PARITY & PRIORITY

The unique NYSE parity and priority model facilitates the execution of trades for all competing orders at the same price point.

PARITY, A UNIQUE TOOL FOR ALLOCATION OF LIQUIDITY

NYSE is the only U.S. cash equities exchange that offers parity allocation of all trades, which enables multiple orders at the same price point to share executions. The parity model enables orders from multiple Floor Brokers, DMMs and orders at the top of the Electronic Book to each participate in a trade, according to the priority model described below. In contrast, exchanges operating on a price-time priority basis allocate trades to orders that arrive first in time at each price point.

HOW PARITY WORKS:

- At each price level, the Electronic Book, the DMM and each floor broker are eligible to participate in an execution on a parity basis.

- Within the parity model there is a priority wheel, which facilitates the allocation of smaller orders

- Exchange matching engines enforce the parity allocation, including that at each price point, displayed orders are allocated on parity before non-displayed orders at that price are allocated on parity

BENEFITS OF PARITY:

- Levels the playing field by allowing institutional/retail investors to share executions at the same price as faster participants, rather than based on how quickly they place the order

- Better fill rates/lower transaction costs for institutional/retail investors

- Encourages broad participation from all customer segments

- Results in deep liquidity and superior market quality for the market

SETTING PRIORITY

In addition to the unique parity model, the NYSE market model also rewards participants that establish the best bid or offer on the Exchange by giving those participants priority over the other interest at the same price.

HOW SETTING PRIORITY WORKS:

- The setter of the best quote receives 15% of each trade at that price until the setter's order is filled, plus its parity share

- If there is no single setter of the NYSE BBO, orders are allocated on parity without any setter priority allocation

ALLOCATION EXAMPLE

ORDERS:

• Order #1 is entered in the Electronic Book to sell 2000 at 5.30 and establishes the new Exchange Best Offer (Setter)

• Floor Broker #1 enters an order to sell 2000 at 5.30

• DMM enters an order to sell 2000 at 5.30

• Order #2 is entered in the Electronic Book to sell 2000 at 5.30

• Order #3 to buy 3900 shares at the market

ALLOCATION OF EXECUTION:

• Order #1 sells 1700 shares (setter priority of 15% of 3900 shares = 600 shares priority share allocation; Remaining 3300 shares of the buy order allocated on parity, and Order #1 receives an additional 1100 shares). 300 shares of Order # 1 remain unexecuted.

• Floor Broker #1 sells 1100 shares, leaves 900 shares

• DMM sells 1100 shares, leaves 900 shares

• Order #2 is part of the Electronic Book and is not entitled to an allocation until Order #1 is complete or cancels

FURTHER INFORMATION

CONTACT YOUR RELATIONSHIP MANAGER

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