



## NYSE Regulation

Information Memo  
NYSE Number 16-2  
February 29, 2016

**Attention:** COMPLIANCE AND LEGAL DEPARTMENTS, TECHNOLOGY AND OPERATIONS OFFICERS

**To:** ALL MEMBERS AND MEMBER ORGANIZATIONS

**Subject:** REVISION OF ACCOUNT TYPE INDICATORS AND FREQUENTLY ASKED QUESTIONS

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### **I. Purpose**

The purpose of this Information Memorandum (“IM”) is to notify all New York Stock Exchange LLC (“NYSE”) and NYSE MKT LLC (together, the “Exchange”) members and member organizations of the amended list of Account Type Indicators (Attachment A). Firms must use this new list as the definitive source for definitions of Account Type Indicators for reporting requirements mandated under Exchange rules. Firms may begin to conform to the amended list beginning **May 2, 2016** and will be required to make all necessary changes by **August 1, 2016**.

This Information Memorandum also provides guidance in the form of frequently asked questions with respect to the appropriate use of Account Type Indicators. The following guidance shall supersede the previous guidance provided in IM 12-25 (October 9, 2012).

### **II. Account Type Indicators and Definitions**

The revised list of Account Type Indicators and related definitions in Attachment A reduces the number of identifiers from 24 to 4, which includes the addition of Account Type Indicator “R” to denote Riskless Principal transactions. As noted above, effective August 1, 2016, member organizations may only use the 4 ATIs (P, A, R, and Q) listed in Attachment A.

### **III. Frequently Asked Questions**

**Q1:** When a member organization enters an order into Exchange systems, what relationship determines which Account Type Indicator a member or member organization must assign an order?

**A1:** The relationship that determines the appropriate Account Type Indicator is that between the submitting member organization and the beneficial owner of the account for which the order was placed.

**Q2:** What types of orders require Account Type Identifier “A”?

**A2:** Any order that was entered by a member organization acting as agent on behalf of a customer should be marked with an “A” Account Type Indicator. This includes:

- Any order that does not pass through the principal or riskless principal account of a member organization.
- Any orders entered electronically on behalf of an affiliated member organization or non-member.<sup>1</sup>
- Any order entered on behalf of an individual, previously marked with an Account Type Indicator of “I”.
- Any order transmitted electronically by a non-member to its affiliated Floor broker, even if the order is for the proprietary account of such affiliate. A Floor broker who electronically receives an order from an affiliate’s proprietary trading account that is marked with an “A” order is not required to change the ATI. Similarly, if a Floor broker receives an order for the proprietary account of such non-member affiliate and manually enters the order, a Floor broker should transmit that order to the Exchange with an “A” Account Type Indicator.
- Any order transmitted to the Exchange for another NYSE member organization with which it is not affiliated.
- Any order manually entered into an Exchange based system from the trading Floor by a Floor broker for an unaffiliated NYSE member organization.

Q3: When should a member organization use the “P” Account Type Indicator?

A3: When entering orders electronically into Exchange systems from off the trading Floor for the member organization’s own account, the order should be marked with the “P” Account Type Indicator.

Q4: When should a member use Account Type Indicator “R” to denote riskless principal transactions?

A4: A member organization’s riskless principal transactions should be identified with an “R” Account Type Indicator when the member activity is intended to satisfy an originating customer order to buy or sell a security at the same price as the principal execution. Firms are required to have adequate systems and controls that allow it to easily link the riskless principal executions at the Exchange to underlying orders, and to provide this information to NYSE Regulation upon request.

Q5: What Account Type Indicators should a Supplemental Liquidity Provider (“SLP”) use?

A5: In accordance with NYSE Rule 107B(j), all SLP orders must only be for the proprietary account of the SLP member organization. A SLP is expected to use an account type indicator that denotes that such member organization is trading for the proprietary account of the member organization. As such, all SLP orders should be marked with a “P” Account Type Indicator.

Q6: Should a member or member organization use the “Q” account type indicator for non-Floor based errors?

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<sup>1</sup> An affiliate is an organization directly or indirectly controlling, controlled by, or under common control with a member organization, which could be another member organization or not.

A6: No. The “Q” Account Type Indicator is only available for proprietary trades of an Exchange Floor broker to cover/liquidate a Floor-based error effected through the member’s Floor error account pursuant to NYSE Rule 134. When an upstairs trader or the upstairs trader’s customer causes a trading error, the “Q” Account Type Indicator should not be used.

Q7: In the situation where an Exchange Floor broker receives an order in such a manner that the Account Type Indicator cannot be changed, is the Floor Broker subject to the Account Type Indicator marking requirements?

A7: No. Floor Brokers that receive orders in such a manner that the Account Type Indicator cannot be changed are exempt from the marking of orders with the appropriate ATI. Members should have appropriate policies and procedures in place to assure that when providing orders to a Floor broker to represent on the Floor, such orders should be sent to the Floor broker with the appropriate Account Type Indicator.

Q8: When entering an order into the Exchange systems, may a member use an Account Type Indicator relevant to other exchanges?

A8: No. Effective August 1, 2016, a member must only use the Account Type Indicators in Attachment A when entering an order into Exchange systems. As such, numbers, blanks and values (other than P, R, A, and Q as defined in Attachment A) are invalid. Entering any values into Exchange systems in place of a valid Account Type Indicator may subject the member organization to disciplinary action.

#### **IV. Staff Contacts**

Any questions pertaining to publication of this list of Account Type Indicators should be addressed to:

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Sean Gilmartin, Director, NYSE Regulation, Inc., [sean.gilmartin@theice.com](mailto:sean.gilmartin@theice.com), 212.656.3814.

Operational questions regarding this Information Memo should be directed to:

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Exhibit A:

**ACCOUNT TYPE INDICATORS**

<b>ACCOUNT TYPE</b>	<b>DEFINITION</b>
<b>A</b>	Trading by a member or member organization acting as agent on behalf of an unaffiliated customer.
<b>P</b>	Trading for the proprietary account of a member or member organization or an affiliate of a member or member organization.
<b>Q</b>	Trading by a member on the Floor relating to the covering or liquidating a member's own error. All trades to establish or liquidate error positions in the member's error account must be identified with this account type.
<b>R</b>	Trading by a member or member organization as principal that is intended to satisfy an originating customer order to buy or sell a security at the same price as the principal execution.