

Summary of FACT SHEET - Disclosure of Order Handling Information (November 2018)

For the full fact sheet, Click [Here](#) or the FINAL RULE, Click [Here](#).

The Securities and Exchange Commission adopted amendments to Regulation NMS to require additional disclosures by broker-dealers to customers regarding the handling of their orders. Below are highlights.

Customer-Specific Report on Not Held Order Handling		
General	Include the number of: <ul style="list-style-type: none"> • Shares sent to the broker-dealer; • Shares executed by the broker-dealer as principal for its own account; and • Not held orders exposed by the broker-dealer through actionable indications of interest, and the venue or venues to which they were exposed, provided that the identity of such venue or venues may be anonymized if the venue is a customer of the broker-dealer. 	
Information required for each venue to which the broker-dealer routed not held orders for the customer, in the aggregate	Order Routing	<ul style="list-style-type: none"> • Total shares routed; • Total shares routed marked immediate or cancel; • Total shares routed that were further routable; and • Average order size routed.
	Order Execution	<ul style="list-style-type: none"> • Total shares executed; • Fill rate (shares executed divided by the shares routed); • Average fill size; • Average net execution fee or rebate (cents per 100 shares, specified to four decimal places); • Total number of shares executed at the midpoint; • Percentage of shares executed at the midpoint; • Total number of shares executed that were priced on the side of the spread more favorable to the not held order; • Percentage of total shares executed that were priced at the side of the spread more favorable to the not held order; • Total number of shares executed that were priced on the side of the spread less favorable to the not held order; and • Percentage of total shares executed that were priced on the side of the spread less favorable to the not held order.
	Orders that Provide Liquidity	<ul style="list-style-type: none"> • Total number of shares executed of orders providing liquidity; • Percentage of shares executed of orders providing liquidity; • Average time between order entry and execution or cancellation, for orders providing liquidity (in milliseconds); and • Average net execution rebate or fee for shares of orders providing liquidity (cents per 100 shares, specified to four decimal places).
	Orders that Remove Liquidity	<ul style="list-style-type: none"> • Total number of shares executed of orders removing liquidity; • Percentage of shares executed of orders removing liquidity; and • Average net execution fee or rebate for shares of orders removing liquidity (cents per 100 shares, specified to four decimal places).
Exceptions	A broker-dealer is not obligated to provide the report to: <ul style="list-style-type: none"> • Any customer if not held NMS stock orders constitute less than 5% of the total shares of NMS stock orders that the broker-dealer receives from its customers over the prior six months. • A particular customer if that customer trades through the broker-dealer on average each month for the prior six months less than \$1,000,000 of notional value of not held orders in NMS stock. 	

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Held Order Disclosures	
General	Rule 606 requires broker-dealers provide public quarterly reports on their routing of certain orders. As amended, the rule requires such reports to cover NMS stock orders of any size that are submitted on a held basis and continue to cover any order, whether held or not held, for an NMS security that is an option contract with a market value less than \$50,000.
Additional Requirements	<ul style="list-style-type: none"> • Report routing information separately for marketable limit orders and non-marketable limit orders; • Report routing information by calendar month instead of quarterly and no longer categorize NMS stocks by listing market; • Report routing information for NMS stock orders separately for securities included in the S&P 500 Index as of the first day of the quarter and other NMS stocks; • Include the following information for the 10 venues to which the largest number of total non-directed orders were routed for execution and for any venue to which five percent or more of non-directed orders were routed for execution: <ul style="list-style-type: none"> ○ The net aggregate amount of any payment for order flow received, payment from any profit-sharing relationship received, transaction fees paid, and transaction rebates received, both as a total dollar amount and per share for: non-directed market orders, non-directed marketable limit orders, non-directed non-marketable limit orders, and other non-directed orders; and • Include a description of the terms of any payment for order flow and any profit-sharing arrangements that may influence a broker-dealer's order routing decision, including, among other things: <ul style="list-style-type: none"> ○ Incentives for equaling or exceeding an agreed upon order flow volume threshold; ○ Disincentives for failing to meet an agreed upon minimum order flow threshold; ○ Volume-based tiered payment schedules; and ○ Agreements regarding the minimum amount of order flow that the broker-dealer would send to a venue.
Format and Retention of Reports	
General	<ul style="list-style-type: none"> • Make available using an XML schema and associated PDF renderer published on the Commission's website. • Must be posted on a website that is free and readily accessible to the public for a period of three (3) years from the initial date of posting on the website.

For a full discussion, refer to the following:

- SEC Release – <https://www.sec.gov/news/press-release/2018-253>
 - Complete Fact Sheet is available via release
- Final Rule – <https://www.sec.gov/rules/final/2018/34-84528.pdf>