



Date: December 23, 2020
Audience: NYSE Equities Traders
Subject: NYSE Designated Market Makers to operate remotely beginning Monday, December 28, 2020

Summary:

On **Monday, December 28, 2020**, in response to changes in the NYC-area public health conditions, NYSE Designated Market Makers (DMMs) will temporarily return to remote operations (with limited exceptions). DMMs will retain their regulatory obligations to maintain fair and orderly markets in all NYSE-listed securities and they will electronically provide liquidity and facilitate the auctions in their assigned securities.

The NYSE Trading Floor will remain open and continue to support all NYSE Floor Broker activity, including "D Orders".

Please contact rmteam@nyse.com with any questions.

Frequently Asked Questions

Has the Exchange operated in this configuration previously?

Yes. When the NYSE Trading Floor initially reopened in May 2020, DMMs continued to operate remotely when Floor Brokers returned to the building.

Who will remain on the Trading Floor beginning Monday, December 28?

Floor Brokers and Trading Floor officials will continue to operate on the Trading Floor at 11 Wall Street. Designated Market Makers (DMMs) will operate remotely with the exception of IPO auctions, follow-on offerings, and reopenings following a trading halt, which a DMM may facilitate manually either on the Trading Floor or remotely.

Why are DMMs leaving the Trading Floor at this time?

NYSE is reducing the number of people permitted on the Trading Floor to limit the potential for introduction or transmission of COVID-19 among the Trading Floor community. NYSE has operated with social distancing requirements since May's Trading Floor reopening, but with increased NYC-area public health conditions, even lower headcount density will further reduce risk.

Will all Floor Broker functionality be available?

Yes. Nothing is changing with respect to current NYSE Floor Broker support.

NYSE Floor Brokers will continue to have the ability to use all the order types and capabilities typically available via their hand-held devices, including the ability to enter D Orders. Verbalizing interest at the point of sale remains unavailable.

Will “D Orders” be available?

Yes. Nothing is changing with respect to current NYSE Floor Broker support.

What do I need to do to prepare for the DMMs to operate remotely?

No changes are required by any members other than the DMMs themselves.

Will DMM firms continue to provide liquidity intraday?

Yes. DMMs are still required to fulfill their obligation to quote two-sided markets as described in NYSE Rule 104.

On a typical day, the DMM firms operate with a mix of electronic and human activity. The vast majority of their intraday liquidity provision, the displayed bids and offers they provide continuously through the trading day, are submitted electronically. There is no anticipated change to this activity while the DMMs operate remotely.

While DMMs operate remotely, will the Exchange conduct auctions in all listed securities?

Yes. DMMs will continue to facilitate the opening, reopening, and closing auctions electronically, just as they did for the period when they operated remotely from March 23, 2020 to June 16, 2020. Any security that is not opened, reopened, or closed by the DMM electronically will be executed by the Exchange-facilitated auction process.

In scenarios when the DMM cannot facilitate the auction, can D Orders execute in the NYSE Facilitated Auction?

D Orders are eligible to participate in both DMM and Exchange-facilitated auctions.

Can Floor Brokers accommodate crosses without the DMMs?

Verbal interest, including crosses, will not be permitted.

FAQ for Auctions

How are the auctions changing beginning on December 28?

DMMs will continue to have an opportunity to facilitate the opening, reopening, and closing auctions electronically. Any security that is not opened, reopened, or closed by the DMM electronically will be executed by the Exchange-facilitated auction process.

How will NYSE IPO and follow-on auctions operate while DMMs are operating remotely?

DMMs will be permitted onto the Floor for the limited purpose of conducting manual auctions for IPOs, follow-on offerings, and reopenings following a Trading Halt. DMMs will also have the option to conduct these manual auctions remotely. Auction imbalance information for IPOs will be published via exchange data feeds and available to Floor Brokers.

Will all marketable interest be filled in a DMM-facilitated auction?

Yes, if the DMM facilitates the opening, reopening, or closing auction during the temporary floor closure, marketable on-open and on-close orders would be guaranteed an execution.

What is an Exchange-facilitated auction?

The Exchange-facilitated auction allows the Exchange's systems to conduct an opening, reopening, or closing auction electronically if, for any reason, the DMM is unable to conduct the auction in an NYSE-listed security.

DMMs cannot participate in Exchange-facilitated auctions that result in a trade.

Will all marketable interest be filled in an Exchange-facilitated auction?

Not necessarily. Because Exchange-facilitated auctions are bound by price collars, there is the potential that marketable interest will be unfilled. This is different from a DMM-facilitated auction where Market Orders and better-priced Limit Orders are guaranteed to participate. Any marketable interest not filled in an Exchange-facilitated auction will be cancelled back to the member when the auction concludes.

What price collars will be in place for the Exchange-facilitated auction?

In an Exchange-facilitated auction, Exchange systems will find a volume maximizing pair-off price subject to certain price range collars. For the open and closing auctions, the price collar is 10% from the reference price. For trading halts, the price collar is 5%, though for MWCB re-openings, this will be 10%.

Auctions	Reference Price	BCP Auction Collars
Opening	Consolidated Last Sale in regular trading hours, and if none, prior trading day's Official Closing Price	+/- greater of \$1.00 or 10% of reference price
Reopening (Reg Halt)	Consolidated Last Sale in regular trading hours	+/- greater of \$0.15 or 5% of reference price
Reopening (MWCB 1&2)	Consolidated Last Sale in regular trading hours	+/- greater of \$0.15 or 10% of reference price
Reopening (LULD Pause)	Triggering LULD Price Band	- If trigger is Upper Price Band, auction collars will be: lower band x (upper band + greater of \$0.15 or 5%) - If trigger is Lower Price Band, auction collars will be: (lower band - greater of \$0.15 or 5%) x upper band
Closing (including halt or pause within last ten minutes of trading)	NYSE Last Sale bounded by BBO	+/- greater of \$0.15 or 10% of reference price

What time will the Exchange-facilitated auction be conducted?

The DMM will have the opportunity to facilitate all auctions. If the DMM does not open/close electronically, the Exchange will facilitate auctions shortly after the DMM response.

What order types can be used to offset an imbalance when DMMs are operating remotely?

All order types, excluding verbal interest, will be supported, including:

- Until 3:50 p.m., MOC and LOC orders can be entered without restriction. If a Regulatory Imbalance of 50,000 shares or more is published at 3:50 p.m., firms can submit offsetting MOCs/LOCs up to 4:00 p.m. ET.
- Closing D Orders on either side of the imbalance may be entered or cancelled until 3:59:50.
- We also offer an electronic Closing Imbalance Offset (IO) order type which can be used to offset imbalances, does not influence price formation, but is not guaranteed to participate. Closing IO orders can be used for any size imbalance and are accepted on both sides of the market up to 4:00 p.m. Similar to MOC and LOC Orders, they can be cancelled between 3:50 and 3:58 only for a legitimate error, and cannot be cancelled after 3:58 p.m.

What are the auction order entry, modification, and cancellation cutoff times?

Standard exchange rules continue to apply.

- **Opening Auction**
All available order types, including Market-on-open (MOO) and Limit-on-open (LOO) Orders, can be entered up until the time of the Core Open Auction. There are no modification or cancellation cutoff times.

- **Closing Auction**

Up to 3:50 p.m. ET

- No entry or cancellation restrictions on Market-on-open (MOC) and Limit-on-open (LOC) Orders.

3:50 p.m. ET

- MOC/LOC orders entered after 3:50 p.m. ET are not permitted unless they are offsetting a regulatory imbalance.
- Cancels, modifications, and cancel/ replaces of MOC/LOC and Closing IO Orders are not allowed, unless for a Legitimate Error. Legitimate Error is defined as an error in Side, Quantity, Price or Symbol. Note that there is no systematic rejection of these messages between 3:50 and 3:58 p.m. ET.

3:58 p.m. ET

- All cancellations, modifications, and cancel/replaces of MOC, LOC and Closing IO are rejected.

3:59:50

- Closing D order entry and cancellation cutoff

4:00 p.m. ET

- Order entry cutoff.

4:00 p.m. ET

- Closing Auctions are conducted.

Will the Imbalance feeds be available for an Exchange-facilitated auction?

In both DMM and Exchange-facilitated auctions, NYSE will publish auction imbalance information via its regular data feeds.

Will a firm be able to tell if the Exchange is conducting an Exchange-facilitated auction?

There is no designation on data feeds that allows firms to identify if an auction is an Exchange-facilitated auction.

How will LULD and MWCB halts be impacted by an Exchange-facilitated auction?

DMMs will continue to have an opportunity to electronically reopen after a LULD trading pause or MWCB halt at the scheduled end time of such pause or halt. Any security that is not reopened by the DMM electronically will be executed by the Exchange-facilitated auction process. The reopening auction will be conducted using the reference price and auction collars referenced above.

How will NYSE allocate executions in an Exchange-facilitated auction?

All orders eligible to trade in an NYSE-facilitated Auction will be matched and traded at the Continuous Book Clearing Price, which is the best price at which the maximum volume of shares, including the non-displayed quantity of Reserve Orders, is tradable in the applicable Auction, subject to the price collars.

If some marketable interest is unexecuted due to the Price Collar restrictions, orders included in the Auction will be allocated according to price-time priority. Any marketable orders that do not participate in the Core Open Auction will be cancelled.

If there is no interest eligible to trade within the Core Open Auction collars, the security will open on a quote, which could potentially include a zero bid and/or offer.