



Acceptance of New Account Type “Q”

January 31, 2003

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Member Firm Notification
Acceptance of New Account Type “Q”
January 21, 2003

The Securities and Exchange Commission has approved the introduction of a new identification code/audit trail account type, "Q", to indicate a proprietary trade by a member on the Floor relating to the member's own error (pursuant to Exchange Rule 134). Account type identifiers are included as part of the audit trail data reported for each transaction on the Exchange, as required by Exchange Rule 132. Exchange Rule 134 requires a member or member organization who acquires or assumes a security position resulting from an error transaction to clear such error transaction in the member's or his or her member organization's error account, or in the error account established for a group of members. (For a discussion of Error Transactions, see Information Memos 2002-19 (April 29, 2002), 2002-07 (February 5, 2002), 2002-03 (January 7, 2002), and 2001-38 (November 6, 2001).

In addition, Exchange Rule 123.22 requires members to enter orders executed to offset transactions made in error into an electronic system and sends a copy of such order to the Exchange's FESC system within 60 seconds of execution. Pursuant to Rule 123(e)(13), the Exchange is adding the "Q" account type to the list of prescribed data elements.

The following sections describe the means of entry of the new Account Type "Q" for NYSE CMS Order Entry via FCS, CMS Order Entry via FIX, FESC Drop Copy, BBSS and OCS systems.

CMS Order Entry via FCS format:

At the request of the NYSE, the Common Message Switch (CMS) system has been modified to accept a new Account Type “Q” regardless of Account Type Indicator setting. Previously, for NYSE Orders CMS had been rejecting a “Q” Account Type if the Account Type Indicator was set as a mandatory field.

Presently, CMS will accept FCS messages with “Q” as Account Type regardless of the Account Type Indicator setting.

| Example of Order | Example of Reject Message |
|--|---------------------------|
| JSB^123<= <= BUY<= 1000^XYZ^125.50<= GTC^Q<= | N/A |

The acceptable Account Types for NYSE Orders are now:

| | | |
|---|---|----------|
| A | J | T |
| B | K | U |
| C | L | W |
| D | M | X |
| E | N | Y |
| F | O | Z |
| H | P | Q |
| I | R | |

Not acceptable for NYSE Orders: Account Types G, S, or V.

The following is an example of an order being rejected because it contained an improper Account Type (**G**) for a NYSE Order:

| Example of Order | Example of Reject Message |
|--|--|
| JSB^1234<= NY^OVR<= <= BUY<= 750^XYZ^125.75<= DAY^G<= | STATUS<= JSB^1234<= NY^OVR<= <= BUY<= 750^XYZ^125.75<= DAY^G<= REJ-FORMAT^ERROR^L-3A^FLD-^2<= |

Please call Jim Wieman at SIAC (212-383-7106) regarding any questions you may have regarding this feature, as well as setting up testing sessions.

CMS Order Entry via FIX format:

Rule80A (Tag 47) would be the reasonable means for supplying this account type on a submission to CMS via FIX. However, the FIX specification does not specify "Q" as a valid account type code and some FIX engines may reject messages that contain a "Q" in Tag 47. Therefore, CMS will accept FIX messages with the Account Type of "Q" in the user-defined tag of OrderCapacity2 [9460]. **Note: the FIX committee has been petitioned to change the specification for Tag 47 to allow a value of "Q". Until this change is ratified, the user-defined tag 9460 will be used.**

If both Tags [47] (Rule80A) and Tag [9460] (OrderCapacity2) are present in a FIX message, then CMS will reject the FIX message back to the firm.

| FIX VALID ORDER MESSAGE TYPE D | | |
|-----------------------------------|------|---|
| FIX 4.1 MESSAGE BODY | | |
| TAG NAME | # | VALUE |
| ClOrdId | 11 | JSB 0123/01212003 (Br. Code, Seq #, Date) |
| HandlInst | 21 | 1 (Automatic Operation) |
| Side | 54 | 1 (Buy) |
| OrderQty | 38 | 1000 (Shares) |
| Symbol | 55 | XYZ |
| Price | 44 | 125.50 |
| OrdType | 40 | 2 (Price[44]) |
| TimeInForce | 59 | 0 (Day) |
| OrderQty2 | 9460 | Q |

The following is an example of an order being rejected because it contained both **Tag [47] (Rule80A)** and **Tag [9460] (OrderCapacity2)** in a NYSE Order:

| FIX INVALID ORDER MESSAGE TYPE D | | |
|-------------------------------------|------|---|
| FIX 4.1 MESSAGE BODY | | |
| TAG NAME | # | VALUE |
| ClOrdId | 11 | JSB 0123/01212003 (Br. Code, Seq #, Date) |
| HandlInst | 21 | 1 (Automatic Operation) |
| Side | 54 | 1 (Buy) |
| OrderQty | 38 | 1000 (Shares) |
| Symbol | 55 | XYZ |
| Price | 44 | 125.50 |
| OrdType | 40 | 2 (Price[44]) |
| TimeInForce | 59 | 0 (Day) |
| Rule80A | 47 | A (Agency) |
| OrderQty2 | 9460 | Q |

**FIX REJECT
MESSAGE TYPE 8**

| TAG NAME | # | VALUE |
|-----------------|----------|---|
| CMSType | 9446 | S (Status Response - Reject) |
| AvgPx | 6 | 0 (Average Price - Plug of 0 in initial version) |
| CumQty | 14 | 0 (Cumulative quantity of executed shares - Plug of 0 in initial version) |
| ExecId | 17 | 0 (Unique identifier of report) |
| ExecTransType | 20 | 0 (New - Identifies transaction type) |
| LastPx | 31 | 0 (Last Price) |
| LastShares | 32 | 0 (Quantity of shares bought/sold) |
| OrderId | 37 | JSB 0123/01212003 (ClOrdId[11] of the original order from the Execution Report) |
| ClOrdId | 11 | JSB 0123/01212003 (Br. Code, Seq. #, Date) |
| OrdStatus | 39 | 8 (Rejected) |
| Side | 54 | 1 (Buy) |
| Symbol | 55 | XYZ |
| ExecType | 150 | 8 (Rejected) |
| LeavesQty | 151 | 0 (Amount of shares open for further execution) |
| Text | 58 | REJ - INVALID TAG <9460> |

Please call Jim Wieman at SIAC (212-383-7106) regarding any questions you may have regarding this feature, as well as setting up testing sessions.

FESC Drop Copy:

At the request of the NYSE, the Front End Systemic Capture (FESC) Drop Copy system has been modified to allow each firm to specify a new identification code/audit trail account type, "Q", to indicate a proprietary trade by a member on the Floor relating to the member's own error (pursuant to Exchange Rule 134). Account type identifiers are included as part of the audit trail data reported for each transaction on the Exchange, as required by Exchange Rule 132.

Rule80A (Tag 47) would be the reasonable means for supplying this account type on a submission to FESC Drop Copy. However, the FIX specification does not specify Q as a valid account type and some FIX engines may reject messages that contain a "Q" in Tag 47. The user-defined field, OrderCapacity2 (Tag 9460) is to be used whenever an account type of "Q" is submitted to FESC. **Note: the FIX committee has been petitioned to change the specification for Tag 47 to allow a value of "Q". Until this change is ratified, the user-defined tag 9460 will be used.**

The modifications for allowing the "Q" account type are part of Drop Copy release 01.91.01 and are described in full in the FESC Member Firm Drop Copy Application Interface Specification version 3.0.3, dated January 13, 2003 available on www.nyse.com/techspecs. This new version of Drop Copy also contains enhanced reject messages as requested by Member Firms. The enhanced reject messages are enabled using configuration switches on Firm-by-Firm basis. The following table describes the reject messages that are sent under the various conditions and configurations.

| Condition | Enhanced Error Message Flag | Validation Action | Reject Message |
|--|-----------------------------|----------------------------------|--|
| Tag 47 and Tag 9460 both present | On | Application Level Reject Message | Error code 130 set |
| | Off | Session Level Reject | "Message is unreadable and cannot be stored" |
| Tag 9460 Present and Tag Value not = "Q" | On | Application Level Reject Message | Error code 129 set |
| | Off | Session Level Reject | "Message is unreadable and cannot be stored" |
| Tag 47 Present and Tag Value = "Q" | N/A | Fix Engine Reject message | Rejected by SIAC's FIX engine |

A typical FIX 4.2 Drop Copy message would look as follows, with Tag 9460 set to "Q":

```
8=FIX.4.2 9=0262 35=8 34=437 49=ANYFIRM 56=FESC 52=20021001-  
13:16:58 115=AMF 37=206142 11=206142 17=206142 20=0 150=A 39=A 55=XYZ  
54=1 38=87500 40=1 44=0 59=0 18=1 32=0 31=0 30=0 151=0 14=0 6=0  
75=20021001 60=20021001-13:16:59 58=OVER THE DAY 9406=D 9460=Q 10=156
```

Please call Jim Wieman at SIAC (212-383-7106) regarding any questions you may have regarding this feature, as well as setting up testing sessions.

BBSS (Broker Booth Support System):

BBSS will accept messages with “Q” as Account Type. From the Order Entry or Quick Order Entry (QOE) screen enter 'Q' in the Account Type field.

OCS (On-Line Comparison):

OCS will accept messages with “Q” as Account Type. The Account Type field is located in position 239 of the 300 byte submission format. The following table is excerpted from the NYSE On-Line Comparison (OCS) Interactive Interface User Guide - LU6.2 and MQM Exhibit A dated April 24, 2001 available on www.nyse.com/techspecs.

MODIFIED-NONKEY-SECTION:

| | | | |
|---------|--------------|-------|---|
| 239-239 | ACCOUNT-TYPE | X(01) | A = Agency B = Short exempt transaction for other agency customer accounts C = Program trade, non-index arbitrage for Member/Member Organization D = Program trade, index arbitrage for Member/Member Organization E = Registered Equity Market Maker trades F = Short exempt transaction for proprietary account H = Short exempt transaction for account of individual investor I = Individual investor J = Program trade, index arbitrage for Individual Customer K = Program trade, non-index arbitrage for Individual Customer L = Short exempt transaction for the account of a market-maker M = Program Trade, index arbitrage as agent for other member N = Program Trade, non-index arbitrage agent for other member O = Competing dealer trades P = Principal Q = Error Position R = Competing dealer trades S = Specialist trades T = Competing dealer trades U = Program trade, index arbitrage for Other Agency W = All other orders as agent for other member X = Short exempt transaction for account of unaffiliated member's competing market-maker Y = Program trade, non-index arbitrage for Other Agency |
|---------|--------------|-------|---|

The following is excerpted from the NYSE OCS Clearing Firm User's Guide Dated April 2002:

Stamping (Accepting)

Advisories can be stamped (accepted), meaning that you are accepting the terms of the advisory as correct and want the trade to be compared. Move the cursor to the Selection Code (SC) column of the entry you want to accept, key in an "S" (see Figure 11 below) and then press the "Enter" key (before pressing the "Enter" key, multiple entries can be marked with a "S" to be stamped at one time). **The system will then move the cursor to the Account Type field (AT) at which time you must enter the appropriate account type ("Q" Account Type).** The system will then display the message "Hit PF1 for Update". Once you press the PF1 key to update the screen, the system will accept the advisory as compared, remove the advisory and display the message "Updating of Records Completed".

When an Advisory is stamped (accepted), the system will perform the following functions:

- Remove the advisory from the Major Firm's Uncompared/Advisory screen
- Display the entry on the Major Firm's Browse Compared screen
- Remove the uncompared entry from the Contra's Uncompared/Advisory screen
- Display the entry on the Contra Firm's Browse Compared screen
- Remove the entry from the Trading Specialist Uncompared screen

Display the entry on the Trading Specialist's Compared screen

| LN | S | B | CNTR | CNTR | MAJR | S | CA | EXEC | A | | | | | | | |
|-------|---|---|--------------------|------|----------|--------|---------------|------|------|------|------|------|------|-----|------|---|
| NO | C | I | DK | S | QUANTITY | SYMBOL | PRICE | FIRM | BDGE | BDGE | P | ND | TIME | T | | |
| ** | * | * | TRD-DATE: 02/12/02 | | | | *****TOP OF** | | | DATA | **** | **** | * | *** | **** | * |
| ADV02 | S | | S | | 200 | XYZ | 25.28 | YYY | 0540 | 1000 | | ND | 1355 | A | | |
| ADV03 | S | | S | | 700 | XYZ | 25.96 | YYY | 0540 | 1000 | | 008 | 1355 | A | | |

(Figure 10 Stamp (Accept) Function)