX Tag <9578> - BillingIndicator that contains the new Billing Indicator values (e.g., **2 - representing “Provider”**).

MESSAGE TYPE '8'		
EXECUTION REPORT		
MESSAGE BODY (SUPPORT FIX 4.1 & 4.2)		
TAG NAME	FIX #	VALUE
CMSType	9446	R
AvgPx	6	0
CumQty	14	0
ExecID	17	LA 10/01302007 123123123
ExecTransType	20	0
LastPx	31	28.55
LastShares	32	1000
OrderID	37	LA 10/01302007
OrderQty	38	1000
OrdStatus	39	2
Side	54	1
Symbol	55	XYZ
TimeInForce	59	0
ExecType	150	2
LeavesQty	151	0
GiveUpID (FIX 4.1) or ClearingFirm(FIX 4.2)	9431 or 439	ABC or ABC
DBKLinkID	9483	3
<b>BillingIndicator</b>	<b>9578</b>	<b>2 (representing Provider)</b>

## Take/Provide Determination - FAQ

**The purpose of the following information is to highlight certain frequently asked questions and to provide additional guidance.**

**Q1:** How will the Member Firm identify an execution that was routed away and executed on another market?

**A1:** Executions from an away market contain a Market Center ID (MCID) and if applicable, the Market Maker ID (MMID) on reports.

**Q2:** Can I receive the MCID with the new billing indicators?

**A2:** No. Executions from an away market will only receive the MCID and if applicable, the MMID and executions from the NYSE will receive the new billing indicators once the new feature is available. These indicators are mutually exclusive of each other. This applies to both FCS and FIX protocols.

**Q3:** Since “NX” represents Liquidity Taker today, will I continue to receive the “NX” indicator with the new Taker “/1” billing indicator?

**A3:** In FCS protocol, the “NX” indicator and the new numeric billing indicators will be provided in the same location on Line 4B, Field #7 of the Expanded Report Format, therefore, once the new billing indicator feature is activated, you will receive the new Taker “/1” billing indicator, in place of the “NX” indicator.

In FIX protocol, the “NX” indicator is provided in FIX Tag – NYSE Direct+ <9430> and the new numeric billing indicators will be provided in FIX Tag – BillingIndicator <9578>, therefore, once the new billing indicator feature is available, you will receive the new FIX Tag – BillingIndicator <9578>, in addition to the existing FIX Tag – NYSE Direct+ <9430>. It is recommended that you make the necessary changes to read the new Billing Indicator tag instead of the existing NYSE Direct+ tag.

**Q4:** How are Partial Round-Lots (PRL) treated?

**A4:** When an execution is received with a PRL quantity, the new billing indicator only applies to the round-lot portion. The odd-lot portion is considered as “Blended”.

**Q5:** Are ETF’s affected by these changes?

**A5:** No, ETF’s will remain classified as they are today based on Order size.

**Q6:** Will the new billing indicators appear on my Merged Order Log outputs?

**A6:** Yes, please reference the following document:  
NYSE Notice PT141 titled “Liquidity Indicators on the Merged Order Log Output”.