



Information Memo

**NYSE Number 16-18
NYSE MKT Number 16-11**

Regulatory Bulletin

**NYSE Amex Options RB-16-11
NYSE Arca Equities RB-16-189
NYSE Arca Options RB-16-13**

December 15, 2016

To: ALL NEW YORK STOCK EXCHANGE LLC ("NYSE") and NYSE MKT LLC ("NYSE MKT") MEMBERS and MEMBER ORGANIZATIONS
ALL NYSE ARCA, INC. ("NYSE ARCA") OTP HOLDERS and OTP FIRMS
ALL NYSE AMEX OPTIONS LLC ATP HOLDERS
ALL NYSE ARCA EQUITIES, INC. ETP HOLDERS
(collectively, "Members")

From: NYSE REGULATION

Subject: **SURVEILLING FOR POTENTIALLY IMPROPER ACTIVITY**

NYSE Regulation previously reminded Members that they should not engage in or effect trading or quoting activity that improperly disrupts the trading of securities on the NYSE, NYSE MKT or NYSE Arca (collectively, "NYSE Exchanges") ("Disruptive Activity").¹ NYSE Regulation expects its Members to use available tools in order to monitor and address such potential activities.

This year, FINRA began issuing monthly Cross-Market Equities Supervision - Potential Manipulation Reports ("Report Cards") to assist firms in monitoring their supervision for trading behaviors that may be designed to manipulate the market.² The Report Cards identify potential layering and spoofing violations by customers, allowing Members to supplement their own surveillances. Members receiving Report Cards are expected to use them to investigate the activities of the customer accounts and/or underlying traders identified therein and take all necessary and appropriate actions to prevent those accounts from engaging in Disruptive Activity.

¹ See Disruptive Activities Violative of the Federal Securities Laws and Rules of the NYSE, NYSE MKT and NYSE Arca, dated May 16, 2016 (as amended, May 19, 2016), *available at* [https://www.nyse.com/publicdocs/nyse/markets/nyse/rule-interpretations/2016/Info%20Memo%20NYSE%2016-06%20--%20final\(1\).pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/rule-interpretations/2016/Info%20Memo%20NYSE%2016-06%20--%20final(1).pdf).

² See <http://www.finra.org/industry/cross-market-equities-supervision-potential-manipulation-report>.

Members should also be aware that NYSE Regulation itself uses these Report Cards, among other things, to assist in identifying and investigating Members that may be engaging in or allowing Disruptive Activity. Members failing to avail themselves of the Report Cards as an informational tool to supplement their own surveillance of customer trading activity and/or who fail to halt customers' Disruptive Activity, risk disciplinary action or suspension. NYSE Regulation continues to focus on addressing Disruptive Activity, and certain Members have already shut down hundreds of problematic customer accounts and underlying traders.

The NYSE Exchanges are dedicated to working together with our Members to promote fair and orderly markets. Should you have any questions about this memorandum, or should you wish to report any Disruptive Activity, about which you are concerned, please contact NYSE Regulation at NYSERegulation@theice.com.