Tick Size Pilot Program
Trading and Quoting FAQs
Table of Contents

SECTION I: Exchange and Over-the-Counter Quoting and Trading Frequently Asked Questions

GENERAL TOPICS

Assignment of Securities to the Control Group and Test Groups	
Q1:	Will Pilot Securities ever rotate among Control or Test Groups?
A1:	Yes, but only under certain circumstances.
Q2:	Under what circumstances will a Pilot Security move from a Test Group to the Control Group?
A2:	A Pilot Security will move from a Test Group to the Control Group under the following circumstances: • If a security in a Test Group closes below a price of $1.00 per share on the primary market, it will move to the Control Group on the following business day. • A corporate action may result in a security in a Test Group moving to the Control Group. See SRO Rules.
Q3:	Under what circumstances will a Pilot Security move from one Test Group to another Test Group?
A3:	A corporate action may result in a security in a Test Group moving to another Test Group.
Q4:	Under what circumstances will a Pilot Security move from the Control Group to a Test Group?
A4:	Once a security is assigned to the Control Group, it will remain in the Control Group unless it is involved in a corporate action where the surviving corporate entity is in one of the Test Groups.
Q5:	Under what circumstances will a Pilot Security be removed from the Control Group or a Test Group and no longer be part of the Pilot?

Assignment of Securities to the Control Group and Test Groups	
A5:	There are two circumstances in which a Pilot Security will be removed from either the Control Group or a Test Group and no longer be part of the Pilot: • The security is no longer listed on a national securities exchange • The company has merged with or has been acquired by a company not in the Pilot
Q6:	When will the daily file showing the list of Pilot Securities and their group designation as well as the file showing changes to the list become available?
A6:	The final list of Pilot Securities and their initial assignment to either the Control Group or one of the three Test Groups will be published on September 6, 2016. Thereafter, NYSE and NASDAQ will publish changes to those assignments effective at the start of the next trading day no later than 10 PM Eastern Time.

Adjustment to Prices – Startup, Corporate Actions, Closing Prices, etc.	
Q11:	How will resting GTC orders be handled by Exchanges at the beginning of the pilot for Test Group Securities?
A11:	NASDAQ, NASDAQ-PSX, and NASDAQ-BX are the only exchanges that currently accept GTC orders. These exchanges will cancel open GTC orders for all Test Group securities that are not priced in increments of $0.05 when the Pilot first begins.
Q12:	Will the primary listing market adjust Closing Prices that are not in increments of $0.05?
A12:	Closing Prices for Pilot Securities may not necessarily be in increments of $0.05 because of overnight dividend adjustments or stock splits (adjusted Closing Price), or because the last sale price was a permitted exception. These Closing Prices will not be rounded to the nearest increment of $0.05.
Q13:	If a broker-dealer or exchange holds an open order in Pilot Stock that must be repriced because of a corporate action (*e.g.*, a stock dividend), may the broker-dealer or exchange round the adjusted price to a permissible increment?
A13:	Yes. The Plan generally will be interpreted consistent with the guidance provided in the SEC's FAQs for compliance with Regulation NMS Rule 612. Thus, consistent with the guidance provided in Rule 612 FAQ #3, the Plan does not require that an order that was permissible when accepted, but for which the price must be adjusted due to a corporate action be cancelled. However, the adjusted price of the order must be repriced to an acceptable increment by rounding down to the nearest increment of $0.05 for buy orders or rounding up to the nearest increment of $0.05 for sell orders. (See the SEC's FAQs for Rule 612, available at http://www.sec.gov/divisions/marketreg/subpenny612faq.htm#q13) NASDAQ, NASDAQ-PSX, and NASDAQ-BX are the only exchanges that currently accept GTC orders. Members may designate that all GTC orders be adjusted for corporate actions or cancelled. Refer to NASDAQ Rule 4761, NASDAQ PSX Rule 3311, and NASDAQ BX Rule 4761.
Q15:	May FINRA members adjust resting GTC orders to comply with the Tick Size Pilot when the pilot begins?

Adjustment to Prices – Startup, Corporate Actions, Closing Prices, etc.	
A15:	An open order accepted before the Pilot’s effective date may be repriced to conform to the requirements of the Plan without canceling the order.

Implementation Plans and Details	
Q21:	Will there be a staged implementation, with a few names joining the Pilot at a time, much like LULD was implemented?
A21:	The Plan does not provide for a staged implementation.
Q22:	Will the exchanges provide a set of test symbols created for the Control Group and each Test Group?
A22:	NYSE and NASDAQ will be setting up test symbols. Dates of availability for testing will be provided at a later time.
Q23:	Will there be industry testing?
A23:	There will be industry testing on weekends. The dates of testing have yet to be determined.
Q24:	Will Trading Center accept orders using the Trade-At ISO order modifier in securities which are not in Test Group 3 and handle it the same way as an ISO order?
A24:	Each Trading Center will determine whether it accepts orders using the Trade-At ISO order modifier in securities which are not in Test Group 3 and, if so, how it will handle such orders.

Other General Questions	
Q31:	How will the Tick Size Pilot affect the calculation of Limit Up Limit Down (LULD) price bands?
A31:	All LULD price bands for Pilot Securities will be published as multiples of $0.05 regardless of whether the reference price of the security is a multiple of $0.05. The band on the bid side will be rounded down to the nearest $0.05, while the band on the offer side will be rounded up to the nearest $0.05. For example, calculated bands of $30.23 - $30.27 will be rounded and disseminated as $30.20 - $30.30, thus avoiding the possibility of ‘locked’ bands.
Q32:	In what increments should a Pilot Security trade if its price drops below $1 per share during the trading day?
Q32:	• For Control Group securities: No change. • For all Test Groups: All Test Group securities would continue to quote and trade in the increments of their assigned Test Groups at all times even at prices below $1.00. If a Test Group security closes at a price below $1.00 on the primary listing exchange, it will be moved to the Control Group starting the next day.
Q33:	May a Trading Center ignore a quotation published by the SIP for a Tick Size Pilot Security assigned to a Test Group that is in an impermissible increment?
A33:	Yes, such a quotation would violate the Tick Pilot and could be considered erroneous.

ORDER ACCEPTANCE QUESTIONS

General	
Q41:	What difference is there between price requirements for exchange order acceptance of Pilot Securities today and requirements for exchange order acceptance of Pilot Securities during the Tick Size Pilot?
A41:	• For Control Group: No difference from today • For all Test Groups: All orders must be in increments of $0.05
Q42:	Can the limit price of Midpoint Pegged orders in a Pilot Security be accepted by Trading Centers in penny increments?
A42:	No, the limit price of a Midpoint Pegged order must be an increment of $0.05
Q43:	Can Retail Liquidity Providing Orders which provide liquidity to a Retail Investor Order in a Pilot Security be accepted in penny and sub-penny increments?
A43:	• For Control Group: Yes, no difference from today • For Test Group 1: Yes, no difference from today • For Test Groups 2, 3: Yes, however the price improvement provided must be at least $0.005 inside the PBBO. Refer to each exchange rules for the operation of their retail liquidity programs.
Q44:	Are Market Maker Pegged Orders limit prices in a Pilot Security required to be in five cent increments?
A44:	• For Control Group: No, no difference from today • For all Test Groups: Yes, the limit price of a Market Maker Pegged Order must be an increment of $0.05
Q45:	What, if any, effect does inclusion of a security in the Tick Size Pilot have on the publication of indications by a Trading Center?
A45:	• For Control Group: No difference from today. • For all Test Groups: All orders entered and eligible to participate in auctions will be accepted in increments of $0.05. All quotes will be published in increments of $0.05. Auction indications may be published in increments of $0.025 if exchange rules permit.

QUOTING QUESTIONS

General	
Q51:	In what increments should a Pilot Security quote if its price drops below $1 per share during the trading day?
A51:	• For Control Group securities: No difference from today • For all Test Groups: $0.05 – all Test Group securities quote in increments of $0.05 at all times even at prices below $1.00. If a Test Group security <u>closes</u> at a price below $1.00 on the primary market, it will be moved to the Control Group starting the next day.
Q52:	Are the requirements to quote in increments of 0.05 applicable outside of Regular Trading Hours?
A52:	Yes.

TRADING QUESTIONS

General	
Q61:	Are the requirements to trade in increments of 0.05 (and the exceptions thereto) applicable outside of Regular Trading Hours?
A61:	Yes. Note, however, that the Trade-At Prohibition of Test Group 3 apply only during Regular Trading Hours. Consult the rules of a Trading Center to determine how that Trading Center will apply the Trade-At Prohibition outside of regular trading hours.
Q62:	Can Midpoint Pegged orders in a Pilot Security be executed by Trading Centers in non-nickel increments?
A62:	• For Control Group: Yes, no difference from today • For all Test Groups: Yes, midpoint pegged orders can be executed at the PBBO midpoint which may be an multiple of $0.025

TRADE-AT QUESTIONS

General	
Q71:	What does an ISO IOC tag mean on an order in a Test Group 3 security?
A71:	An order marked ISO IOC tells the receiving Trading Center that the order sender has satisfied all Protected Quotation at a price better than the limit price of the inbound order. The recipient may rely on the order sender's representation that it satisfied all such Protected Quotation. The recipient may not rely on the order sender as having satisfied all Protected Quotation at a price equal to the inbound order's limit price and, therefore, the receiving Trading Center is responsible to satisfy all Protected Quotation at a price equal to the inbound order's limit price before matching against its own orders at that price in excess of the Trading Center's displayed protected size unless another exception the Trade-At rule applies. Please each Trading Center for a description of the IOC time-in-force instruction.
Q72:	What does an ISO DAY tag mean on an order in a Test Group 3 security?
A72:	An ISO Day order is eligible to be executed and displayed at its limit price and indicates in all Test Groups that the sender has satisfied all Protected Quotations priced better or equal to the order's price.
Q73:	What does a TAISO tag mean on an order in a Test Group 3 security?
A73:	An inbound order tagged as TAISO tells the Trading Center that receives the order that the order sender has satisfied all Protected Quotations at a price better than or equal to the limit price of the TAISO order. The recipient may rely on the order sender to have satisfied all such orders. Therefore, the receiving Trading Center may match the inbound order against undisplayed liquidity at a price equal to the inbound TAISO order's limit price.
Q74:	How should an order sender tag an order for a Test Group 3 security as TAISO?
A74:	TAISOs sent to an exchange should include the value "y" under FIX tag 18. When sending a TAISO to any Trading Center that is not an exchange, please consult with that Trading Center.

General	
Q75:	Will odd lots and the odd lot portion of mixed lot orders in a Test Group 3 security priced equal to a Trade-At Protected Quotation be eligible for execution without having to satisfy all Trade-At Protected Quotations that are displayed in round lots?
A75:	Yes, under the display exception set forth in Section VI(d)(1) of the Plan, odd lot sized orders and odd lot portions of mixed lot orders that are displayed on a SRO Quotation Feed may be executed at the price of the Trade-At Protected Quotation, but only up to the size of the displayed quotation on the SRO Quotation Feed. However, odd lot sized orders and the odd lot portions of mixed lot sized orders are not Protected Quotations. Therefore, odd lot sized orders and odd lot portions of mixed lot sized orders that are displayed on a SRO Quotation Feed are not protected by the Trade-At Prohibition.
Q76:	Can odd lot sized orders or order portions of a mixed lot order in a Test Group 3 security that are not displayed on a SRO Quotation Feed be executed by the SRO at the Trade-At Protected Price?
A76:	No, like other non-displayed orders, odd lots sized orders that are not displayed on either the SIP feed or an SRO's Quotation Feed cannot be executed without satisfying all Trade-At Protected Quotation, unless another exception applies.
Q77:	Can a Trading Center execute an order in a Test Group 3 security that is pegged to the midpoint of the NBBO at the price of a Protected Quotation during a locked market?
A77:	The Trading Center can execute an order in a Test Group 3 security that is pegged to the midpoint of the NBBO against displayed orders at the locking price, but only up to the size of its displayed order. The Trading Center cannot execute an order in a Test Group 3 security that is pegged to the midpoint of the NBBO against undisplayed orders at the locking price, including any undisplayed portions of a displayed order, fully undisplayed orders, or a contra side order that is also pegged to the midpoint of the NBBO.

General	
Q78:	Can a Trading Center execute an order in a Test Group 3 security that is pegged to the midpoint of the NBBO at the price of a Protected Quotation during a crossed market?
A78:	Executions during a crossed market are exempt from the Trade-At rule. Please consult the rules of each Trading Center on whether the execution of orders pegged to the midpoint of the NBBO are permitted during a crossed market.
Q79:	Can an order in a Test Group 3 security with a displayed quantity and a reserve quantity be fully executed without satisfying all Trade-At Protected Quotation?
A79:	No, orders with both a displayed quantity and a reserve quantity may be executed only up to the size of the displayed portion without having to route orders to execute against all other Trade-At Protected Quotation unless the order is either matched against an order marked TAISO or falls under another exception to the Trade-At prohibition.
Q80:	Can the requirements of the Trade-At Prohibition be met by sending either an ISO or TAISO to satisfy all displayed liquidity at a price?
A80:	Yes. Sending either ISO or TAISO (or a combination of them) to satisfy all Protected Quotations at a price at which it would trade through or trade at concurrently with matching against undisplayed liquidity at the Trade-At price is an exception to the Trade-At Prohibition. Please note, however, that a user sending a TAISO represents that it simultaneously routed orders to execute against all Protected Quotations priced better than or equal to the Trade-At price while a user sending an order marked as ISO only represents that it simultaneously routed orders to execute against all Protected Quotations priced better than the Trade-At price.
Q81:	How will the Trade-At Prohibition be applied when an As-Of trade is being submitted?
A81:	Like any transaction that is reported late, trades submitted on an “as-of” basis must be compliant with the Trade-At prohibition at the time of order execution.

<table>
<tr><th colspan="2">Trade-At Examples (Test Group 3 Securities)</th></tr>
<tr><td>Q91:</td><td>
<p>NBBO: 20.00 – 20.10 2 x 1</p>
<p>PROTECTED QUOTATIONS:</p>
<table>
<tr><th>SOURCE</th><th>PROTECTED QUOTATION</th></tr>
<tr><td>NYSE</td><td>20.00 – 20.10 2 x 1</td></tr>
</table>
<p>Trading Center receives a new order:</p>
<p>Order #1: Sell 500 @ 20.00</p>
<p>Trading Center routes:</p>
<p>Sell 200 @ 20.00 ISO IOC ➔ NYSE</p>
<p>NYSE executes the routed order as follows:</p>

50 @ 20.05   (matched against undisplayed liquidity)
150 @ 20.00

<p>May the Trading Center execute the balance of Order #1 at 20.00?</p>
</td></tr>
<tr><td>A91:</td><td>Yes. By routing to satisfy all displayed size at 20.00, the Trading Center has meet the requirements to match against undisplayed size at 20.00. As is the case with sending ISO orders under Reg NMS today, the Trading Center does not have to wait to see what, if any, executions are returned on the routed order.</td></tr>
</table>

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1

The following common elements apply to questions about the use of ISO and Trade-At ISO tags in Example Group #1:

NBBO: 20.00 – 20.05 5 x 5

PROTECTED QUOTATIONS:

SOURCE	PROTECTED QUOTATION
A	20.00 – 20.05 5 x 5
B	20.00 – 20.10 2 x 2
C	20.00 – 20.05 3 x 3
D	20.00 – 20.10 4 x 4
E	20.00 – 20.15 1 x 1

Order Recipient is D

D holds the following buy Orders:

ORDER #	ORDER
11	Buy 400 @ 20.00
12	Buy 600 @ 20.00 – Do Not Display

.

D holds the following sell Orders:

ORDER #	ORDER
1	Sell 500 – Midpoint Pegged
2	Sell 400 @ 20.05 – Do Not Display
3	Sell 200 @ 20.10 Displayed
4	Sell 1000 @ 20.10 – Display 200 Reserve 800
5	Sell 1000 @ 20.15 – Display 300 Reserve 700

Q101:	Trading Center D receives the following order for a security which is <u>not</u> in Test Group 3: Buy 4000 @ 20.10 ISO IOC How could this order be handled by Trading Center D?

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
A101:	There is no change from today. ISO Order sender has assured D that all Protected Offers below 20.10 have been satisfied. The Trade-At prohibition <u>does not apply</u> for this security. D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 Trade-At is not in effect for this security, so D can match displayed or undisplayed size up to 20.10.
Q102:	Trading Center D receives the following order for a Test Group 3 security: Buy 4000 @ 20.10 ISO IOC How should this order be handled by Trading Center D?
A102:	ISO Order sender has assured D that all Protected Offers below 20.10 have been satisfied. . The Trade-At prohibition <u>does apply</u> for this security. D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 Further matching is not permitted without satisfying B’s Protected Offer price because D is only displaying 400 shares and matching more shares at 20.10 would not be permitted under Trade-At.

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
Q103:	Trading Center D receives the following order for a security which is not in Test Group 3: Buy 4000 @ 20.10 TAISO IOC Assuming that Trading Center D accepts TAISO for a security which is not in Test Group 3, how could this order be handled by Trading Center D?
A103:	TAISO Order sender has assured Trading Center D that all Protected Offers at or below 20.10 have been satisfied. The Trade-At prohibition does not apply for this security. D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 Trade-At is not in effect for this security, so Trading Center D can match displayed or undisplayed size at 20.10. This is the same handling as A101.
Q104:	Trading Center D receives the following order for a Test Group 3 security: Buy 4000 @ 20.10 TAISO IOC How could this order be handled by Trading Center D?

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
A104:	TAISO Order sender has assured D that all Protected Offers at or below 20.10 have been satisfied. The Trade-At prohibition does apply for this security. Trading Center D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 Trading Center D can match the undisplayed size of Order #4 because the inbound order is marked TAISO which indicates that the order sender has satisfied all displayed size less than or equal to 20.10 which permits Trading Center D to match undisplayed size up to and including that price.
Q105:	There is no change from today. Trading Center D receives the following order for a security which is not in Test Group 3: Buy 4000 @ 20.15 ISO IOC How could this order be handled by Trading Center D?
A105:	ISO Order sender has assured D that all protected offers below 20.15 have been satisfied. The Trade-At prohibition does not apply for this security. Market Center D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 • Order #5: Match 300 @ 20.15 • Order #5: Match 700 @ 20.15 Trade At is not in effect for this security, so Market Center D can match displayed or undisplayed size at 20.15.

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
Q106:	Trading Center D receives the following order for a Test Group 3 security: Buy 4000 @ 20.15 ISO IOC How could this order be handled by Trading Center D?
A106:	ISO Order sender has assured D that all Protected Offers below 20.15 have been satisfied. The Trade-At prohibition does apply for this security. D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 • Order #5: Match 300 @ 20.15 Trading Center D is permitted to match 300 shares of Order #5 because 300 shares is displayed on Trading Center D’s SRO Quotation Feed at 20.15.
Q107:	Trading Center D receives the following order for a security which is not in Test Group 3: Buy 4000 @ 20.15 TAISO IOC How could this order be handled by Trading Center D?

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
A107:	TAISO Order sender has assured Trading Center D that all Protected Offers at or below 20.15 have been satisfied. The Trade-At prohibition does not apply for this security. Trading Center D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 • Order #5: Match 300 @ 20.15 • Order #5: Match 700 @ 20.15 Trade-At is not in effect for this security, so Trading Center D can match displayed or undisplayed size at 20.15.
Q108:	Trading Center D receives the following order for a Test Group 3 security: Buy 4000 @ 20.15 TAISO IOC How could this order be handled by Trading Center D?
A108:	TAISO Order sender has assured Trading Center D that all Protected Offers at or below 20.15 have been satisfied. The Trade-At prohibition does apply for this security. Trading Center D may now match as follows: • Order #1: Match 500 @ 20.025 • Order #2: Match 400 @ 20.05 • Order #3: Match 200 @ 20.10 • Order #4: Match 200 @ 20.10 • Order #4: Match 800 @ 20.10 • Order #5: Match 300 @ 20.15 • Order #5: Match 700 @ 20.15 Trading Center D can match all of Order #5 because the inbound order is marked TAISO which indicates that the order sender has satisfied all displayed size less than or equal to 20.15 which permits D to match undisplayed size up to and including that price.

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
Q109:	Trading Center D receives the following order for a Test Group 3 security: Sell 800 @ 20.00 This order is neither an ISO nor TAISO order. It is a routable order. How could this order be handled by Trading Center D?
A109:	The Trade-At prohibition does apply for this security. Trading Center D proceeds as follows: • Order #11: Match 400 @ 20.00 • Route to C: Sell 300 @ 20.00 ISO IOC • Route to E: Sell 100 @ 20.00 ISO IOC Trading Center D cannot match against Order #12, because Trading Center D is displaying only 400 shares.
Q110:	The Trade-At prohibition does apply for this security. Trading Center D receives the following order for a Test Group 3 security: Sell 1800 @ 20.00 This order is neither an ISO nor TAISO order. It is a routable order. How could this order be handled by Trading Center D?
A110:	Trading Center D proceeds as follows: • Order #11: Match 400 @ 20.00 • Order #12: Match 300 @ 20.00 • Route to A: Sell 500 @ 20.00 TAISO IOC • Route to B: Sell 200 @ 20.00 TAISO IOC • Route to C: Sell 300 @ 20.00 TAISO IOC • Route to E: Sell 100 @ 20.00 TAISO IOC Trading Center D routes to A, B, C, and E to fully satisfy its obligations under the Plan. Trading Center D could have routed any or all of the orders marked as either TAISO or ISO.

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #1	
Q111:	Trading Center D receives the following order for a Test Group 3 security3: Sell 1000 @ 20.00 TAISO How could this order be handled by Trading Center D?
A111:	This order assures Trading Center D that any Protected Bid greater than or equal to 20.00 has been satisfied by the order sender. This includes bids at Trading Centers A, B, C, and E. The Trade-At prohibition does apply for this security. Trading Center D can match displayed and undisplayed orders at 20.00: • Order #11: Match 400 @ 20.00 • Order #12: Match 600 @ 20.00

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #2

In a Test Group 3 security:

NBBO: 10.05 – 10.25 2 x 6

PROTECTED QUOTATIONS:

SOURCE	PROTECTED QUOTATION	OTHER SELL ORDERS
NYSE	9.90 – 10.25 5 x 4	200 @ 10.25 undisplayed 200 @ 10.30 displayed*
NASDAQ	9.95 – 11.00 1 x 1	500 @ 10.25 undisplayed
EDGA	10.05 – 10.25 2 x 2	
CHX	10.00 – 11.00 1 x 1	

*Displayed on NYSE's SRO Quotation Feed

Q121:	A broker-dealer receives an order to Buy 1600 shares at the market. The firm decides to execute the order by routing orders marked IOC. What happens assuming that NYSE, NASDAQ, and EDGA see the same quotes when they receive the firm's routed orders?
A121:	The firm can route the following orders: Buy 800 @ 10.25 IOC ➔ NYSE Buy 400 @ 10.25 IOC ➔ NASDAQ Buy 400 @ 10.25 IOC ➔ EDGA Each Trading Center can execute its own size offered below 10.25 (including undisplayed shares) and its own displayed size at 10.25. Undisplayed liquidity at 10.25 may not be executed in this example. The following executions are received with the balance of each order cancelled: NYSE: Bot 400 @ 10.25 NASDAQ: Nothing done EDGA: Bot 200 @ 10.25
Q122:	A broker-dealer receives an order to Buy 1600 shares at the market. The firm decides to execute the order by routing orders marked ISO IOC. What happens assuming that NYSE, NASDAQ, and EDGA see the same quotes when they receive the firm's routed orders?

Trade-At, ISO, and Trade-At ISO (TAISO) – Example Group #2	
A122:	The firm can route the following orders: Buy 800 @ 10.25 ISO IOC ➔ NYSE Buy 400 @ 10.25 ISO IOC ➔ NASDAQ Buy 400 @ 10.25 ISO IOC ➔ EDGA Each Trading Center can only execute its own size offered below 10.25 (including undisplayed shares) and its own displayed size at 10.25. Undisplayed liquidity at 10.25 may not be executed in this example. The following executions are received with the balance of each order cancelled: NYSE: Bot 400 @ 10.25 NASDAQ: Nothing done EDGA: Bot 200 @ 10.25
Q123:	A broker-dealer receives an order to Buy 1600 shares at the market. The firm decides to execute the order by routing orders marked TAISO IOC. What happens assuming that NYSE, NASDAQ, and EDGA see the same quotes when they receive the firm's routed orders?
A123:	The firm can route the following orders: Buy 800 @ 10.25 TAISO IOC ➔ NYSE Buy 400 @ 10.25 TAISO IOC ➔ NASDAQ Buy 400 @ 10.25 TAISO IOC ➔ EDGA Each Trading Center can execute its own size offered at or below 10.25 (including undisplayed shares) without accessing another Trading Center's displayed liquidity. The following executions are received with the balance of each order cancelled: NYSE: Bot 600 @ 10.25 NASDAQ: Bot 400 @ 10.25 EDGA: Bot 200 @ 10.25

<table>
<tr><th colspan="2">Trade-At Locked Market Examples (Test Group 3 security)</th></tr>
<tr><td>Q131:</td><td>
NBBO: 9.05 – 9.05 1 x 1   (Locked Market)

PROTECTED QUOTATIONS:
<table>
<tr><th>SOURCE</th><th>PROTECTED QUOTATION</th><th>OTHER ORDERS</th></tr>
<tr><td>NYSE</td><td>9.00 – 9.10 1 x 1</td><td>Buy 100 @ 9.05 undisplayed</td></tr>
<tr><td>NASDAQ</td><td>9.05 – 9.10 1 x 1</td><td></td></tr>
<tr><td>ARCA</td><td>9.00 – 9.05 1 x 1</td><td></td></tr>
</table>
NYSE receives an order:

Order #1: Sell 200 @ 9.05

NYSE routes

Sell 100 @ 9.05 ➔ NASDAQ

Can NYSE immediately match Order #1 against its resting undisplayed order to Buy 100 @ 9.05?
</td></tr>
<tr><td>A131:</td><td>No. Because the remaining 100 @ 9.05 was not displayed, trading at the Protected Offer price without satisfying the offer at ARCA would violate the Trade-At Prohibition.</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Q132:</td><td>
NBBO: 9.05 – 9.05 1 x 1   (Locked Market)

PROTECTED QUOTATIONS:
<table>
<tr><th>SOURCE</th><th>PROTECTED QUOTATION</th><th>OTHER ORDERS</th></tr>
<tr><td>NYSE</td><td>9.00 – 9.10 1 x 1</td><td></td></tr>
<tr><td>NASDAQ</td><td>9.05 – 9.10 1 x 1</td><td>Buy 100 @ 9.05 undisplayed</td></tr>
<tr><td>ARCA</td><td>9.00 – 9.05 1 x 1</td><td></td></tr>
</table>
NASDAQ receives an order:

Order #1: Sell 200 @ 9.05 TAISO

Can NASDAQ immediately execute Order #1 against its resting displayed size of 100 @ 9.05 and its resting undisplayed size of 100 @ 9.05 because Order #1 is marked TAISO?
</td></tr>
</table>

Trade-At Locked Market Examples (Test Group 3 security)

A132:

No. NASDAQ is permitted to execute Order #1 against its resting displayed size of 100 @ 9.05. Although Order #1 assures that all displayed liquidity bidding at 9.05 was satisfied by the order sender, executing Order #1 against undisplayed liquidity of 100 @ 9.05 would result in Order #1 trading at the price of ARCA’s Protected Offer which is not permitted without satisfying ARCA’s Protected Quotation.

Q133:

NBBO: 9.05 – 9.05 1 x 1

PROTECTED QUOTATIONS:

SOURCE	PROTECTED QUOTATION	OTHER ORDERS
NYSE	9.00 – 9.10 1 x 1	Buy 100 @ 9.05 undisplayed
NASDAQ	9.05 – 9.10 1 x 1	
ARCA	9.00 – 9.05 1 x 1	

NYSE receives an order:

Order #1: Sell 200 @ 9.05

NYSE routes

Sell 100 @ 9.05 ➔ NASDAQ

Can NYSE display the remaining 100 @ 9.05 on Order #1 and immediately match 100 shares of Order #1 against its resting undisplayed order to Buy 100 @ 9.05?

A133:

No. In order to execute against dark interest, the remaining sell interest must have been displayed prior to receipt of the incoming order.

<table>
<tr><th colspan="2">Trade-At Locked Market Examples (Test Group 3 security)</th></tr>
<tr><td>Q134:</td><td>
NBBO: 9.00 – 9.00 10 x 2

PROTECTED QUOTATIONS:
<table>
<tr><th>SOURCE</th><th>PROTECTED QUOTATION</th></tr>
<tr><td>NYSE</td><td>9.00 – 9.05 10 x 5</td></tr>
<tr><td>BATS</td><td>8.95 – 9.00 2 x 2</td></tr>
</table>

NYSE HOLDS THE FOLLOWING BUY ORDERS:
<table>
<tr><th>ORDER #</th><th>ORDER</th></tr>
<tr><td>11</td><td>Buy 1000 @ 9.00</td></tr>
<tr><td>12</td><td>Buy 4000 @ 9.00 undisplayed</td></tr>
</table>

NYSE receives the following order:

Order #13: Sell 5000 @ 9.00

Is NYSE permitted to use the Block Size exception to the Trade-At prohibition to execute Order #13 against Order #11 and Order #12?
</td></tr>
<tr><td>A134:</td><td>Yes. The Block Size exception to the Trade-At Prohibition can be claimed, and both the Protected Bid and Offer can be ignored in this example.</td></tr>
</table>

Trade-At Block Size Exception Examples (Test Group 3 security)

The Block Size exception to the Trade-At prohibition permits a Trading Center to immediately execute a Block size order against displayed and undisplayed liquidity at a price equal to the NBB (NBO) without satisfying all Protected Quotations at the NBB (NBO). The exception applies to a Block Size order where the receiving market has sufficient liquidity to execute Block Size on its market, irrespective of whether that market is required to route a portion of the order to another Trading Center in compliance with Reg. NMS Rule 611. Any routed interest that returns unexecuted may be immediately executed under the same Block Size exception. Returned interest that is no longer marketable may not be executed under the Block Size exception.

The trading examples below apply equally to minimum size or dollar value.

Q141:

NBBO: 20.00 – 20.05 5 x 5

PROTECTED QUOTATIONS:

A	20.00 – 20.05 5 x 5
B	20.00 – 20.10 2 x 2
C	19.95 – 20.05 1 x 1
D	19.95 – 20.10 4 x 4
X	20.00 – 20.10 1 x 4

Trading Center X holds the following orders:

- Order #1: Buy 100 @ 20.00 displayed
- Order #2: Buy 4900 @ 20.00 undisplayed

Trading Center X now receives a new order:

- Order A: Sell 5000 @ 20.00

May Trading Center X claim the Block Size exception to the Trade-At prohibition and execute Order A against Order #1 and Order #2 at 20.00 without satisfying the displayed size at Trading Centers A and B?

A141:

Yes. Because Trading Center X can immediately execute a block size quantity (5000 shares) at 20.00 by executing Order A against Order #1 and Order #2, Trading Center X may rely on the Block Size Exception.

<table>
<tr><th colspan="2">Trade-At Block Size Exception Examples (Test Group 3 security)</th></tr>
<tr><td>Q142:</td><td>NBBO: 20.00 – 20.05 5 x 5

PROTECTED QUOTATIONS:<table>
<tr><td>A</td><td>20.00 – 20.05 5 x 5</td></tr>
<tr><td>B</td><td>20.00 – 20.10 2 x 2</td></tr>
<tr><td>C</td><td>19.95 – 20.05 1 x 1</td></tr>
<tr><td>D</td><td>19.95 – 20.10 4 x 4</td></tr>
<tr><td>X</td><td>20.00 – 20.10 1 x 4</td></tr>
</table>
Trading Center X holds the following orders:
Order #1: Buy 100 @ 20.00
Order #2: Buy 4900 @ 19.95 undisplayed
Trading Center X now receives a new order:
Order A: Sell 5,000 @ 19.95
May Trading Center X claim the Block Size exception to the Trade-At prohibition and execute Order A against Order #1 and Order #2 without having to route to Trading Centers C and D?</td></tr>
<tr><td>A142:</td><td>Yes. Because Trading Center X can immediately execute a block size quantity (5000 shares) at 20.00 and 19.95, irrespective of the required Rule 611 routing of 700 shares to Trading Centers A and B, Trading Center X may rely on the Block Size exception. Trading Center X executes its displayed 100 shares, routes 700 shares to Trading Centers A and B, and executes 4,200 shares against the undisplayed buy order of 4,900 shares at 19.95, without routing to Trading Centers C and D.</td></tr>
<tr><td></td><td></td></tr>
</table>

Trade-At Block Size Exception Examples (Test Group 3 security)

Q143: NBBO: 20.00 – 20.05 5 x 5

PROTECTED QUOTATIONS:

A	20.00 – 20.05 5 x 5
B	20.00 – 20.10 2 x 2
C	19.95 – 20.05 1 x 1
D	19.95 – 20.10 4 x 4
X	20.00 – 20.10 1 x 4

Trading Center X holds the following orders:

- Order #1: Buy 500 @ 20.00 undisplayed
- Order #2: Buy 4400 @ 19.95 undisplayed

Trading Center X now receives a new order:

- Order A: Sell 5000 @ 19.95

May the Trading Center claim the Block Size exception to the Trade-At prohibition and execute Order A against Order #1 and Order #2 at 20.00 without satisfying the displayed size at Trading Centers C and D?

A143: No. While Order A is a Block Size order, Trading Center X cannot execute a sufficient number of shares or dollar value of Order A at Trading Center X to meet the requirements of the Block Size exception. Trading Center X must route to the displayed bids at Trading Centers A and B at 20.00 under Rule 611 and Trading Centers C and D at 19.95 before trading with undisplayed interest on its own market at that price.

SECTION II: Quoting and Trading FAQs Specific to OTC Trading Centers

On May 6, 2015, the Securities & Exchange Commission (SEC) issued an Order approving the National Market System Plan to implement a Tick Size Pilot Program ("Plan" or "Pilot"). The Pilot is a data-driven test to evaluate whether or not widening the tick size for securities of smaller capitalization companies would impact trading, liquidity and market quality of those securities. The SEC approved the Plan for a two-year period – the quoting and trading provisions of which will commence on October 3, 2016.

Below are FAQs relating to compliance by over-the-counter (OTC) Trading Centers with the Plan, and with FINRA Rule 6191(a) approved by the SEC on February 23, 2016 to implement the quoting and trading requirements of the Plan. These FAQs are not intended as an exhaustive resource. Members are responsible for carefully consulting all other relevant materials, including the Plan and related SEC releases, FINRA Rule 6191, SR-FINRA-2015-047 (the filing proposing FINRA Rule 6191(a)), FINRA's Response to Comments relating to SR-FINRA-2015-047, and the rules of any exchange of which the OTC Trading Center is a member. In addition to the Plan and FINRA Rule 6191(a), other FINRA rules, the rules of other self-regulatory organizations and the federal securities laws may govern the activities presented in the scenarios in the FAQs.

Additional materials relating to the Plan also are available on FINRA's Tick Size Pilot Program page on the FINRA website.

Unless otherwise specified, capitalized terms used in these FAQs are defined as set forth in the Plan.

Nickel Increment Requirement – Order Acceptance	
Q151:	May a broker-dealer receive an order in a Tick Size Pilot Security that is explicitly priced in an increment not allowed by the Plan and then round the price to a permissible price before “accepting” it?
A151:	No. Consistent with the guidance provided by the SEC in FAQ #1 of its Responses to Frequently Asked Questions Concerning Rule 612 (Minimum Pricing Increment) of Regulation NMS, the Plan prohibits a broker-dealer from accepting such an order. In this case, the order is explicitly priced in an impermissible increment, meaning it is provided with a U.S. dollar price per share for representation or display purposes that does not conform to the requirements of the Plan. The broker-dealer must reject the order.
Q152:	If a customer gives an order in a Tick Size Pilot Security to a broker-dealer that is not explicitly priced in an impermissible non-nickel increment, but involves instructions or information intended to permit the broker-dealer to determine an explicit price, may the broker-dealer accept the order and determine the appropriate explicit price, rounding if necessary to a permissible nickel increment?
A152:	Yes. Consistent with the guidance provided by the SEC in FAQ #2 of its Responses to Frequently Asked Questions Concerning Rule 612 (Minimum Pricing Increment) of Regulation NMS, the Plan does not prohibit a broker-dealer from performing calculations to obtain the price of a customer order that is not explicitly priced in an impermissible non-nickel increment when received. For example, if an order is originally priced in a foreign currency, a broker-dealer may convert the price to U.S. dollars, rounding appropriately (down in the case of an order to buy, and up in the case of an order to sell) to an allowable nickel increment. Other examples would include an order with a price dependent on the price of another security, an order priced at the previous day’s closing price, or an order with a specified percentage variation from the current price of the security (*e.g.*, a “stop price” set at 10% above or below the current price). In each case a broker-dealer would be permitted to determine the actual explicit price for the order, rounding appropriately.
Q153:	May a broker-dealer accept a stop or stop limit order in a Tick Size Pilot Test Group security with a stop trigger price that is in a non-nickel increment?

Nickel Increment Requirement – Order Acceptance	
A153:	No. Stop trigger and limit prices in Tick Size Pilot Test Group securities must be in nickel increments.

Trade-At – Display Exception	
Q154:	The National Best Bid and National Best Offer (together, the "NBBO") is $9.95 - $10.00 in a Test Group Three Pilot Security. An OTC Trading Center is not displaying any Protected Quotations and receives a customer buy order for 3,000 at $9.95. May the OTC Trading Center execute the buy order as principal at $9.95, which is the price of the Protected Bid?
A154:	No. Absent an exception, the Plan generally (1) prohibits a Trading Center that is not quoting a Test Group Three Pilot Security from price-matching Protected Quotations, and (2) permits a Trading Center that is quoting a Test Group Three Pilot Security at a Protected Quotation to execute orders at that level, but only up to the amount of its displayed size (*i.e.*, the "Trade-at Prohibition"). This includes when an OTC Trading Center is selling stock at the price of a Protected Bid to satisfy a customer buy order and when an OTC Trading Center is buying stock at the price of a Protected Offer to satisfy a customer sell order. *See* Section VI(D) of the Plan; *see also* FINRA Rule 6191(a)(6)(D).
Q155:	The Plan allows trades in Test Group Three Pilot Securities in certain cases where the OTC Trading Center is displaying a quotation at the price of a Protected Quotation (*See* the Display Exception of Section VI(D)(1) of the Plan and paragraph (a)(6)(D)(ii)a of FINRA Rule 6191). May an OTC Trading Center displaying an odd-lot order on a data feed that is not an SRO Quotation Feed trade over-the-counter at the price of a Protected Quotation in reliance on its displayed odd-lot order pursuant to the Display Exception?
A155:	No. The Plan's Trade-at Prohibition generally prohibits a broker-dealer that is an OTC Trading Center from executing an order in a Test Group Three Pilot Security (including an odd-lot order) at the price of a Protected Quotation, unless an exception applies. The Display Exception is available only where, among other things, the OTC Trading Center displays a quotation at the price of a Protected Quotation via either a Processor or an SRO Quotation Feed. *See* Section VI(D)(1) of the Plan; *see also* FINRA Rule 6191(a)(6)(D)(ii)a.

Trade-At – Display Exception	
Q156:	An OTC Trading Center is displaying a principal Protected Quotation through an exchange or the FINRA ADF and seeks to fill a client buy order at the price and size of its Protected Quotation. Is the OTC Trading Center required to access its own Protected Quotation to comply with the Trade-at Prohibition?
A156:	No. Subject to the conditions set forth in the Display Exception, an OTC Trading Center may rely on its displayed principal Protected Quotation to fill the customer order internally at the price and up to the size of its displayed Protected Quotation without sending an order to access its displayed quotation. *See* FINRA Rule 6191(a)(6)(D)(ii)a.
Q157:	An OTC Trading Center is displaying a Protected Bid (Offer) on an agency basis in a Test Group Three Pilot Security. Subsequently, the OTC Trading Center receives a customer order to sell (buy) at the price and size of its Protected Quotation. May the OTC Trading Center principally execute the customer order it received pursuant to the Display Exception?
A157:	No. The OTC Trading Center may only execute an order on an agency or riskless principal basis in reliance on a Protected Quotation displayed on an agency basis. However, if the OTC Trading Center's Protected Quotation was displayed on a principal basis, an order may be executed over-the-counter in any capacity (*i.e.*, on a principal, agency or riskless principal basis). *See* FINRA Rule 6191 (a)(6)(D)(ii)a.
Q158:	An OTC Trading Center is displaying a buy order through a Protected Bid as agent in a Test Group Three Pilot Security. Subsequently, the OTC Trading Center receives an order to sell at the same price and size as its Protected Bid. May the OTC Trading Center internally cross the displayed buy order with the sell order on an agency basis in reliance on the Display Exception?
A158:	Yes. An OTC Trading Center may cross the two orders up to the size of its Protected Bid. *See* FINRA Rule 6191(a)(6)(D)(ii)a. *See also* SR-FINRA-2015-047.

Trade-At – Display Exception	
Q159:	An OTC Trading Center is displaying a Protected Quotation on a principal basis through an exchange or the FINRA ADF. The SIP feed shows no other Protected Quotations. May the OTC Trading Center execute trades greater than its displayed size at its displayed price?
A159:	Yes. An OTC Trading Center may execute trades beyond its displayed size at its displayed price where there are no other Protected Quotations.
Q160:	An OTC Trading Center is displaying a 2,000 share Protected Offer on a principal basis through Exchange 1 and another 2,000 share Protected Offer on a principal basis through Exchange 2. How many shares may the OTC Trading Center execute over-the-counter in reliance on the Display Exception?
A160:	The OTC Trading Center may execute up to 4,000 shares internally because the size of its Protected Quotations are 4,000 shares in aggregate.
Q161:	The NBBO is \$9.95 - \$10.00 (2 x 1). The Protected Quotations are as follows: Exchange A: \$9.95 – \$10.00 2 x 1 Exchange B: \$9.90 – \$10.05 1 x 2 Exchange C: \$9.90 – \$10.10 1 x 3 An OTC Trading Center is not displaying a Protected Quotation and receives a customer buy order for 900 shares at \$10.10. If the OTC Trading Center routes ISOs/TAISOs to: Buy 100 at \$10.00 on Exchange A; Buy 200 at \$10.05 at Exchange B; and Buy 300 at \$10.10 at Exchange C, may the OTC Trading Center then execute the balance of the customer buy order at \$10.10?
A161:	Yes, this is permissible.
Q162:	Must an OTC Trading Center be a registered market maker to execute orders at the price and size of its Protected Quotation over-the-counter in reliance on the Display Exception?

Trade-At – Display Exception	
A162:	No. The Display Exception does not include a requirement that an OTC Trading Center be a registered market maker to execute orders at the price and up to the size of the OTC Trading Center's Protected Quotation. *See* FINRA Rule 6191(a)(6)(D)(ii)a.
Q163:	A broker-dealer is not displaying any Protected Quotations. The broker-dealer receives an order to buy. May the broker-dealer display a Protected Offer after receipt of the customer order and then rely on that Protected Offer to execute the buy order as principal?
A163:	No. *See* FINRA Rule 6191(a)(6)(D)(ii)a.
Q164:	The Display Exception permits an OTC Trading Center to rely on the display of a Protected Quotation for the over-the-counter execution of an order where such Protected Quotation preceded the receipt of the order sought to be executed. May the OTC Trading Center rely on a Protected Quotation that had been updated numerous times throughout the day with regard to the execution of part of a not-held order that was received prior to the most recent quotation update?
A164:	As long as the OTC Trading Center does not intentionally update its quotation for the sole purpose of executing a customer order it is holding, quotation updates during the life of a not-held order would be permissible and the OTC Trading Center would be permitted to execute part of the order at its current displayed price and size, even if such price and size were the result of a quote update that occurred after receipt of the customer order. FINRA would expect, however, that OTC Trading Centers have policies and procedures in place to prohibit quotation updates after the receipt of an order specifically for the purpose of allowing the OTC Trading Center to execute the order at the price of a Protected Quotation. *See* page 13 of FINRA's Response to Comments.
Q165:	An OTC Trading Center is displaying a Protected Quotation at a size of 200 shares on a principal basis. Subsequently, the OTC Trading Center receives multiple customer orders, each for 200 shares or less. May the OTC Trading Center fill multiple orders for up to 200 shares each in reliance on its previously displayed quotation?

Trade-At – Display Exception	
A165:	Yes. The OTC Trading Center may rely on its principal Protected Quotation for the execution of multiple orders if such orders were received subsequent to the display of the Protected Quotation and no single execution exceeds the size of the Protected Principal Quotation, subject to the conditions set forth in Supplementary Material .02 to FINRA Rule 6191(a).
Q166:	A broker-dealer is displaying a Protected Quotation on an exchange with a size of 200 shares on a principal basis. Subsequently, the broker-dealer receives an order at the price of its Protected Quotation for 400 shares. May the broker-dealer execute the 400 share order over-the-counter as principal in two 200-share executions so that no execution exceeds the size of its Protected Quotation?
A166:	No. A broker-dealer may not rely on the Display Exception if it splits up an order to avoid exceeding the size of its displayed Protected Quotation in a single execution. *See* FINRA Rule 6191(a), Supplementary Material .02, which provides that **n**o member may break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of FINRA Rule 6191 or any other provisions of the Plan.
Q167:	The NBBO is $9.95 – $10.15 (2 x 2). An OTC Trading Center is displaying a Protected Offer of 200 shares at $10.15 on a principal basis. The OTC Trading Center then receives a customer buy order at $10.00 and subsequently changes its displayed offer from $10.15 to $10.10. The customer then amends the price of its buy order from $10.00 to $10.10. May the OTC Trading Center fill the customer buy order for 200 shares at $10.10 in reliance on the Display Exception?
A167:	Yes. The amended customer order should be treated as a new order. Since the OTC Trading Center had already displayed 200 shares at $10.10 when the amended customer order was received, the OTC Trading Center may rely on its displayed quotation under the Display Exception.

Trade-At – Display Exception	
Q168:	The NBBO is locked at $10.05 - $10.05 (1 x 1). The Protected Quotations are as follows: Exchange A: $10.00 – $10.10 1 x 1 Exchange B: $10.05 – $10.10 1 x 1 Exchange C: $10.00 – $10.05 1 x 1 An OTC Trading Center is not displaying a Protected Quotation and holds a customer buy order – Order #1 – for 100 shares at $10.05. The OTC Trading Center then receives Order #2 to sell 200 shares at $10.05. The OTC Trading Center (1) routes Order #1 to Exchange C to buy 100 shares at $10.05 as a TAISO, and (2) routes 100 shares of Order #2 to Exchange B to sell 100 shares at $10.05 as a TAISO. Assuming the NBBO is now $10.00 - $10.10 (1 x 1), may the OTC Trading Center internalize the remaining portion of Order #2?
A168:	Yes. The OTC Trading Center may execute the remaining 100 shares from Order #2 at $10.05.

Trade-At – Block Size Exception	
Q169:	Following receipt of a "Block Size" order as defined in Section I.(F) of the Plan, may an OTC Trading Center solicit contra-side interest and then fill the Block Size order through multiple non-Block Size trades in reliance on the Block Size Exception of FINRA Rule 6191 (a)(6)(D)(ii)b. and Section VI(D)(2) of the Plan?
A169:	Yes. So long as the OTC Trading Center is able to execute at least 5,000 shares or a quantity of stock having a market value of at least $100,000, then the OTC Trading Center may execute the Block Size order in multiple contemporaneous executions, subject to the conditions set forth in FINRA Rule 6191(a)(6)(D)(ii)b. For example, the below is permissible under the Block Size Exception: NBBO: $20.00 – $20.05 (5 x 5) OTC Trading Center receives : • Order A: Sell 6,000 at $20.00 OTC Trading Center then solicits/receives the following orders: • Order #1: Buy 500 at $20.00 undisplayed • Order #2: Buy 500 at $20.00 undisplayed • Order #3: Buy 4,000 at $20.00 undisplayed Because the OTC Trading Center has collected contra-side interest sufficient to execute against Order A for 5,000 shares (500+500+4,000), the OTC Trading Center may rely on the Block Size Exception without routing to satisfy a Protected Quotation. The OTC Trading Center also may elect to internalize contemporaneously the remaining 1,000 for a total execution of 6,000 shares in reliance on the Block Size Exception.
Q170:	An OTC Trading Center commits to execute a Block Size order pursuant to the Block Size Exception of FINRA Rule 6191 (a)(6)(D)(ii)b. and Section VI(D)(2) of the Plan. The OTC Trading Center sends ISOs to Protected Quotations, as required to comply with Regulation NMS Rule 611. May the OTC Trading Center execute the portion of the Block Size order that was not routed to comply with Regulation NMS in reliance on the Block Size Exception?

Trade-At – Block Size Exception	
A170:	Yes. The OTC Trading Center may rely on the Block Size exception irrespective of whether it routes an ISO, as required by Regulation NMS Rule 611, to execute against the full displayed size of any Protected Quotation with a price superior to the price at which the Block Size order was executed. In all cases, an OTC Trading Center may avail itself of the Block Size exception only where it has committed to execute the order in Block Size, irrespective of whether or not the outbound ISOs required pursuant to Regulation NMS Rule 611 were fully executed. It should be noted that the ultimate handling and execution of the customer's Block Size order may depend on the customer's preferences. For example, if a customer represents that it does not want to receive the benefit of any better prices obtained by the ISO, since all material terms would then be known to the OTC Trading Center, the OTC Trading Center may promptly execute the full size of the Block Size order, and report such execution to FINRA. If, however, the OTC Trading Center's customer is silent or affirmatively chooses to receive the benefit of better prices obtained from a routed ISO, any fills received from the execution of a routed ISO will reduce the size of the Block Size trade reportable to FINRA. Accordingly, in this instance, the OTC Trading Center would only report to FINRA the amount of the Block Size order that it executed over-the-counter (*i.e.*, having subtracted the number of shares executed by another Trading Center from the ISO routes against Protected Quotations).

Customer Order Handling	
Q171:	A broker-dealer fills a customer order to buy 200 shares of a Test Group Two Pilot Security at $9.954 pursuant to the Negotiated Trade exception while holding a customer order to sell 200 shares of the security at $9.95. May the broker-dealer principally fill the customer sell order at a price of $9.954, as required by FINRA Rule 5320?
A171:	Yes. Paragraph (a)(5)(C)(iv) of FINRA Rule 6191 provides exceptions for trades in increments of less than a nickel for Test Group Two Pilot Securities under certain instances, including 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 a nickel where such proprietary trade was permissible pursuant to an exception under the Plan. *See also* pages 10-12 of FINRA's Response to Comments.
Q172:	An OTC Trading Center is not displaying a Protected Quotation and executes a customer buy order for 200 shares of a Test Group Three Pilot Security at $9.949 pursuant to the Negotiated Trade exception, while holding a customer sell order with a limit price of $9.95. May the OTC Trading Center fill the customer sell order as principal over-the-counter at $9.95, as required by FINRA Rule 5320, without sending a Trade-at ISO to execute against Protected Quotations priced at $9.95?
A172:	No. Because the broker-dealer is not displaying a Protected Quotation, the broker-dealer is not permitted to fill the customer sell order over-the-counter, unless another exception applies. *See* page 12 of FINRA's Response to Comments.
Q173:	Assume that the NBBO is $10.00 – $10.15. An OTC Trading Center receives a customer order to buy 100 shares. The OTC Trading Center routes a principal order to an alternative trading system and receives a midpoint fill at $10.075. Then the OTC Trading Center, trading net with the customer, provides the customer a fill at a price of $10.10. Is the trade with the customer at a net price of $10.10 permissible under the Plan?

Customer Order Handling	
A173:	Yes. Because the price to the customer is in a nickel increment and was not executed at the price of Protected Quotation, such execution would comply with the requirements of the Plan with respect to all Test Groups. Firms are reminded that they must comply with all related customer protection rules with respect to execution of the order.
Q174:	Must the second leg of a riskless principal transaction separately comply with the nickel increments of the Plan or the Trade-at requirement (for Test Group Three Pilot Securities)?
A174:	No. Consistent with the guidance provided by the SEC in FAQ# 3.04 of its Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS, the second leg of a riskless principal transaction that complies with the relevant FINRA riskless principal reporting rules would not constitute a separate transaction for purposes of the Plan. *See also* FINRA's Response to Comments relating to SR-FINRA-2015-047.
Q175:	Does the "net price" to the customer determine the price of the trade for purposes of complying with the Plan?
A175:	Yes. Consistent with the guidance provided by the SEC in FAQ #3.05 of its Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS, the "net price" reported to a FINRA TRF for dissemination is the price of the trade for all purposes under the Plan—*i.e.*, for purposes of compliance with the nickel increment requirements and for compliance with the Trade-at Prohibition.

Retail Investor Order Exception	
Q176:	May an OTC Trading Center rely on the Retail Investor Order Exception with respect to orders originating from a natural person on behalf of a legal entity (*e.g.*, an IRA, corporation or LLC)?
A176:	Yes, as long as the other conditions of the exception are met. For purposes of the Retail Investor Order Exception of FINRA Rule 6191(a)(7)(A), an "order that originates from a natural person" can include orders on behalf of accounts that are held in a corporate legal form, such as an individual retirement account, a corporation, or a limited liability company, that has been established for the benefit of an individual or group of related family members, provided that the order is submitted by an individual. To rely on this exception, an OTC Trading Center must comply with all of the conditions set forth in FINRA Rule 6191(a)(7)(A) with regard to use of the Retail Investor Order Exception.
Q177:	FINRA Rule 6191(a)(7)(A) provides, among other things, that an OTC Trading Center may not rely on the Retail Investor Order Exception with respect to an order that originated from a trading algorithm or any other computerized methodology. Does this restriction include an order that originated from a natural person but that was routed by an algorithm?
A177:	Where an OTC Trading Center uses an algorithm to route an order that originates from a natural person, the order is not deemed to have originated from a trading algorithm strictly as a result of the OTC Trading Center's use of an algorithm for routing purposes; provided that the order otherwise meets the underlying conditions of the exception, including that the routing algorithm does not change the terms of the order with respect to price or side or the market. In addition, the condition preventing changes to the terms of the order with respect to price or side of the market is not meant to prevent an OTC Trading Center from ensuring a better execution experience for the retail customer, such as adding a limit price to a Retail Investor Order.

Retail Investor Order Exception	
Q178:	FINRA Rule 6191(a)(7)(A)(iii) provides that 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 the rule. What measure will FINRA use to determine whether “substantially all” orders to be executed as Retail Investor Orders qualify as such under the rule?
A178:	FINRA has not provided a specific measure—*e.g.*, a percentage threshold—that defines “substantially all” for purposes of the attestation. An OTC Trading Center that uses the Retail Investor Order Exception must have implemented written policies and procedures that are reasonably designed to ensure that substantially all orders to be executed as Retail Investor Orders will qualify as such under FINRA Rule 6191(a). An OTC Trading Center may designate orders on an order-by-order basis or, where reasonable, by designating all orders from a particular gateway as Retail Investor Orders.
Q179:	An order must meet the definition of “Retail Investor Order” to qualify for the Retail Investor Order Exception. Where the OTC Trading Center is the broker-dealer carrying the underlying customer account on a fully disclosed basis, must the OTC Trading Center nonetheless obtain an attestation from the introducing broker that the order meets this definition, or may the OTC Trading Center make this determination itself using the information in its possession?

Retail Investor Order Exception	
A179:	Where an OTC Trading Center is carrying the underlying customer account on a fully disclosed basis and has sufficient information to itself confirm that the order is a Retail Investor Order, the OTC Trading Center need not obtain an attestation from the introducing broker regarding the order. In cases where an OTC Trading Center receives a routed order and is not carrying the underlying customer account on a fully disclosed basis, the OTC Trading Center must obtain an attestation from the routing broker-dealer that the routed order meets the definition of Retail Investor Order if the OTC Trading Center is relying on the Retail Investor Order Exception. Firms are reminded that, if they operate a Trading Center and execute Retail Investor Orders, and if FINRA is their Designated Examining Authority, they 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.

Miscellaneous	
Q180:	Is FINRA making changes to OATS to accommodate the new "Trade-at ISO" order type?
A180:	Yes. FINRA will (1) add a new Trade-at ISO special handling code to all new order types, and (2) add a new value to the ISO Indicator to denote an order routed as a Trade-at ISO. Refer to the May 27, 2016 version of the OATS Reporting Technical Specifications for details on the new codes.
Q181:	How should an OTC Trading Center identify a Trade-At ISO received or executed over-the-counter in trade reports to FINRA TRFs?
A181:	There are no reporting changes planned as they relate to a FINRA TRF and, therefore, on a FINRA TRF, Trade-at ISOs will use the same modifier as ISOs. FINRA supports both inbound ISOs and outbound ISOs. The full universe of ISO modifiers that may be used in reports to FINRA can be found in the applicable technical specifications.
Q182:	Are there new FINRA requirements regarding which MPID an OTC Trading Center quoting at a Protected Quotation and executing orders at that level in a Tick Size Pilot Security over-the-counter must use when reporting to FINRA?
A182:	No. There are no new FINRA requirements regarding the use of MPIDs. For information on existing requirements regarding the use of an MPID when quoting on the ADF, *see* FAQ # 104.3 of FINRA's Trade Reporting Frequently Asked Questions.
Q1183:	The NBBO is $9.95 - $10.00 (2 x 2) in a Test Group Three Pilot Security. The security is price restricted pursuant to Regulation SHO Rule 201, and a broker-dealer is filling a client long sell order of 1,000 shares at $9.95 and must route an ISO/TAISO to the Protected Bid to sell 200. The broker-dealer intends to keep any fills of the ISO in inventory because the client wants one fill, and the broker-dealer does not have a long position in the stock. Can the broker-dealer mark the ISO as "short exempt?"

Miscellaneous	
A183:	Yes, during the Pilot Period, and provided the broker-dealer is marking the order “short exempt” to route the order solely to facilitate the broker-dealer’s execution of the customer long sale in compliance with the Trade-At Prohibition of the Tick Size Pilot, and is otherwise consistent with Regulation SHO FAQ 5.14, which can be found at www.sec.gov/divisions/marketreg/rule201faq.htm. The Tick Size Pilot involves no changes to Regulation SHO.
Q184:	Firm A and Firm B agree to trade 100 shares of a Tick Size Pilot Security at $10.00 as the result of a telephone negotiation. Firm A was determined to be the Executing Party under FINRA Rules 6380A(b), 6380B(b) and 6282(b) and reported the trade to a FINRA TRF. Which firm has the obligation to comply with the Trade-at Prohibition?
A184:	Firm A, as the Executing Party on the FINRA TRF trade report, is required to comply with the Trade-at Prohibition.