



ADF Capacity Management Plan

I. Definitions:

CTA Securities – Securities subject to the Consolidated Tape Association Plan (i.e., securities listed on the New York Stock Exchange, BATS Exchange Inc., NYSE MKT LLC or NYSE Arca LLC).

UTP Securities – Securities subject to the Unlisted Trading Privileges Plan (i.e., securities listed on the Nasdaq Stock Market, LLC).

Certified Capacity – The maximum level of data (by message rate and message type) an ADF Trading Center is certified to submit to the ADF Platform following the quarterly certification volume test conducted by FINRA. (See Section II below.)

II. ADF Trading Center Certification:

Each ADF Trading Center must complete an initial ADF Trading Center certification process to begin quoting and trade reporting through the ADF and must also complete an annual recertification. In addition, each ADF Trading Center must, on a quarterly basis (as well as on demand from FINRA), submit volume projections for current and future peak data reporting levels. An ADF Trading Center is authorized to submit quote, media trade, total trade (media and non-media), and order reporting data at volume projection levels only after it has successfully completed (in the sole discretion of FINRA staff) a test with FINRA Product Management and in conjunction with ADF participants as deemed necessary (in the sole discretion of FINRA staff) at the requested volume levels and received written notice of being certified at said levels. Submission of initial or final volume projections does not certify an ADF Trading Center at the requested level.

As part of the initial ADF Trading Center certification process, an ADF Trading Center must test with FINRA Product Management for connectivity. FINRA will provide, using commercially reasonable efforts, estimates of the testing that may be required due to this initial certification process. Upon receipt of the estimates, the ADF Trading Center will request in writing that FINRA proceed with the certification testing. Regardless of whether an ADF Trading Center ultimately is certified and becomes an active ADF Trading Center, the ADF Trading Center will be responsible for the testing costs and will be invoiced accordingly.



III. Capacity Projection Submission:

An ADF Trading Center must provide quarterly volume projections that accurately reflect its anticipated capacity requirements for the next two quarters in order for FINRA to assess ADF system infrastructure requirements. Anticipated capacity requirements must be submitted on the ADF Trading Center Volume Projections Form as required by FINRA Product Management and must be received by FINRA at least 45 calendar days prior to the end of each calendar quarter for the next two calendar quarters. (See Attachment A – ADF Trading Center Volume Projections Form.) Submissions are due by certain specified due dates. If a submission is not received by the specified due date, FINRA will make assumptions for ADF Trading Center projections based on prior certified activity levels. (See Section IV below.) Certified Capacities are established separately for UTP Securities and for CTA Securities in the following categories¹:

- (i) Quotations;
- (ii) Media Trade Reports;
- (iii) Total Trade Reports (i.e., media and non-media); and
- (iv) Order Reports.

Each ADF Trading Center will be responsible without adjustment for their projections for the following quarter.² Each Trading Center will be subject to the Excess Capacity Usage Fee schedule (see Section VIII) and the Shortfall Capacity Usage Fee schedule (see Section IX). Even though each ADF Trading Center is required to provide projections for the next two calendar quarters, they will only be locked in for the first quarter submission. An ADF Trading Center will not be locked into its second quarter projections until the commencement of the planning process for that quarter, e.g., 60 calendar days before the end of the first quarter. FINRA will allow each ADF Trading Center to increase their projections for the second quarter, if necessary, but they will only be allowed to lower their projections by 10% should they choose to do so.³

IV. Capacity Planning Schedule:

The schedule below is provided to ensure that ADF Trading Centers provide timely and accurate volume projections in order to facilitate an accurate assessment by FINRA of system and capacity requirements. If an ADF Trading Center fails to provide its initial

¹ FINRA reserves the right to request projections of other message types, e.g., cancellations.

² FINRA will suspend the application of any Capacity Usage fees and the pass-through of any SIP penalties for the first quarter that an ADF Trading Center begins operations on the ADF. If an ADF Trading Center begins operations mid-quarter, the Capacity Usage Fees and the pass-through of any SIP penalties will only be waived for the remainder of that quarter.

³ FINRA reserves the right to modify this methodology at any time in the interests of fairness and equity.



projected volume and fails to provide the final projected volume by the due date prescribed in the calendar, FINRA may, at its option, use the last projected volume submitted by the ADF Trading Center or the last certified volume levels for purposes of the upcoming capacity planning quarter.

ADF Capacity Planning Calendar Template

Step #	Action		Start Date	End Date
1.	FINRA requests initial volume projections from ADF Trading Centers via email on the ADF Trading Center Volume Projections Form (“Form”).		First trading day of second month of planning cycle.	First trading day of second month of planning cycle.
2.	FINRA will email ADF Trading Centers a reminder to submit their initial volume projections.		9 business days from Step #1.	9 business days from Step #1.
3.	ADF Trading Centers submit initial volume projections to FINRA via email on the Form.		Step #1 date.	10 business days from Step #1.
4.	FINRA advises ADF Trading Centers of the ADF Trading Center’s Available Capacity based on the ADF Trading Center’s projections and requests final volume projections. FINRA will also advise ADF Trading Centers of any necessary ADF system upgrades required to accommodate their volume requests.		10 business days from Step #1.	20 business days from Step #1.
5.	FINRA will email ADF Trading Centers a reminder to submit their final volume projections.		24 business days from Step #1.	24 business days from Step #1.
6.	ADF Trading Centers are required to give their final volume projections to FINRA via email on the Form.		20 business days from Step #1.	25 business days from Step #1.
7.	If a capacity upgrade is required, the ADF Trading Center completes a system test prior to being certified at the higher volume level. Upon acceptable test, FINRA issues notice of certification at higher level. ⁴		20 business days from Step #1.	40 business days from Step #1.

⁴ In the event that all of the ADF Trading Centers have no changes or de minimis changes to their projections from a previous quarter for which they were tested and certified, FINRA may forego the quarterly certification system test and certify the parties for the coming quarter. If FINRA’s Product Management team is unable to conduct the certification test prior to the start of the coming quarter, the ADF Trading Center(s) will be conditionally certified at the previous quarter’s levels and all capacity usage fees (See Sections VIII & IX below) will be suspended until Product Management is able to conduct a test and officially certify the ADF Trading Center(s).



V. Capacity Allocations:

If an ADF Trading Center requests a certain amount of capacity, FINRA will honor those requests and build out to support the ADF Trading Center's peak projected capacity requirements. Once an ADF Trading Center has formally requested capacity, the request may not be rescinded. A request does not mean that the ADF Trading Center is entitled to submit to the projected level. Each ADF Trading Center must still partake in quarterly volume tests before it is certified to a specific volume level.

An ADF Trading Center is only authorized to submit increased volume after conducting a capacity test and receiving written notice from FINRA that the ADF Trading Center is certified for operation at the specified level.

Lastly, if an ADF Trading Center ceases posting quotes on the ADF or stops reporting trades to the ADF and becomes inactive (either under FINRA Rule 6250(g) or by voluntary withdrawal), it will be deemed to have surrendered any capacity to which it was previously certified to.

VI. Extraordinary Upgrades:

To the extent that an ADF Trading Center's volume overrun (either in message volume (by category) or in message per second throughput⁵) threatens, in FINRA's sole discretion, its ability to meet its regulatory obligations, FINRA has the right to make mid- quarter extraordinary system upgrades to accommodate higher message volume or higher message per second throughput. The costs for such new infrastructure investment will be borne by the ADF Trading Center that exceeds its Certified Capacity (or will be allocated among multiple ADF Trading Centers if multiple ADF Trading Centers have exceeded their Certified Capacity). In all instances, FINRA will alert the ADF Trading Center that FINRA is taking such actions. In the case of an ADF system upgrade being made to accommodate higher message per second throughput, ADF Trading Centers that opt for a third party service connectivity provider are responsible for all expenses, including but not limited to, modifications related to that third party service provider. Notwithstanding FINRA's ability to implement a mid-quarter extraordinary system upgrade, to the extent that ADF message volume materially exceeds certified levels of operation (based upon the sole discretion of FINRA staff), FINRA technical staff may reconfigure the ADF connection to ensure that data levels stay within reasonable levels of operation. Such reconfiguration may occur on an intra-day basis in proportion to the extent to which the higher ADF message volume threatens FINRA's system stability or the ability of FINRA to meet its regulatory obligations with respect to the operation of the ADF.

VII. Infrastructure Costs:

The costs associated with building and implementing the capacity and environments (including, but not limited to, labor, hardware, software, installation, testing, etc., as well

⁵ Or other relevant time metric, e.g., 100 millisecond projected peak capacity planning.



as associated on-going operational costs) will be borne by FINRA (except in the event of an Extraordinary Upgrade as detailed in Section VI.)

Should FINRA need to add capacity in order to accommodate additional capacity requests, FINRA will notify the requesting ADF Trading Centers as to the maximum volumes they are permitted to submit until such time as the upgrades have been installed and tested and the ADF Trading Centers have been recertified at the requested level.

Until such time that the upgrades are made, FINRA will suspend the application of Capacity Usage Fees. (See Sections VIII & IX below.)

VIII. Excess Capacity Usage Fees:

If an ADF Trading Center exceeds its Certified Peak Transaction Volume in one or more categories on one or more days in a given calendar month, the following excess capacity usage fees will apply:

Level	Percentage Exceeded	1-2 days	3-5 days	6-10 days	>10 days
1	<25%	N/A	\$250	\$500	\$750
2	25% - <50%	\$250	\$500	\$750	\$1,000
3	50% or more	\$500	\$750	\$1,000	\$2,000

All incidents for a calendar month will be assessed at the highest level rate that any incident in the month achieved and at the highest dollar amount based on the number of days.⁶ ADF Trading Centers shall submit separate volume projections for quote, media trade, total (i.e., media and non-media) trade, and order reporting activity broken out by National Market System (“NMS”) data plan (i.e., separate projections are submitted for UTP Securities volume and for CTA Securities volume). For purposes of calculating the excess capacity usage fee, accruals of incidents apply separately for quote, trade, and order reporting activity and for each NMS data plan to determine whether multiple incidents result in Category 1, 2, or 3 level fees.⁷

In assessing excess capacity usage fees:

- (i) FINRA will use its own metrics to determine if an ADF Trading Center has exceeded its Certified Capacity;
- (ii) FINRA will notify each ADF Trading Center as soon as possible after it has exceeded its Certified Capacity;
- (iii) FINRA will notify each ADF Trading Center when it has incurred an excess capacity usage fee; and

⁶ For example, if in one month an ADF Trading Center has one Level 1 incident, one Level 2 incident, and one Level 3 incident in the same category, all three incidents will be treated as Level 3 incidents, and a \$750 fee would apply.

⁷ For example, if in one month an ADF Trading Center has one Level 1 incident in UTP Securities for trade report volume, two Level 2 incidents in CTA Securities for quote volume, and three Level 3 incidents in CTA Securities for order report volume, there would be six total incidents carrying two different fees. One fee of \$250 would be levied for the two Level 2 incidents in CTA Securities for quote volume. Another fee of \$750 would be levied for the three Level 3 incidents in CTA Securities for order report volume. There would be no fee for the one Level 1 incident in UTP Securities for trade report volume as it is not applicable according to the fee schedule.

- (v) Any excess capacity usage fee(s) incurred during a month will appear on that month's invoice.

IX. Shortfall Capacity Usage Fees:

If an ADF Trading Center does not achieve certain thresholds of both its Projected Average Transaction Volume and its Certified Peak Transaction Volume in one or more categories on one or more days in a given calendar month, the following shortfall capacity usage fees will apply:

For Projected Average Transaction Volume:

Level	Percentage Shortfall	1-2 days	3-5 days	6-10 days	>10 days
1	10% - <15%	N/A	\$125	\$250	\$375
2	15% - <25%	\$125	\$250	\$375	\$500
3	25% or more	\$250	\$375	\$500	\$1000

For Certified Peak Transaction Volume:

Level	Percentage Shortfall	1-2 days	3-5 days	6-10 days	>10 days
1	50% - <60%	N/A	\$125	\$250	\$375
2	60% - <75%	\$125	\$250	\$375	\$500
3	75% or more	\$250	\$375	\$500	\$1000

All incidents for a calendar month will be assessed at the highest level rate that any incident in the month achieved and at the highest dollar amount based on the number of days.⁸ ADF Trading Centers shall submit separate volume projections for quote, media trade, total (i.e., media and non-media) trade, and order reporting activity broken out by National Market System ("NMS") data plan (i.e., separate projections are submitted for UTP Securities volume and for CTA Securities volume). For purposes of calculating the shortfall capacity usage fee, accruals of incidents apply separately for quote, total trade, and order reporting activity and for each NMS data plan to determine whether multiple incidents result in Category 1, 2, or 3 level fees.⁹

⁸ For example, if in one month an ADF Trading Center has one Level 1 incident, one Level 2 incident, and one Level 3 incident in the same category, all three incidents will be treated as Level 3 incidents, and a \$375 fee would apply.

⁹ For example, if in one month an ADF Trading Center has one Level 1 incident in UTP Securities for trade report volume, two Level 2 incidents in CTA Securities for quote volume, and three Level 3 incidents in CTA Securities for order report volume, there would be six total incidents carrying two different fees. One fee of \$125 would be levied for the two Level 2 incidents in CTA



In assessing shortfall capacity usage fees:

- (i) FINRA will use its own metrics to determine if an ADF Trading Center has fallen below the minimum threshold of activity;
- (ii) FINRA will provide weekly updates to each ADF Trading Center on their capacity usage;
- (iii) FINRA will notify each ADF Trading Center when it has incurred a shortfall capacity usage fee; and
- (iv) Any shortfall capacity usage fee(s) incurred during a month will appear on that month's invoice.

X. SIP NMS Capacity:

In addition to making sure that the ADF platform has sufficient infrastructure capacity to handle an ADF Trading Center's message traffic, FINRA is also responsible for purchasing appropriate levels of capacity in accordance with the SIP NMS Data Plans. FINRA makes the capacity purchases based on the needs and projections of the ADF Trading Centers. FINRA will pass through any penalties incurred under the NMS Data Plans and allocate them according to the ADF Trading Center that exceeds its projected message traffic. Each ADF Trading Center will be invoiced for any penalties that may occur. In assessing SIP capacity penalties:

- (i) FINRA will use the SIP's metrics to determine if a penalty has been incurred and will use its own metrics to allocate the penalty to the appropriate ADF Trading Centers (in the event that more than one ADF Trading Center has exceeded its projections);
- (ii) FINRA will notify each ADF Trading Center as soon as possible after it has exceeded its projections; and
- (iii) The ADF Trading Center will be invoiced for the penalties once FINRA has received its invoice from the SIP(s).

XI. Session Terminations:

To the extent that an ADF Trading Center's data usage materially exceeds the ADF Trading Center's Certified Capacity as determined by the sole discretion of FINRA staff, FINRA Product Management may incrementally reduce the ADF Trading Center's data port sessions to ensure that data levels stay within reasonable levels. Such reductions

Securities for quote volume. Another fee of \$375 would be levied for the three Level 3 incidents in CTA Securities for order report volume. There would be no fee for the one Level 1 incident in UTP Securities for trade report volume as it is not applicable according to the fee schedule.



may occur on an intra-day basis and will be proportionate to the extent to which the data overage threatens the ADF system's stability or the ability of FINRA to meet its regulatory obligations with respect to the operation of the ADF.