

**Trading Technology**

June 22, 2011



**TO:** All Members and Member Organizations/Chief Operations Officers/Managing Partners/Operations Managers/Data Processing Managers and P&S Managers of Member Organizations/OCS Users/Clearing Firms

**SUBJECT: Locking in Third Party Algo Away Executions**

**PT 175**

Effective with trade date July 1, 2011, reports received from a Third Party Algorithm (“Algo”) provider for executions received from a trading venue other than the NYSE or NYSE Amex will be migrated to the locked-in comparison stream. The report will contain the broker’s clearing firm and contra clearing firm associated with the Algo provider. The comparison will no longer be viewable on the On-Line Comparison System Screens (OCS).

**Background:**

The NYSE e-Broker hand-held device allows Floor Brokers to route interest to various Third Party Algo providers. These Third Party Algo providers may route interest in NYSE and NYSE Amex securities to the NYSE Trading System or any other venue depending on the strategy employed by the Floor Broker.

- Orders routed by a Third Party Algo provider to the NYSE Trading System and subsequently executed are processed as a lock-in trade and reported against the contra clearing firm of “LOC” (0787).
- Orders routed by a Third Party Algo provider to a market or trading venue other than the NYSE or NYSE Amex and subsequently executed, are processed as a two-sided comparison in OCS.

### **New Comparison Process:**

Orders routed by a Third Party Algo provider to a market or trading venue other than the NYSE or NYSE Amex and subsequently executed, will be locked-in against the contra clearing firm associated with the Algo provider.

- These reports can be identified by the value of “G” in the transaction billing indicator field, which represents e-Broker hand-held interest routed away from the NYSE Trading Systems
  - CCG executions returned to the customer will contain the “G” in Tag 9570 (ExecAwayMktID)
- Currently all e-Broker reports are set-up for OCS Direct Submission. These reports will now be directed to the locked-in comparison stream.
  - Clearing Firms should not provide initial comparison submission to OCS for these executions
  - Clearing Firms will no longer be subject to OCS comparison fees for these executions

### **Reference Material:**

Post Trade notice PT-162, dated October 5, 2009, subject “Third Party Algorithm Information on the Post Trade Output”

NOTE: The “G” Billing Indicator appears in the Liquidity Indicator field in Position 399 of the NYSE/NYSE Amex Contract MRO (Product ID 02013036)

### **Broker Algo Questions:**

Any questions regarding the Broker Algo products should be directed to Michael Rutigliano (212-656-4679) or Bob Hlad (212-656-5304)

Any questions regarding the PostTrade changes described in this circular should be directed to John Schwarzbeck (212-656-5462) or Larry Moreno (212-656-4648)