

**.01 Proxy Price Format** **FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.**  
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As provided under Nasdaq Rule 5745, NextShares will trade at market-based premiums or discounts to the fund's next-determined NAV. Because the NAV is not determined until after the market closes, the final NAV-based trade price will not be known at the time of trade execution. Accordingly, pursuant to paragraph (c) of this Rule, when reporting transactions in NextShares to FINRA, members are required to use the "proxy price" format established by Nasdaq to reflect the trade price. In proxy price format, a NextShares Fund's next-determined NAV is represented as 100.00 and a premium or discount of a stated amount to the next-determined NAV is represented by the same increment or decrement from 100.00. For example, NAV-\$0.01 will be reported as 99.99 and NAV+\$0.01 will be reported as 100.01. The securities information processor will publicly disseminate trades in the proxy price format. Thus, all transactions reported to FINRA for publication purposes must reflect the trade price in the proxy price format, in accordance with paragraph (c) of this Rule, even if the final NAV-based trade price is known at the time of submission (e.g., trades reported on an as/of basis).

Transactions that are designated for submission by the FINRA/Nasdaq Trade Reporting Facility to NSCC must be reported for clearing purposes both intraday in the proxy price format (even if the final NAV-based trade price is known at the time of submission, e.g., trades reported on an as/of basis) and at the final NAV-based trade price. However, transactions will not be submitted by the FINRA/Nasdaq Trade Reporting Facility to NSCC in the proxy price format. Rather, the FINRA/Nasdaq Trade Reporting Facility will calculate the contract price of the trade based on the fund's last published Intraday Indicative Value ("IIV"), as defined under Nasdaq Rule 5745, and submit the transaction in real-time to NSCC for purposes of intraday risk management. Transactions will not clear and settle at the price reported in the proxy price format or the IIV-based price, but instead at the final NAV-based trade price submitted by the reporting member in accordance with paragraph (d)(2)(B) of this Rule.

**.02 End of Day Processing**

Members that clear transactions in NextShares directly at NSCC, e.g., via direct QSR submission, must ensure that they submit to NSCC all pricing information, including the IIV-based price on intraday submissions and the final NAV-based trade price after market close, in accordance with NSCC requirements; such information will not be provided to NSCC by FINRA.

Following publication of the NAV, the FINRA/Nasdaq Trade Reporting Facility will make available to market participants a daily file with the final NAV-based trade price for each transaction in NextShares reported during the trading day to the FINRA/Nasdaq Trade Reporting Facility for public dissemination purposes.

Amended by SR-FINRA-2018-013 eff. Sept. 10, 2018.  
Amended by SR-FINRA-2016-012 eff. April 4, 2016.  
Adopted by SR-FINRA-2015-043, eff. Feb. 26, 2016.

◀ 6183. EXEMPTION FROM TRADE REPORTING OBLIGATION FOR CERTAIN  
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6190. COMPLIANCE WITH REGULATION NMS PLAN TO ADDRESS EXTRAORDINARY  
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**VERSIONS**

Sep 10, 2018 onwards

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# 6190. Compliance with Regulation NMS Plan to Address Extraordinary Market Volatility

The Rule

Notices

A member that is a trading center in an NMS Stock shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the requirements of the Regulation NMS Plan to Address Extraordinary Market Volatility (Plan) and specifically to prevent:

- (a) the execution of trades at prices that are below the Lower Price Band or above the Upper Price Band for an NMS Stock, except as permitted under the Plan;
- (b) the display of offers below the Lower Price Band and bids above the Upper Price Band for an NMS Stock; and
- (c) the execution of trades in an NMS Stock during a Trading Pause; however, bids and offers may be displayed during a Trading Pause, as permitted under the Plan.

## ••• Supplementary Material: -----

**.01** For purposes of this Rule, the following terms shall have the meanings as set forth in the Regulation NMS Plan to Address Extraordinary Market Volatility: "Lower Price Band," "NMS Stock," "trading center," "Trading Pause" and "Upper Price Band."

Amended by SR-FINRA-2019-013 eff. Apr. 11, 2019.  
Adopted by SR-FINRA-2013-016 eff. April 8, 2013.

**Selected Notice:** 13-12.

[6184. TRANSACTIONS IN EXCHANGE-TRADED MANAGED FUND SHARES \("NEXTSHARES"\)](#)

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[6191. COMPLIANCE WITH REGULATION NMS PLAN TO IMPLEMENT A TICK SIZE PILOT PROGRAM](#)

## VERSIONS

Apr 11, 2019 onwards

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> FINRA RULES > 6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES > 6100. QUOTING AND TRADING IN NMS STOCKS

# 6191. Compliance with Regulation NMS Plan to Implement a Tick Size Pilot Program

## (a) Compliance with Quoting and Trading Restrictions

### (1) Member Compliance

Members shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable quoting and trading requirements of the Plan.

### (2) FINRA Compliance

FINRA systems will not display quotations in violation of the Plan and this Rule.

### (3) Pilot Securities That Drop Below \$1.00 during the Pilot Period

If the price of a Pilot Security drops below \$1.00 during regular trading hours on any trading day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in subparagraphs (4) through (6) below and will continue to trade in accordance with such Rules. However, if the Closing Price of a Pilot Security on any given trading day is below \$1.00, such Pilot Security will be moved out of its Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

### (4) Pilot Securities in Test Group One

No member may display, rank, or accept from any person any displayable or nondisplayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group One in increments other than \$0.05. However, orders priced to execute at the midpoint of the national best bid and national best offer ("NBBO") or best protected bid and best protected offer ("PBBO") and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by applicable Participant, SEC and FINRA rules.

### (5) Pilot Securities in Test Group Two

(A) No member may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group Two in increments other than \$0.05. However, orders priced to execute at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

(B) Absent any of the exceptions listed in subparagraph (5)(C) below, no member may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Two may trade in increments less than \$0.05 under the following circumstances:

- (i) Trading may occur at the midpoint between the NBBO or the PBBO;
- (ii) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;
- (iii) Negotiated Trades may trade in increments less than \$0.05; and

(iv) Executions of a customer order to comply with FINRA Rule 5320 following the execution of a proprietary trade by the member at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

### (6) Pilot Securities in Test Group Three

(A) No member may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in any Pilot Security in Test Group Three in increments other than \$0.05. However, orders priced to execute at the midpoint of the NBBO or PBBO and orders entered in a Participant-operated retail liquidity program may be ranked and accepted in increments of less than \$0.05.

(B) Absent any of the exceptions listed in subparagraph (6)(C) below, no member may execute orders in any Pilot Security in Test Group Three in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(C) Pilot Securities in Test Group Three may trade in increments less than \$0.05 under the following circumstances:

(i) Trading may occur at the midpoint between the NBBO or PBBO;

(ii) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;

(iii) Negotiated Trades may trade in increments less than \$0.05; and

(iv) Executions of a customer order to comply with FINRA Rule 5320 following the execution of a proprietary trade by the member at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(D) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

(i) Absent any of the exceptions listed in subparagraph (D)(ii) below, no member that operates a Trading Center may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer during regular trading hours ("Trade-at Prohibition"). Under the Trade-at Prohibition, a member that operates a Trading Center that is displaying a quotation, via either a processor or an SRO quotation feed, that is at a price equal to the traded-at Protected Bid or Protected Offer is permitted to execute orders at that level, but only up to the amount of its displayed size. A member that operates a Trading Center that was not displaying a quotation at a price equal to the traded-at Protected Quotation, via either a processor or an SRO quotation feed, is prohibited from price-matching protected quotations unless an exception applies;

(ii) A member that operates a Trading Center may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer under the following circumstances:

- a. The order is executed within the same independent aggregation unit of the member that operates the Trading Center that displayed the quotation via either a processor or an SRO Quotation Feed, to the extent such member uses independent aggregation units, at a price equal to the traded-at Protected Quotation that was displayed before the order was received, but only up to the full displayed size of that independent aggregation unit's previously displayed quote. A Trading Center that is displaying a quotation as agent or riskless principal may only execute as agent or riskless principal and a Trading Center displaying a quotation as principal (excluding riskless principal) may execute as principal, agent or riskless principal. "Independent aggregation unit" has the same meaning as provided under Rule 200(f) of SEC Regulation SHO;
- b. The order is of Block Size at the time of origin and may not be:
  1. An aggregation of non-block orders; or
  2. Broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution.
- c. The order is a Retail Investor Order executed with at least \$0.005 price improvement;
- d. The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;
- e. The order is executed as part of a transaction that was not a "regular way" contract;
- f. The order is executed as part of a single-priced opening, reopening, or closing transaction by the Trading Center;
- g. The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;
- h. The order is identified as a Trade-at Intermarket Sweep Order;
- i. The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders to execute against the full displayed size of a Protected Quotation that was traded at;
- j. The order is executed as part of a Negotiated Trade;
- k. The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;
- l. The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:
  1. The stopped order was for the account of a customer;
  2. The customer agreed to the specified price on an order-by-order basis; and
  3. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment; or
- m. The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or

n. The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bona fide error is defined as:

1. The inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
2. The unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;
3. The incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
4. A delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

## **(7) Operation of Certain Exceptions to Tick Size Pilot Program**

(A) Retail Investor Order Exception.

(i) "Retail Investor Order" means an order that originates from a natural person, provided that, prior to submission, no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order may be an odd lot, round lot, or partial round lot.

(ii) Any member that operates a Trading Center may execute against a Retail Investor Order otherwise than on an exchange to satisfy the Retail Investor Order exceptions to the Tick Size Pilot Program.

(iii) Any member for which FINRA is the Designated Examining Authority ("DEA") that operates a Trading Center and executes Retail Investor Orders must submit a signed attestation to FINRA that substantially all orders to be executed as Retail Investor Orders will qualify as such under this Rule.

(B) A member relying on an exception to the Trade-At Prohibition for a transaction otherwise than on a national securities exchange must include all applicable modifiers in trade reports pursuant to Rules 6282, 6380A and 6380B.

(C) Trade-at Requirement

"Trade-at Intermarket Sweep Order" means a limit order for a Pilot Security that meets the following requirements:

- (i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and
- (ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders or Intermarket Sweep Orders.

## **(b) Compliance with Data Collection Requirements**

### **(1) Policies and Procedures Requirement**

A member that operates a Trading Center shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Items I and II of Appendix B to the Plan, and a member that is a Market Maker shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data collection and transmission requirements of Item IV of Appendix B to the Plan and Item I of Appendix C of the Plan.

### **(2) Trading Center Data Requirements**

**(A) Trading Center Data Collection and Submission Requirements**

(i) A member that operates a Trading Center subject to the Tick Size Pilot Program and for which FINRA is the Designated Examining Authority ("DEA") shall collect and transmit to FINRA the data described in Items I and II of Appendix B to the Plan with respect to:

- a. Each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and
- b. Each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(ii) Each member subject to paragraph (b)(2)(A) above shall comply with their collection and transmission obligations under Items I and II of Appendix B to the Plan and this Rule through their submission of the following OATS information when an order in a Pilot Security or Pre-Pilot Data Collection Security is received or originated:

- a. Whether the member is a Trading Center in either the Pilot Security or the Pre-Pilot Data Collection Security;
- b. If the member is an ADF Market Participant under Rule 6220, the display size of the order; and
- c. Whether the order is routable.

(iii) When an order in a Pilot Security or Pre-Pilot Data Collection Security is executed, each member subject to paragraph (b)(2)(A) above shall comply with its collection and transmission obligations under Items I and II of Appendix B to the Plan and this Rule by identifying whether the member is relying upon the Retail Investor Order exception with respect to the execution of the order.

(iv) Members shall submit such OATS data by 8:00 a.m. EST the calendar day following the OATS-reportable event in accordance with Rule 7440 and this Rule.

(B) FINRA shall transmit the data required by Items I and II of Appendix B to the Plan, and collected pursuant to paragraph (b)(2)(A) above, to the SEC in a pipe delimited format on a disaggregated basis by Trading Center within 30 calendar days following month end. FINRA also shall make such data publicly available on the FINRA website within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

**(3) Daily Market Maker Participation Statistics Requirement**

(A) A member that is a Market Maker for which FINRA is the DEA shall collect and transmit to FINRA data relating to Item IV of Appendix B to the Plan, with respect to activity conducted on any Trading Center in furtherance of its status as a Market Maker, including a Trading Center that executes trades otherwise than on a national securities exchange, for transactions that have settled or reached settlement date. Market Makers shall transmit such data in a pipe delimited format by 12:00 p.m. EST on T+4:

(i) For transactions in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) For transactions in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) FINRA shall transmit the data relating to Market Maker activity required by Item IV of Appendix B to the Plan, and collected pursuant to paragraph (b)(3)(A) above, to the Participant operating the Trading Center on which such activity occurred in a pipe delimited format on a disaggregated basis by Market Maker during the Pre-Pilot Period and within 15 calendar days following month end during the Pilot Period.

(C) FINRA shall transmit the data relating to Market Maker activity conducted otherwise than on a national securities exchange required by Item IV of Appendix B to the Plan, and collected pursuant to paragraph (b)(3)(A) above, to the SEC in a pipe delimited format on a disaggregated basis by Trading Center within 30 calendar days following month end. FINRA also shall make such data publicly available on the FINRA website within 120 calendar days following month end at no charge and shall not identify the Trading Center that generated the data.

**(4) Market Maker Profitability**



(A) A member that is a Market Maker, and for which FINRA is the DEA, shall collect and transmit to FINRA the data described in Item I of Appendix C to the Plan, as modified by paragraph (b)(5) below, with respect to executions on any Trading Center that have settled or reached settlement date. Market Makers shall transmit such data in a pipe delimited format by 12:00 p.m. EST on T+4:

(i) For executions during and outside of Regular Trading Hours in each Pre-Pilot Data Collection Security for the period beginning six months prior to the Pilot Period through thirty-one days prior to the first day of the Pilot Period; and

(ii) For executions during and outside of Regular Trading Hours in each Pilot Security for the period beginning thirty days prior to the first day of the Pilot Period through six months after the end of the Pilot Period.

(B) FINRA shall collect the data required by Item I of Appendix C to the Plan and paragraph (b)(4)(A) above and, on a monthly basis, transmit such data, categorized by the Control Group and each Test Group, to the SEC in a pipe delimited format. The data transmitted to the SEC shall include the profitability statistics categorized by Market Maker and by security. FINRA shall aggregate and publish, categorized by the Control Group and each Test Group: (i) Market Maker profitability statistics for Market Makers for which FINRA is the DEA, (ii) Market Maker profitability statistics collected from other Participants that are DEAs, and (iii) Market Maker profitability statistics for Market Makers whose DEA is not a Participant. FINRA shall make this data publicly available on the FINRA web site within 30 calendar days following month end at no charge and shall not identify the Market Makers that generated the data or the individual securities.

### **(5) Calculation of Market Maker Participation and Market Maker Profitability**

A member that is a Market Maker in a Pre-Pilot Data Collection Security or Pilot Security for which FINRA is the DEA subject to paragraphs (b)(3)(A) and (b)(4)(A) above shall be deemed to have satisfied the requirements of paragraphs (b)(3)(A) and (b)(4)(A) above, in addition to the requirements of Item IV of Appendix B to the Plan and Item I of Appendix C to the Plan, if such Market Maker submits to FINRA the following data for any principal trade, not including a riskless principal trade, in Pre-Pilot Data Collection Securities and Pilot Securities executed in furtherance of its status as a Market Maker on any Trading Center:

(A) Ticker Symbol;

(B) Trading Center where the trade was executed, or if not known, the destination where the order originally was routed for further handling and execution;

(C) Time of execution;

(D) Price;

(E) Size;

(F) Buy / sell;

(G) For trades executed away from the Market Maker, a unique identifier, as specified by the Market Maker's DEA, that will allow the trade to be associated with the Trading Center where the trade was executed; and

(H) For trades cancelled or corrected beyond T+3, whether the trade represents a cancellation or correction.

#### **••• Supplementary Material: -----**

**.01** The terms used in this Rule 6191 shall have the same meaning as provided in the Plan, unless otherwise specified.

**.02** No member shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.

**.03** For purposes of the reporting requirement in Appendix B.II.(n), a Trading Center shall report "Y" when it is relying upon the Retail Investor Order exception to Test Groups Two and Three, and "N" in all other instances.

**.04** For purposes of Appendix B.I, the field "Affected by Limit-Up Limit-Down bands" shall be included. A Trading Center shall report a value of "Y" when the ability of an order to execute has been affected by the Limit-Up Limit-Down (LULD) bands in effect at the time of order receipt. A Trading Center shall report a value of "N" when the ability of an order to execute has not been affected by the LULD bands in effect at the time of order receipt. For purposes of Appendix B.I, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as fully executed domestically or fully or partially executed on a foreign market. For purposes of Appendix B.II, the Participants shall classify all orders in Pilot and Pre-Pilot Securities that may trade in a foreign market as: directed to a domestic venue for execution; may only be directed to a foreign venue for execution; or fully or partially directed to a foreign venue at the discretion of the member.

**.05** (a) For purposes of Appendix B.I.a(14), B.I.a(15), B.I.a(21) and B.I.a(22), the time ranges shall be changed as follows:

(1) Appendix B.I.a(14A): The cumulative number of shares of orders executed from 100 microseconds to less than 1 millisecond after the time of order receipt;

(2) Appendix B.I.a(15): The cumulative number of shares of orders executed from 1 millisecond to less than 100 milliseconds after the time of order receipt;

(3) Appendix B.I.a(21A): The cumulative number of shares of orders canceled from 100 microseconds to less than 1 millisecond after the time of order receipt; and

(4) Appendix B.I.a(22): The cumulative number of shares of orders canceled from 1 millisecond to less than 100 milliseconds after the time of order receipt.

(b) For purposes of Appendix B.I.a(21) through B.I.a(27), unexecuted Immediate or Cancel orders shall be categorized separately irrespective of the duration of time after order receipt.

**.06** The requirement in Appendix B.I.a(33) relating to the share-weighted average BBO Spread also shall apply to a Trading Center that displays on the ADF.

**.07** For purposes of Appendix B.I.a(31)–(33), the relevant measurement is the time of order receipt.

**.08** For purposes of Appendix B.I.a(33), only a Trading Center that is displaying in its own name as a Trading Center when executing an order shall enter a value in this field.

**.09** For purposes of Appendix B, the following order types and numbers shall be included and assigned the following numbers: "not held" orders (18); clean cross orders (19); auction orders (20); orders that cannot otherwise be classified, including orders received when the NBBO is crossed (21); and limit orders priced more than \$0.10 away from the NBBO (22). For purposes of order types 12-14 in Appendix B, such order types shall include all orders and not solely "resting" orders.

**.10** A Member shall not be deemed a Trading Center for purposes of Appendix B of the Plan where that Member only executes orders otherwise than on a national securities exchange for the purpose of: (1) correcting a bona fide error related to the execution of a customer order; (2) purchasing a security from a customer at a nominal price solely for purposes of liquidating the customer's position; or (3) completing the fractional share portion of an order.

**.11** For purposes of Appendix B.IV, the count of the number of Market Makers used in the calculation of share (trade) participation shall be added to each category. For purposes of Appendix B.IV(b) and (c), share participation and trade participation shall be calculated by using a total count instead of a share-weighted average or a trade-weighted average. For purposes of Appendix B, B.IV(d) (cross-quote share (trade) participation), (e) (inside-the-quote share (trade) participation), (f) (at-the-quote share (trade) participation), and (g) (outside-the-quote share (trade) participation), shall be calculated by reference to the National Best Bid or National Best Offer in effect immediately prior to the trade.

**.12** A Trading Center shall begin the data collection required pursuant to Appendix B.I.a(1) through B.II.(y) to the Plan and Item I of Appendix C to the Plan on April 4, 2016. The requirement that FINRA provide information to the SEC within 30 days following month end pursuant to Appendix B and C to the Plan shall commence at the beginning of the Pilot Period. Notwithstanding the provisions of paragraphs (b)(2)(B) and (b)(3)(C) of this Rule, with respect to data for the Pre-Pilot Period and Pilot Period, the requirement that FINRA make Appendix B data publicly available on the FINRA website shall commence on August 31, 2017. Notwithstanding the provisions of paragraphs (b)(4)(B) of this Rule, FINRA shall make Appendix C data for the Pre-Pilot Period through January 2017 publicly available on the FINRA website by February 28, 2017.

**.13** For purposes of Item I of Appendix C, the Participants shall calculate daily Market Maker realized profitability statistics for each trading day on a daily last in, first out (LIFO) basis using reported trade price and shall include only trades executed on the subject trading day. The daily LIFO calculation shall not include any positions carried over from previous trading days. For purposes of Item I.c of Appendix C, the Participants shall calculate daily Market Maker unrealized profitability statistics for each trading day on an average price basis. Specifically, the Participants must calculate the volume weighted average price of the excess (deficit) of buy volume over sell volume for the current trading day using reported trade price. The gain (loss) of the excess (deficit) of buy volume over sell volume shall be determined by using the volume weighted average price compared to the closing price of the security as reported by the primary listing exchange. In calculating unrealized trading profits, the Participant also shall report the number of excess (deficit) shares held by the Market Maker, the volume weighted average price of that excess (deficit), and the closing price of the security as reported by the primary listing exchange used in reporting unrealized profit.

**.14** "Pre-Pilot Data Collection Securities" are the securities designated by the Participants for purposes of the data collection requirements described in Items I, II and IV of Appendix B and Item I of Appendix C to the Plan for the period beginning six months prior to the Pilot Period through thirty-one days prior to the Pilot Period. The Participants shall compile the list of Pre-Pilot Data Collection Securities by selecting all NMS stocks with a market capitalization of \$5 billion or less, a Consolidated Average Daily Volume (CADV) of 2 million shares or less and a closing price of \$1 per share or more. The market capitalization and the closing price thresholds shall be applied to the last day of the Pre-Pilot measurement period, and the CADV threshold shall be applied to the duration of the Pre-Pilot measurement period. The Pre-Pilot measurement period shall be the three calendar months ending on the day when the Pre-Pilot Data Collection Securities are selected. The Pre-Pilot Data Collection Securities shall be selected thirty days prior to the commencement of the six-month Pre-Pilot Period.

**.15** Appendix B data to be made publicly available on the FINRA website pursuant to the Plan will combine over-the-counter data for firms for which Chicago Stock Exchange, Inc. is the designated examining authority, and such data will be aggregated within groupings of five to 25 Trading Centers each. The groupings methodology will distinguish between alternative trading systems (“ATSS”) and non-ATSSs, but no other details of the methodology used to formulate the groupings will be disclosed to maintain confidentiality of the published data. Trading Center group assignments will not be published and will remain unchanged for the duration of the data publication period (subject to modifications, as appropriate, to account for industry entrants).

**.16** This Rule shall be in effect during a pilot period to coincide with the pilot period for the Plan (including any extensions to the pilot period for the Plan).

Amended by SR-FINRA-2017-006 eff. Aug. 26, 2017.  
Amended by SR-FINRA-2017-010 eff. April 28, 2017.  
Amended by SR-FINRA-2017-005 eff. Feb. 23, 2017.  
Amended by SR-FINRA-2016-042 eff. Nov. 15, 2016.  
Amended by SR-FINRA-2016-038 eff. Oct. 3, 2016.  
Amended by SR-FINRA-2016-026 eff. Oct. 3, 2016.  
Paragraph (a) Adopted by SR-FINRA-2015-047 eff. Oct. 3, 2016.  
Amended by SR-FINRA-2016-035 eff. Aug. 30, 2016.  
Paragraph (b) Adopted by SR-FINRA-2015-048 eff. April 4, 2016.

[◀ 6190. COMPLIANCE WITH REGULATION NMS PLAN TO ADDRESS EXTRAORDINARY MARKET VOLATILITY](#)

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[6200. ALTERNATIVE DISPLAY FACILITY ▶](#)

#### VERSIONS

Aug 26, 2017 onwards

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[FINRA RULES](#) > [6000. QUOTATION, ORDER, AND TRANSACTION REPORTING FACILITIES](#) > [6200. ALTERNATIVE DISPLAY FACILITY](#)

## 6210. General

The Rule

Notices

The Alternative Display Facility ("ADF") is a facility operated by FINRA for members that choose to quote or effect trades in ADF-eligible securities otherwise than on an exchange. The ADF collects and disseminates quotations and trade reports, and compares trades. Those FINRA members that use ADF systems for quotation or trade reporting activities must comply with the Rule 6200 and 7100 Series, as well as all other applicable FINRA rules and the federal securities laws.

Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2007-005 eff. Jan. 27, 2007.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2004-160 eff. Oct. 26, 2004.  
Amended by SR-NASD-2004-012 eff. Jan. 26, 2004.  
Amended by SR-NASD-2003-67 eff. April 7, 2003.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

[6200. ALTERNATIVE DISPLAY FACILITY](#)

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[6220. DEFINITIONS](#)

### VERSIONS

Feb 03, 2014 onwards

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## 6220. Definitions

The Rule

Notices

(a) Unless the context requires otherwise, the terms used in the Rule 6200 and Rule 7100 Series shall have the meanings below. Terms not specifically defined below shall have the meaning in the FINRA By-Laws and rules and Rule 600 of SEC Regulation NMS.

(1) "Exchange Act" or "SEA" means the Securities Exchange Act of 1934.

(2) "ADF-eligible security" means an NMS stock as defined in Rule 600(b)(54) of SEC Regulation NMS.

(3) "ADF Market Participant" or "Market Participant" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN.

(4) "ADF Trading Center" means a Registered Reporting ADF Market Maker, or a Registered Reporting ADF ECN that is a "Trading Center," as defined in Rule 600(b)(95) of SEC Regulation NMS, and that is certified, pursuant to Rule 6250, to display its quotations or orders through the ADF.

(5) "Certification Record" means the document that an ADF Trading Center must execute and continue to comply with, pursuant to Rule 6250, to display its quotations through the ADF.

(6) "CQS security" is a security that is eligible for inclusion in the Consolidated Quotation Plan and reported to the Consolidated Tape in accordance with the Consolidated Tape Association Plan. These securities include all common stocks, preferred stocks, long-term warrants, and rights entitling the holder to acquire an eligible security, listed or admitted to unlisted trading privileges on the BATS Exchange Inc., NYSE MKT LLC, NYSE Arca LLC or the New York Stock Exchange, and securities listed on regional stock exchanges that have been designated by such regional exchange as eligible for reporting to the Consolidated Tape.

(7) "Nasdaq" means the NASDAQ Stock Market, LLC other than any facilities operated by The NASDAQ Stock Market, LLC on behalf of FINRA.

(8) "Nasdaq security" means any security listed on The NASDAQ Stock Market, LLC.

(9) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, the market where the security is listed determines that a normal unit of trading shall constitute other than 100 shares.

(10) "Otherwise than on an exchange" means a trade effected by a FINRA member otherwise than on or through the facilities of a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(11) "Registered Reporting ADF ECN" means a member of FINRA that is an electronic communications network ("ECN") that elects to display orders in the ADF. A member shall cease being a Registered Reporting ADF ECN when it has withdrawn or voluntarily terminated its quotations on the ADF or when its quotations have been suspended or terminated by action of FINRA. This term also shall include a FINRA member that is an alternative trading system ("ATS") that displays orders in the ADF. A Registered Reporting ADF ECN may voluntarily withdraw from participation on the ADF upon providing, through electronic delivery, written notice to FINRA Market Operations of its intention to withdraw as an Registered Reporting ADF ECN, with such withdrawal to be effective upon the first trading day following the provision of such notice announcing the Registered Reporting ADF ECN's intention to withdraw, or such other date as specified in the written notice.

(12) "Registered Reporting ADF Market Maker" means a member of FINRA that is registered as a FINRA market maker in a particular designated security and, with respect to that security, holds itself out (by entering quotations in the Alternative Display Facility) as being willing to buy and sell such security for its own account on a regular and continuous basis. A member is a Registered Reporting ADF Market Maker in only those designated securities for which it is registered as an ADF market maker. A member shall cease being a Registered Reporting ADF Market Maker in a designated security when it has withdrawn or voluntarily terminated its quotations in that security on the ADF or when its quotations have been suspended or terminated by action of FINRA.

(13) "Registered Reporting Member" means a Registered Reporting ADF Market Maker or Registered Reporting ADF ECN.

(14) "Stop Stock Price" means the specified price at which a member and another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking

into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

(15) "Stop Stock Transaction" means any transaction that meets both of the following conditions:

(A) the transaction is the result of an order in which a member and another party agree that the order will be executed at a Stop Stock Price or better; and

(B) the order is executed at the Stop Stock Price or better.

(b) For purposes of Rule 6275, the following terms shall have the meanings as defined in Rule 100 of SEC Regulation M: "affiliated purchaser," "covered security," "distribution," "distribution participant," "restricted period," and "selling security holder."

Amended by SR-FINRA-2023-003 eff. Mar. 10, 2023.  
Amended by SR-FINRA-2016-031 eff. Sep. 12, 2016.  
Amended by SR-FINRA-2013-053 eff. Feb. 3, 2014.  
Amended by SR-FINRA-2011-024 eff. June 17, 2011.  
Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.  
Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Amended by SR-NASD-2006-091 eff. March 5, 2007.  
Amended by SR-NASD-2006-087 eff. Aug. 1, 2006.  
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notices:** 08-57, 08-74, 16-33.

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[6230. USE OF ALTERNATIVE DISPLAY FACILITY DATA SYSTEMS ›](#)

#### VERSIONS

Mar 10, 2023 onwards

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## 6230. Use of Alternative Display Facility Data Systems

FINRA may at any time authorize the use of Alternative Display Facility data systems on a test basis for whatever studies it considers necessary and appropriate.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.  
Adopted by SR-NASD-2002-97 eff. July 29, 2002.

**Selected Notice:** 08-57.

[← 6220. DEFINITIONS](#)

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[6240. PROHIBITION FROM LOCKING OR CROSSING QUOTATIONS IN NMS STOCKS](#) ▶

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## 6240. Prohibition from Locking or Crossing Quotations in NMS Stocks

The Rule

Notices

(a) Definitions. For purposes of these Rules, the following definitions shall apply:

(1) The terms "automated quotation," "National Market System Plan" (NMS Plan), "intermarket sweep order," "manual quotation," "NMS stock," "protected quotation," and "trading center" shall have the meanings set forth in Rule 600(b) of SEC Regulation NMS.

(2) The term crossing quotation shall mean the display of a bid for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that is higher than the price of an offer for such NMS stock previously disseminated pursuant to an effective NMS Plan, or the display of an offer for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that is lower than the price of a bid for such NMS stock previously disseminated pursuant to an effective NMS Plan.

(3) The term locking quotation shall mean the display of a bid for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective NMS Plan, or the display of an offer for an NMS stock at any time between 8:00 a.m. and 6:30 p.m. Eastern Time at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective NMS Plan.

(b) Prohibition. Except for quotations that fall within the provisions of paragraph (d) of this Rule, members shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a protected quotation, and any manual quotations that lock or cross a quotation previously disseminated pursuant to an effective NMS Plan.

(c) Manual quotations. FINRA prohibits the display of manual quotations in the Alternative Display Facility, as specified in Rule 6250. However, if a member displays a manual quotation in another FINRA facility that locks or crosses a quotation previously disseminated pursuant to an effective NMS Plan, such member shall promptly either withdraw the manual quotation or route an intermarket sweep order to execute against the full displayed size of the locked or crossed quotation.

(d) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the trading center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment.

(2) The locking or crossing quotation was displayed at a time when a protected bid was higher than a protected offer in the NMS stock.

(3) The locking or crossing quotation was an automated quotation, and the member displaying such automated quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of any locked or crossed protected quotation.

(4) The locking or crossing quotation was a manual quotation that locked or crossed another manual quotation, and the member displaying the locking or crossing manual quotation simultaneously routed an intermarket sweep order to execute against the full displayed size of the locked or crossed manual quotation.

Amended by SR-FINRA-2008-021 eff. Dec. 15, 2008.

Amended by SR-NASD-2007-001 eff. March 5, 2007.

Adopted by SR-NASD-2006-091 eff. March 5, 2007.

**Selected Notice:** 08-57.





## 6250. Quote and Order Access Requirements

[The Rule](#)[Notices](#)

(a) For each security in which an ADF Trading Center displays a bid and offer (for Registered Reporting ADF Market Makers), or a bid or offer (for Registered Reporting ADF ECNs), in the ADF, it must:

(1) Provide other ADF Trading Centers direct electronic access, as defined below;

(2) Provide registered broker-dealers that are not ADF Trading Centers direct electronic access and allow for indirect electronic access, as defined below. In any event, an ADF Trading Center is prohibited from: (A) in any way directly or indirectly influencing or prescribing the prices that its customer broker-dealer may choose to impose for providing indirect access; and (B) precluding or discouraging indirect electronic access, including through the imposition of discriminatory pricing or quality of service with regard to a broker-dealer that is providing indirect electronic access;

(3) Provide a level and cost of access to its quotations in an NMS stock displayed in the ADF that is substantially equivalent to the level and cost of access to quotations displayed by SRO trading facilities in that NMS stock;

(4) Demonstrate that it has sufficient technology to automatically update its quotations and immediately respond to orders for execution directly against the individual ADF Trading Center's best bid or offer;

(5) Ensure that it does not impose unfairly discriminatory terms that prevent or inhibit any person, through a registered broker-dealer, from obtaining efficient access to such quotations;

(6) Provide at least 14 calendar days advance written notice, via facsimile, personal delivery, courier or overnight mail, to FINRA Market Operations before denying any registered broker-dealer direct electronic access as defined below. The notice provided hereunder must be based on the good faith belief of an ADF Trading Center that such denial of access is appropriate and does not violate any of the ADF Trading Center's obligations under FINRA rules or the federal securities laws. Further, any notification or publication of an ADF Trading Center's intent to deny access will have no bearing on the merits of any claim between the ADF Trading Center and any affected registered broker-dealer, nor will it insulate the ADF Trading Center from liability for violations of FINRA rules or the federal securities laws, such as Rule 602 of SEC Regulation NMS. The 14-day period begins on the first business day that FINRA Market Operations has receipt of the notice; and

(7) Comply with the minimum performance standards set forth in paragraph (e) of this Rule and the terms agreed to in the Certification Record.

(b) ADF Trading Centers are required to specify as part of their Certification Record the method and terms by which they will comply with the requirements of this Rule. FINRA will not allow an ADF Trading Center to display quotations in the ADF unless the method and terms provided by the ADF Trading Center are in compliance with this Rule and applicable provisions of SEC Regulation NMS. Acceptance by FINRA of an ADF Trading Center's Certification Record does not relieve an ADF Trading Center of any of its on-going obligations. Moreover, FINRA's acceptance of such Certification Record, shall not constitute an estoppel as to FINRA or bind FINRA in any subsequent administrative, civil or disciplinary proceeding.

### (c) Definitions

(1) "Direct electronic access" means the ability to deliver an order for execution directly against an individual ADF Trading Center's best bid or offer subject to applicable FINRA rules and the federal securities laws, including SEC Regulation NMS. As described herein, ADF Trading Centers must provide direct electronic access, in conformity with this Rule, through the use of a communications service(s) that is deemed to be sufficient by FINRA.

(2) "Indirect electronic access" means the ability to route an order through a FINRA member, subscriber broker-dealer, or customer broker-dealer of an ADF Trading Center that are not an affiliate of the ADF Trading Center, for execution against the ADF Trading Center's best bid or offer subject to applicable FINRA rules and the federal securities laws, including SEC Regulation NMS. An ADF Trading Center shall not impose unfairly discriminatory terms that prevent or inhibit any person from obtaining efficient access to such quotation through a FINRA member, subscriber broker-dealer, or customer broker-dealer. A FINRA member that is providing indirect electronic access shall remain responsible for orders routed through it as though the orders were the firm's own orders.

### (d) Minimum Performance Standards