

# NYSE Parity

## Frequently Asked Questions

### 1. What is Parity?

Parity is the method by which NYSE allocates marketable orders against contra side orders. Incoming marketable orders execute against multiple parity participants rather than a single order with time priority.

### 2. Who are the Parity participants?

Participants eligible to receive a parity allocation at each price point include: each Floor Broker (as eQuotes), the Designated Market Maker (DMM), and the electronic book orders, ranked in time priority. Electronic Book participants include off floor members, such as upstairs broker dealers.

### 3. Do NYSE market data feeds identify parity eligible order differently than others?

No. There is no parity identifier on NYSE feeds.

### 4. Can a Floor Broker represent an odd lot order and be a parity participant?

Yes. Round lot and odd lot orders entered as eQuotes by a Floor Broker can receive a parity allocation.

### 5. What is Setter Priority?

Setter Priority is rewarded to a displayable order that sets a new NBBO. Setter Priority entitles an order to trade its full displayed quantity before other parity participants are allocated shares. An order can gain setter priority upon arrival or, after routing, returns unexecuted from an away market.

### 6. Does an order retain setter priority in an auction?

No. Setter priority is not retained in the Closing Auction or during a reopening auction following a halt.

### 7. How does Parity allocation work without Setter Priority interest?

When an aggressing order arrives at the Exchange, it will be allocated by round lots. The participant within the first position on the allocation wheel will be allocated a round lot, followed by the next order on the wheel. This process will continue to advance on an allocation wheel until the aggressing order is fully allocated or all participants are satisfied.

## **8. What is an Allocation Wheel?**

Allocation Wheels are maintained by the Exchange's matching engine at each price. These wheels track the arrival time rankings for all orders on parity at a price and are utilized when an incoming order is too small to be shared. When the next contra side order arrives at the Exchange, it will be allocated to the following order in the allocation wheel. There is one wheel for displayed liquidity and one wheel for non-displayed liquidity.

## **9. Is parity applied to Auctions?**

Yes. Parity is applied to both Auctions and intraday activity.

## **10. Are Limit on Close orders entered by a Floor Broker eligible for parity?**

No. However, D-orders entered by a Floor Broker are eligible for parity.

## **11. Which Floor Broker orders are eligible for parity on NYSE book?**

D-orders, Limit Day, Limit Day Non-Routable, Limit On Open, Midpoint Order, Midpoint Peg, Last Sale Peg.

The following orders are **not** parity eligible:

- Market Orders
- Market on Open/Market on Close/Limit on Close/Closing Offset Orders
- Yielding Orders
- Immediate or Cancel Orders
- Any non-displayed order that has Minimum Trade Size/minFill