

HOW THE SEC TICK PILOT COULD IMPACT YOU



NEW YORK STOCK EXCHANGE™

NYSE COMMITMENT

Protect

- Highest quality market model
- Human judgment
- Reduced volatility

Inspire

- Exclusive NYSE events
- NYSE community

Amplify

- Tools and consultation to run impactful IR, Governance and Marketing programs
- Unparalleled service

Advocate

- Enhanced short selling reporting
- Market Structure
- Activism
- Earlier 13F filing deadlines
- Tick Size Pilot Program



WEBINAR PRESENTERS



Garvis Toler III

Global Head of Capital Markets, NYSE Group



Congressman Sean Duffy

House Financial Services Committee Oversight & Investigations Subcommittee Chairman



Brendon Weiss

Co-Head Government Affairs, Intercontinental Exchange

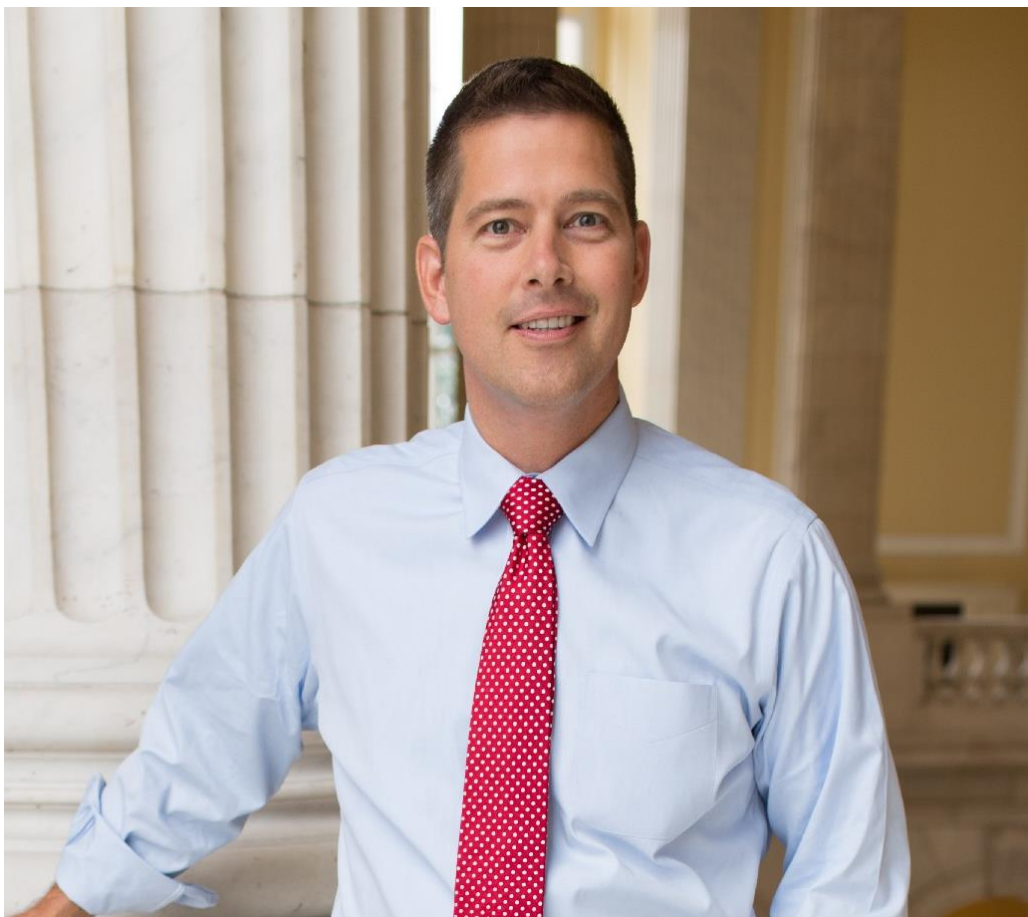


Rich Barry

Floor Governor, NYSE Group

CONGRESSMAN SEAN DUFFY

HOUSE FINANCIAL SERVICES COMMITTEE OVERSIGHT &
INVESTIGATIONS SUBCOMMITTEE CHAIRMAN



BRENDON WEISS

CO-HEAD GOVERNMENT AFFAIRS, INTERCONTINENTAL EXCHANGE



HOW WE GOT HERE

2001

Increments changed
from \$0.0625 to \$0.01

Less liquidity

Fewer institutional
investors

2003

Global Research
Settlement

Banks reduced
research

2005

Regulatory changes
move market makers to
end of line

Even less liquidity

2012

JOBS act mandates
action

2013

Decimalization
roundtable

2016

Tick Size Pilot Program
launches

ELIGIBILITY

- NYSE Group and Nasdaq Group operating companies
- Listed at least six months
- \$3B or less in market cap
- Average daily volume of one million shares or less
- Volume weighted average price of at least \$2



TEST GROUPS

- **Control group** (~1,400 companies)
 - Business as usual (\$0.01 increments)
- **First test group** (~400 companies)
 - Quote in \$0.05 increments
 - Continue trading in \$0.01 increments
- **Second test group** (~400 companies)
 - Quote in \$0.05 increments
 - Trade in \$0.05 increments
- **Third test group** (~400 companies)
 - Quote in \$0.05 increments
 - Trade in \$0.05 increments
 - Protection provided to displayed liquidity over dark liquidity at the same price ("trade at" rule)

Certain exceptions apply as per the plan



TIMELINE

March 4, 2016

Pre-Pilot Data Collection Securities are designated

- Pre-Pilot Data Collection Securities are all NMS stocks with a market capitalization of \$5 billion or less, a Consolidated Average Daily Volume of 2 million shares or less and a closing price of \$1 per share or more

April 4, 2016

Pre-Pilot Data Collection begins

September 5, 2016

Pilot Securities are selected

October 3, 2016

Pilot Period Begins

- Securities that have a closing price below \$1 move to the Control Group
- Securities that are delisted are removed from Pilot

April 9, 2018

SROs submit report to SEC

October 9, 2018

Tick Size Pilot ends

RICH BARRY

FLOOR GOVERNOR, NYSE GROUP





NICKEL PILOT PROGRAM: THE TRADER'S TAKE

- **2001: From “teenies” to pennies**
 - Average trade size shrinks
 - Displayed bids and offers disappear
 - Big funds fear front-running programs
 - Diminished ability to find displayed liquidity
- **Nickels: New hope for “clustered liquidity” / Bus Stop analogy**
 - “Liquidity breeds more liquidity”
 - Hope for increased analyst coverage of small caps
 - Adding risk to the equation, enhances market-making incentives



QUESTIONS