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NYSE Operations

February 4, 2013

TO: All Members and Member Organizations

SUBJECT: NYSE Cash Equities Market Introduce New Self-Trade Prevention Service

ROUTE TO: Business Leaders, Technology and Operations Officers

Overview:

Pending SEC approval, the New York Stock Exchange and NYSE MKT will introduce a new service, Self Trade Prevention (STP), which will enable firms to better manage their order flow and prevent unintended executions with themselves. In the initial release, the NYSE will offer the STP modifiers to off-floor participants and will introduce the service to floor brokers shortly thereafter. In this Phase of the service, STP would be available for limit orders only. Market orders, stop orders, GTCs and MTS IOC orders and orders sent to Floor brokers that have the STP modifiers will be rejected. There are no fees associated with use of this identifier beyond the approved Exchange transaction fees.

The NYSE will introduce the STP service with two modifiers. One of these two STP modifiers, along with matching MPIDs, must be present on each order to prevent two orders from the same firm from trading with each other. An incoming STP order on the NYSE will execute against all resting interest on the NYSE/MKT order book, including floor broker, DMM and all hidden interest, and will cancel back to the user only if the remaining liquidity at that price would execute against opposite-side interest with a matching STP modifier from the same firm.

STP Cancel Newest (STPN)

- An incoming order marked with the STPN designation will not execute against opposite side resting interest that is also marked with the STP designation for the same ClientID (MPID). Instead, the incoming order or repriced order will be automatically cancelled back to the order originator. The resting order will remain on the order book.

STP Cancel Oldest (STPO)

- An incoming order marked with the STPO designation will not execute against opposite side resting interest that is also marked with the STP designation for the same ClientID (MPID). Instead, the resting order will be automatically cancelled back to the order originator. The incoming order will then continue to auto execute or be placed in the order book.

Processing Characteristics:

1. The STP designation must be present on both the buy and sell order in order to prevent a trade from occurring and to result in an automatic cancellation of an order.
2. The STP designation will prevent two orders from trading against each other only on the NYSE and will not be valid on an order routed to another market under Reg. NMS. The STP designation will be active on the NYSE if a routed order is returned unexecuted. STP evaluation will always be done based upon the incoming order.
 - a. If the incoming order is designated as STPN (Newest), the system will automatically cancel the incoming order regardless of the resting orders designation.
 - b. If the incoming order is designated as STPO (Oldest), the system will automatically cancel the resting order regardless of the resting orders designation.
3. There will be no validation for Self-Trade Prevention during the Opening, Re-Opening or Closing trades, or for Retail Price Improvement (RPI) orders. The Exchange will not reject these orders with the STP designation, but will process them irrespective of such designation.
4. Retail Taker orders eligible to interact with the order book may contain the STP order designation.
5. Any interest required to re-price (Sell Short, tick sensitive, pegging or resting interest crossing LULD band) will be re-evaluated for STP as if it were the incoming order.

Technical Details:

The following message types will require changes in order to take advantage of the new Self-Trade Prevention order type:

FIX Messages	Binary Messages
"D" – New Order	"D.3" – New Order
"G" – Cancel with Replacement	"G.3" – Cancel with Replacement

FIX Tag/Name	Binary Field Name	Description	Req.	Valid Values
Tag 7928 - SelfTradeType	SelfTradeType	Used to prevent the order from trading against another order with the same ClientId (MPID).	N	"N" – Cancel Newest (or incoming order) "O" – Cancel Oldest (or resting order) Blank or Null filled.
Tag 109 – ClientID	ClientID	Market Participant ID (MPID) Value.	C	4 Byte Alpha-Numeric containing the MPID value. Required if SelfTradeType/Tag 7928 is present.

Outgoing UROUT Messages:

If an order is automatically cancelled due to Self-Trade, we will return the text “UROUT – Self-Trade Prevented” in the UROUT message.

Drop Copy Messages:

For customers subscribed to Order Drop Copy messages, SelfTradeType and ClientID will be returned in your order drop copy messages.

Merged Order Log Changes:

In support of the Self-Trade Prevention Order the Merged Order Log Output is being enhanced to disseminate New Order Values and Reason Codes. The following MOL products are affected:

- Entering Firm MRO – Product ID 06220527
- Clearing Firm MRO - Product ID 06220564
- Badge Log MRO – Product ID 06200574
- Agency MRO – Product ID 06010578
- Entering Firm Print-Image – Product ID 06222466
- Clearing Firm Print-Image – Product ID 06040641
- Badge Log Print-Image – Product ID 06201028
- Agency Log Print-Image – Product ID 06201066

A new field, “Self-Trade Prevention”, will be defined on all MRO products in Position 130, to indicate an STP Order. (Position 130 is currently filler). The values designate which order is to be cancelled. The new field will be on 1A, 1B and 1C Order Records.

Record Type 1A, 1B, 1C

Field Name	Position Start-End	Format (Length)	Field Value (New values)
SELF-TRADE PREVENTION	130-130	X(1)	N – STP Cancel New O = STP Cancel Old

In addition a new UROUT Reason Code will be assigned each time an order is cancelled due to an STP condition. For all outputs, this appears on Record Type 3A in Position 75

Field Name	Position Start-End	Format (Length)	Field Value (New values)
ADMIN TYPE	74-74	X(1)	1 = UROUT

ADMIN SUBTYPE	75-75	X(1)	6 = STP (NEW VALUE)
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At the same time, the MOL Output will be enhanced to support the population of a Sender’s MPID on all Output. Currently this field is only defined on 1A and 1B records and only appears on the Badge and Agency Output. A new field, “MPID” will be added to 1C Records on Position 323-326 and MPID will appear on all Outputs:

Record Type 1A and 1B

Field Name	Position Start-End	Format (Length)	Field Value (New values)
MPID	226-229	X(4)	SENDER’S MPID

Record Type 1C

Field Name	Position Start-End	Format (Length)	Field Value (New values)
MPID	323-326	X(4)	SENDER’S MPID

Print-Image changes will be reflected in a subsequent Post Trade Notice.

A revised version of the MRO IRS is on the NYSE Website at the following link:
https://usequities.nyx.com/sites/usequities.nyx.com/files/sah_mro_formats_v6.1.pdf

User Acceptance Testing:

It is anticipated that the User Acceptance Testing environment will be available on or about February 25th. Additional details regarding testing availability and exact implementation dates will be distributed under a separate customer notification.

Contact Information:

For any business questions concerning this notice, please contact your NYSE Relationship Manager or:

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