

# TRADER UPDATE

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**Date** May 30, 2023  
**Audience** NYSE Equities Traders  
**Subject** NYSE - Fee Changes Effective June 1, 2023

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## Summary

Pending effectiveness of a regulatory filing, the NYSE intends to introduce Ratio Threshold Fees beginning June 1, 2023.

NYSE proposes to institute Ratio Threshold Fees, which would be applied to orders ranked Priority 2 - Display Orders and to shares of Auction-Only Orders that have a disproportionate ratio of orders that are not executed.

### **RATIO THRESHOLD FEES**

#### *Ratio Threshold for Priority 2 - Display Orders (“RT - Display Fee”)*

For orders ranked Priority 2 - Display Orders, member organizations are charged an RT - Display Fee on a monthly basis. For purposes of determining the RT - Display Fee:

- The “Weighted Order Total” is the total number of orders ranked Priority 2 - Display Orders entered by that member organization in a month, as adjusted by a “Weighting Factor.” The Weighted Order Total calculation excludes (i) all orders in securities in which a member organization is registered as a DMM, and (ii) all orders for a member organization that is registered as a DMM, Market Maker, SLP or SLMM in 100 or more securities.
- The “Weighting Factor” applied to each order based on its price in comparison to the national best bid or best offer (“NBBO”) at the time of order entry is:

Order’s Price versus NBBO at Entry	Weighting Factor
Less than 0.20% away	0x
0.20% to 0.99% away	1x
1.00% to 1.99% away	2x
2.00% or more away	3x

For example, an order more than 2.0% away from the NBBO would be equivalent to three orders. Due to the applicable Weighting Factor of 0x, orders entered less than 0.20% away from the NBBO would not be included in the Weighted Order Total, but would be included in the “executed” orders component of the Order Entry Ratio if they execute in full or part.

- The “Order Entry Ratio” is calculated by dividing the member organization’s Weighted Order Total by the greater of (i) the number of orders ranked Priority 2 - Display Orders that execute in full or in part, or (ii) the number one (1).
- “Excess Weighted Orders” are calculated by subtracting (i) the Weighted Order Total that would result in the member organization having an Order Entry Ratio of 100 from (ii) the member organization’s actual Weighted Order Total.

A member organization with a daily average Weighted Order Total of 100,000 or more during a month will be charged the RT - Display Fee, which is calculated by multiplying the Applicable Rate in the chart below by the number of Excess Weighted Orders.

Member organizations that exceed the Order Entry Ratio threshold of 1,000:1 will pay a fee of \$0.01 on each order that caused the member organization to surpass the threshold.

Member organizations that exceed the Order Entry Ratio threshold of 100:1 but less than 1,000:1 will pay a fee of \$0.005 on all orders that caused member organization’s ratio to exceed 100:1.

<u>Order Entry Ratio</u>	<u>Applicable Rate</u>
<u>0-100</u>	<u>\$0.00</u>
<u>101 - 1,000</u>	<u>\$0.005</u>
<u>More than 1,000</u>	<u>\$0.01</u>

*Ratio Threshold for Auction-Only Orders During the Period When Auction Imbalance Information is Being Disseminated for a Core Open Auction or Closing Auction (“RT - Auction Fee”)*

For Auction-Only Orders, member organizations with an average daily number of orders of 10,000 or more are charged an RT - Auction Fee on a monthly basis, as described below:

- The number of “Ratio Shares” is the average daily number of shares of Auction-Only Orders that are cancelled by the member organizations during the Closing Auction Imbalance Freeze Time at a disproportionate ratio to the average daily number of shares executed by that member organization. Orders ranked Priority 2 - Display Orders designated for the Core Trading Session only that are entered during the period when Auction Imbalance Information for the Open Auction is being disseminated are included in the Ratio Shares calculation. All orders entered by a member organization acting as a DMM are not included in the calculation of Ratio Shares.
- The “Ratio Shares Threshold” is a member organization’s Ratio Shares divided by the average daily executed shares by the member organization.

A Ratio Shares Threshold less than 25	No Charge
A Ratio Shares Threshold greater than or equal to 25	<p>Member organizations with an average of fewer than 10 million Ratio Shares per day:</p> <ul style="list-style-type: none"> <li>• No Charge</li> </ul> <p>Member organizations with an average of 10 million to 100 million Ratio Shares per day:</p> <ul style="list-style-type: none"> <li>• \$5.00 per million Ratio Shares</li> </ul> <p>Member organizations with an average of more than 100 million Ratio Shares per day:</p> <ul style="list-style-type: none"> <li>• \$15.00 per million Ratio Share</li> </ul>

Member organizations will be charged for the entirety of their Ratio Shares at a rate of \$5.00 per million Ratio Shares if the member organization has an average of 10 million to 100 million Ratio Shares; and \$15.00 per million Ratio Shares if the member organization has an average of more than 100 million Ratio Shares.

The combined RT - Display Fee and RT - Auction Fee for a member organization is capped at \$1,000,000 per month.