

EXCHANGE GROUPS WORK TOGETHER TO STRENGTHEN U.S. EQUITY MARKETS

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New York – August 11, 2016 – The three major exchange groups, Bats Global Markets (Bats), Nasdaq and the New York Stock Exchange (NYSE), (collectively, “the exchanges”) have worked together to harmonize key functions of the U.S. equity markets to increase resiliency during times of extreme volatility.

In the coming weeks the exchanges will file with the Securities and Exchange Commission (SEC) a set of exchange rules as well an update to the National Market System Plan to Address Extraordinary Market Volatility (“LULD Plan”). The LULD Plan was approved on a pilot basis by the SEC in 2012 and is designed to prevent trades in individual securities outside of specified price bands (“LULD Bands”).

The exchanges’ goals are focused on four key areas:

- Eliminating the time periods where securities could trade without LULD Bands in place;
- Reducing the number of Trading Pauses;
- Standardization of primary exchange automated re-openings following a Trading Pause; and,
- Elimination of Clearly Erroneous Execution (“CEE”) rules when LULD Bands are in effect.

Updates on some of the joint-initiatives undertaken during the last year to meet these goals include:

Leaky Band Protections

- Working together, the three exchanges have, or are in the process of implementing, systematic protections to prevent trades in the interval between LULD halt resumption and the publication/receipt of new LULD Bands. This effort is designed to reduce subsequent trading halts and price dislocations.

Amendment 10 Implementation

- The exchanges implemented coordinated changes to use the previous day’s closing price as the reference price at the open on occasions when no opening print is available on the primary exchange. Since the implementation of these changes, there has been approximately a 75% reduction in spurious LULD Trading Pauses.
- Analysis of the impact of Amendment 10 will be published in the coming months.

Amendment 11 Implementation

- All three exchange groups have finalized, and will be soon submitting to the SEC, changes to the LULD Plan that align LULD parameters to improve the price discovery process after a Trading Pause. This represents a key output of the LULD Operating and Advisory Committees.

Plans for Eliminating the Need for CEE Rules

- The exchanges are currently conducting further data-driven analysis, and are considering market participant feedback to recommend changes to, or elimination of, CEE rules.

In addition to the collective efforts detailed above, each exchange group has implemented its own initiatives to improve the stability and resiliency of their respective markets. More information about these initiatives is available on the websites of [Bats](#), [Nasdaq](#) and [NYSE](#).

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