



NYSE/NYSE MKT and NYSE Arca are introducing a new tool to supplement a firm's own internal risk management tools.* The Risk Management Tool (RMT) allows users to track executed exposure and make real-time adjustments to net exposure limits via a web interface.

Risk Management Tool allows firms to:

- Define net exposure limits by risk group.
- Track net notional exposure by risk group on NYSE/NYSE MKT or NYSE Arca.
- View net notional exposure by symbol or mnemonic.
- Receive email or web based alerts when nearing or breaching a firm defined limit.
- In a future phase, auto-block and/or auto-cancel orders when firm determined exposure limits are breached.

When will RMT be available for clients?

The RMT will be available beginning March 2014.

Is there any cost for using RMT?

There is no cost for RMT.

Are clients required to use RMT?

Use of RMT is voluntary and designed to supplement a firm's own tools.

How do I access RMT?

In order to access RMT, a User Request form must be completed by an authorized signatory of the firm. The form can be found [here](#). Once the completed form is returned to Client Relationship Service (CRS) at crs@nyx.com, CRS will create the accounts and supply users with security, login credentials and access instructions.

What are risk groups?

For NYSE/NYSE MKT, a risk group is a mnemonic or a group of mnemonics as determined by the member firm. For NYSE Arca, a risk group is a firm's Equity Trading Permit ID (ETPID).

How do I create notifications or alerts for activity associated with my risk groups?

Firms can define up to five email addresses to receive risk group notifications. Firms can define the email addresses for the alert notifications via the form found [here](#). The support team for NYSE/NYSE MKT is Broker Services, brokerservices@nyx.com. The support team for NYSE Arca is CRS, crs@nyx.com.

*For the purposes of this document, "firm" refers to NYSE/NYSE MKT Member Firms or NYSE Arca Equity Trading Permit Holders.

Will I be able to create risk groups via the web-based tool?

Not initially; NYSE and NYSE Arca will alert users when this functionality is available.

Can a mnemonic be assigned to multiple risk groups?

No, a mnemonic may be assigned to only one risk group.

How will I be able to define my net notional exposure?

Using RMT, a firm can define exposure level for each risk group.

How am I alerted as my net notional exposure increases?

Using RMT, a firm can see exposure by risk group. Email alerts will be sent as exposure exceeds 50%, 75%, 90% and 100% of firm defined values.

What happens if I approach or breach a net exposure limit?

Initially, firms will receive email alerts as they approach or breach the firm defined exposure limits. In a later phase, a firm will be able to have orders automatically blocked and/or canceled.

What are all the ways on NYSE/NYSE MKT that I can block and cancel orders using RMT?

Firms will have the ability via RMT to initiate:

1. Cancel Only
 - Supported at the risk group or mnemonic level from RMT.
 - Allows firms to specify what type of orders should be canceled.
 - Cancel day orders only, excluding closing orders.
 - Cancel all orders, excluding GTC, opening or closing orders
 - Cancel GTC orders only, both current and prior day.
 - Cancel opening and closing orders only (OPG, MOC/LOC and CO).
 - If firms wish to cancel multiple types of orders, they will have to submit multiple cancel requests.
 - Firms selecting the option to cancel opening and closing orders only must do so consistent with NYSE Rule 123C(3) requirements for cancellation of MOC/LOC and CO orders.
2. Block Only
 - Supported at the risk group or mnemonic level from RMT.
 - Blocks all incoming orders
3. Cancel and Block
 - Supported at the risk group and mnemonic level from RMT.
 - Cancel all orders excluding GTC, opening and closing orders and blocks all incoming orders.
4. Unblock
 - Supported at the risk group or mnemonic level from RMT.
 - Unblocks all incoming orders.

Firms will also have the ability to cancel or block orders via API on NYSE/NYSE MKT. Click [here](#) for more information.

What are all the ways on NYSE ARCA that I can block or cancel orders [using RMT]?

1. Cancel Only

- Supported at the risk group level from RMT.
- Allows firms to specify what type of orders should be canceled.
 - Cancel day orders only, excluding closing orders and directed orders.
 - Cancel all orders excluding GTC orders.
 - Cancel GTC orders only, both current and prior day.
 - Cancel opening and closing orders only (MOO/LOO, MOC/LOC and Auction Only).
 - Cancel Directed Orders (PO, PO+, PSO, 9:45 and 3:50), excluding PO+ MOC/LOC orders after 3:45 for NYSE/NYSE MKT symbols.
- If firms wish to cancel multiple types of orders, they will have to submit multiple cancel requests.
- Firms selecting the option to cancel opening and closing orders only must do so consistent with NYSE Arca Equities Rule 7.35(e)(2)(C) requirements for cancellation of MOC and LOC orders

2. Block Only

- Supported at the risk group level from RMT.
- Blocks all incoming orders

3. Cancel and Block

- Supported at the risk group level from RMT.
- Cancel all orders excluding GTC, opening and closing orders and blocks all incoming orders.

4. Unblock

- Supported at the risk group level from RMT.
- Unblocks all incoming orders.

Firms will also have the ability to cancel or block orders via API on NYSE Arca. For the Arca FIX spec, click [here](#).

Can I use RMT or FIX to cancel MOC/LOC orders for NYSE/NYSE MKT after 3:45 but prior to 3:58?

Yes. Note that canceling MOC/LOC is permissible after 3:45 but prior to 3:58 only for legitimate error, defined as price, side, size and security. Cancellations sent via RMT after 3:58 will be rejected.

Can I use RMT or FIX to cancel MOC/LOC orders for NYSE ARCA after 3:59?

Cancellations sent via RMT after 3:59 will be rejected.

Is RMT intended for clearing firms?

No, these tools are for firms to monitor their own activity as an executing or sponsoring broker. A clearing firm would not have the ability to view the activity of their clearing correspondents. However, the DTCC is developing tools for clearing firms to monitor correspondent activity. For more information contact your DTCC representative.

Can a firm request access to RMT that is Read Only?

Yes.

How is net notional exposure calculated?

Net notional exposure is based on executed trades, not open orders. It includes trades that were executed on the Exchange and those routed and executed to away market centers. Note: busts and corrections are not included in this calculation. The calculation is as follows **(1) dollars bought minus dollars sold for a symbol and (2) adding the absolute value of the exposure for all symbols**. Net notional exposure is calculated for each risk group. Additionally RMT provides two drill downs for firms to view net notional exposure at the ticker and also the mnemonic level. All alerts are based off the net notional exposure at the risk group level.

For example if a risk group has:

- bought \$5 million of IBM and sold \$2 million IBM for an exposure of \$3 million
- bought \$0.5 million of GE and sold \$2 million of GE for an exposure of \$-1.5 million.
- The total exposure for the risk group will be **\$4.5 million**.

Can a firm rely on RMT to satisfy SEC Rule 15c3-5 (“Market Access Rule”) requirements?

No. RMT is meant to be supplemental to a firm’s internal monitoring and procedures related to risk management. RMT is not designed to be the sole means of risk control and should not be relied upon as such. RMT controls are configurable and under the direct control and supervision of the firm. Moreover, use of RMT will not automatically constitute compliance with any Exchange or federal rules, including but not limited to the Market Access Rule and it is a firm’s sole responsibility to ensure its own compliance with the Market Access Rule and all other Exchange and federal rules.

For any questions, contact your relationship manager directly or the RM team at rmteam@nyx.com or 855-898-9012.