FINANCIAL INFORMATION FORUM

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Via Electronic Delivery

Mr. Robert W. Errett
Deputy Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

December 16, 2015

Re: SR-FINRA-2015-047; Release No. 34-76483; Notice of Filing of a Proposed Rule Change to Adopt FINRA Rule 6191(a) to Implement the Quoting and Trading Requirements of the Regulation NMS Plan to Implement a Tick Size Pilot Program

Dear Mr. Errett,

On behalf of Financial Information Forum ("FIF")[1] non-exchange industry members, I am writing to provide comment on the Financial Industry Regulatory Authority, Inc. ("FINRA") proposed rule filing SR-FINRA-2015-047, related to the Quoting and Trading requirements of the Tick Size Pilot Program.

Thank you for the opportunity to comment on FINRA's proposed filing which establishes the policies and procedures that must be put in place by FINRA members to meet the quoting and trading requirements of the Tick Size Pilot Plan. FIF members have been carefully examining the requirements of the Plan. The FIF Tick Size Pilot Working Group (the "Working Group"), which represents close to 70 firms, has been meeting frequently to discuss Plan implementation issues. Working Group participants include Agency Brokers, Trading Centers, Market Makers and Exchanges as well as third party service providers that offer Order Management Systems, Trading Platforms, Securities Processing, and Reporting services, many of whose systems, processes and procedures must be modified to comply with the new requirements.

We also thank FINRA for addressing several of the issues FIF posed regarding NYSE's filing of SR-NYSE-2015-46, particularly the fact that the display exception applies to trades executed by a Trading Center otherwise than on an exchange, where the Trading Center has previously displayed a quotation in either an agency, riskless principal or principal capacity. We now understand that the details of that exception limits a Trading Center displaying a quotation as agent or riskless principal to execute in that capacity, while a Trading Center displaying a quotation as principal may rely on that displayed quotation to execute in any capacity. In

[1] FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact financial services and technology firms. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues to arrive at productive solutions to meet the requirements of new regulations, technology developments, and other industry changes.

addition, FINRA's proposed rule 6191(a)(7)(A) has alleviated Trading Centers' concerns about how the Retail Investor Order Exemption may be applied.

While much of the focus of FIF's discussion with Plan Participants over the last seven months has been on data collection and reporting, it is time now for the industry to turn attention to the specifics of implementation and the complexities of quoting and trading requirements for each of the Test Groups. One simple, but very important example is that we would like the exchanges to come together to agree on how "Good Till Cancel" ("GTC") orders should be handled at the beginning of the Pilot for Test Group Securities. There will surely be GTC orders that are not priced in five cent increments accepted before the Pilot, that remain open once the Pilot commences. Should the industry assume that all resting orders not priced in five cent increments should be canceled? And, will there be any change in the SRO protocols for adjusting GTC orders for corporate actions, particularly for splits, in light of the new minimum quote variation?

At this point in time, we are very concerned with the many questions that have not been answered regarding the requirements of the program. Systems changes necessary to accommodate the differences in quoting and trading between the Control Group and the three Test Groups are extensive and go to the very core of the rules engines that drive the trading process. Impacts will be significant on all upstream and downstream systems, not the least of which will be changes to end-user (investor) interfaces. Sufficient time for development and rigorous testing is imperative; and, investors will need to be educated. With complete implementation of the Pilot scheduled for October 2016, details of the rules and requirements must be thoroughly understood well in advance to ensure all market participants are adequately prepared for the Pilot.

As a practical matter, there are many questions that have not been answered by the proposed rules or the FAQs published to date. Following are several examples; however, as the industry begins to program for the quoting and trading rules, many more questions will arise.

1) May indications of interest priced to execute at the mid-point be entered in increments of less than $0.05?
2) Are market makers' Peg Order limit prices in Pilot stocks required to be in $0.05 increments?

A fundamental issue persists as there appears to be no process in place to provide the industry with answers and information necessary to ensure that quoting and trading platforms are being properly and consistently programmed to meet the requirements. FIF strongly recommends that the regulators begin immediately to work closely with the industry in developing a list of relevant questions and answers. This has become an urgent matter, given the aggressive timeframe to complete this complex initiative.

The following comments and questions are related to specific aspects of FINRA Rule 6191(a) where additional guidance is necessary to ensure market participants are prepared to comply. FIF members believe additional clarity is needed either in the rules themselves or in a robust set of FAQs to support rapid development and timely implementation of the full Pilot Program.

Are Odd Lots Subject to the Trade-at Prohibition?

The SEC's Order approving the Tick Size Pilot states: "Under Regulation NMS, odd lot orders are not considered protected quotations. Since the Trade-At Prohibition only applies to protected quotations, odd lot orders and the odd lot portion of mixed lot orders would therefore not be covered by the Trade-At Prohibition. On the other hand, if a trading center that is not displaying a quotation at the price equal to the traded-at protected quotation and then receives an odd lot order or the odd lot portion of a mixed lot order, the trading center would be prevented from executing the odd lot order at the price of the protected quotation unless an exception applies."[2]

FIF members seek clarification as to how odd lots are not covered by the Trade-At Prohibition, yet trading centers are prevented from executing odd lot orders at the price of a protected quotation unless an exception applies. We understand the intention of the Participants is to allow all Regulation NMS Rule 611 (trade-through) exemptions to pertain to the Trade-At requirement. Commission staff has previously indicated that Rule 611 does not apply to odd lots (see Question 7.03 of the Division of Trading and Markets: Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS).[3] *We therefore recommend that odd lots not be subject to the Trade-At prohibition and that if a trading center receives an odd lot, the trading center would be allowed to execute the odd lot at the price of the protected quotation under any circumstance.*

Prioritization of Manning Rule and Trade-At Provisions

In thinking through various situations that must be accommodated to meet the trading requirements of Tick Size Pilot Test Group Three, FIF members have identified several scenarios where there are questions about how the trade-at provision should work in conjunction with FINRA Rule 5320 (prohibition against trading ahead of customers, or the "Manning Rule"). Appendix 1 presents four scenarios where clarification is needed regarding proper execution of customer orders pursuant to the requirements of both FINRA 5320 and FINRA's proposed rule changes to comply with Tick Size Pilot trade-at provisions. In each of the four scenarios, we have posed a question and proposed an answer with the reasoning behind that answer. In order to proceed with programming, it is imperative that FINRA either confirm FIF's approach or provide an appropriate alternative with an explanation of the rationale. We hope that FINRA will address these important concerns in the form of expanded rules or new FAQs expeditiously, so the industry has adequate time to program their trading systems and will be consistent in their approach to these issues.

FIF members plan to leverage existing processes to the maximum extent possible. Specifically, they expect to continue to rely on the business rules that are already implemented to comply with Manning and related guidance, such that in handling an execution, Manning would take priority over Tick Size Pilot Trade-at provisions. Changes in this prioritization scheme for purposes of this Pilot would present significant issues with the rules and procedures currently applied to all Reg NMS securities. It would be exceedingly risky and extremely costly to alter these programs.

Block Size Exemptions

FIF members are disappointed in the qualifiers to the trade-at exemption for block size orders stipulated in proposed rule 6191(a)(6)(D). These limitations do not exist in either the SEC Order or the approved Plan, which simply defined a "block size order" for purposes of the Tick Size Pilot to be an order "(1) of at least 5,000 shares or (2) with a market value of at least $100,000". Similar to NYSE's and BATS' filings, FINRA indicates that to utilize the block-size trade-at

[2] https://www.sec.gov/rules/sro/nms/2015/34-74892.pdf; page 107.

[3] https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm.

exemption, the order may not be: a) an aggregation of non-block orders; b) broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution; or c) executed on multiple Trading Centers. We understand this has been added to ensure the purpose of the trade-at prohibition is not undermined; however, we further understand this has been interpreted to mean that trading centers are prevented from facilitating a block cross that in addition to including block size orders, also includes smaller orders. We ask that these filings be amended to permit aggregation of non-block orders, as long as at least one component of the block in itself would constitute a "block size order" as defined in the approved Plan. We also request clarity around the case of executing a block size order and at the same time being obligated to also fill eligible non-block orders at the same price, as is required under our customer order protection obligations (FINRA Rule 5320).

Other Reg NMS Exceptions

FIF members had understood that the exceptions to the trade-at provision under the Tick Size Pilot were meant to be closely aligned to the exemptions available for Rule 611 (the trade-through rule) of Regulation NMS.[4] In that spirit, there are certain exemptions that we expected to be included in the FINRA filing. While not originally in Rule 611, the Commission issued several orders to add Reg NMS trade-through exemptions and provided guidance in the form of FAQs. FIF members believe that the Tick Size Pilot should allow the following exemptions to the Tick Size Pilot trade-at provision and that prior guidance should apply:

- Order Exempting Certain Error Correction Transactions from Rule 611 of Regulation NMS under the Securities Exchange Act of 1934 http://www.sec.gov/rules/exorders/2007/34-55884.pdf
- Order Exempting Certain Print Protection Transactions from Rule 611 http://www.sec.gov/rules/exorders/2007/34-55883.pdf
- SEC guidance on Regulation NMS, FAQ 3.04 related to the second leg of a riskless principal transaction https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm). The open question regarding the trade-at provision in conjunction with this guidance is illustrated in Appendix 1: Scenario 1.
- SEC guidance in connection with Rules 611 and 610 of Regulation NMS, provided in FAQ 7.05, relating Reg SHO and ISOs. https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm#sec7. An open question regarding Reg SHO and the Trade-at requirement is illustrated in Appendix 2: Question 1.

Open Questions

Appendix 2 presents a series of questions and scenarios aimed at assisting firms in better understanding many other aspects of the rules for quoting and trading in Test Group Three securities. This represents a preliminary list of scenarios that must be worked through, but we anticipate many more will be identified as the industry continues to implement the requirements set forth by the Participants' Plan and FINRA's proposed rule filings.

In summary, the quoting and trading models for Tick Size Pilot are complex and will require extensive changes to existing systems. It is important that industry members gain a firm

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[4] Ibid. pgs. 94, 106. "the Commission expects that market participants would be able to leverage existing Rule 611 systems for implementing and complying with the Tick Size Pilot"

understanding of the policies and procedures that must be followed going forward, so they can begin the analysis and programming necessary to meet required timeframes for implementation.

Thank you again for the opportunity to provide comments and ask questions regarding this important initiative and related rule makings. It is important that these questions be addressed in a timely manner for the industry to be ready for the Tick Size Pilot. Please do not hesitate to contact me at [redacted] to arrange for follow up discussions.

Regards,

Mary Lou Von Kaenel

Mary Lou Von Kaenel
Managing Director
Financial Information Forum

cc: The Honorable Mary Jo White, Chair
The Honorable Luis A. Aguilar, Commissioner
The Honorable Michael S. Piwowar, Commissioner
The Honorable Kara M. Stein, Commissioner
Stephen Luparello, Director, Division of Trading and Markets
Gary Goldsholle, Deputy Director, Division of Trading and Markets
David S. Shillman, Associate Director, Division of Trading and Markets

Appendix 1

Questions about how the Trade-At Rule works in conjunction with FINRA Rule 5320 - Prohibition Against Trading Ahead of Customer Orders

In the following scenarios, what procedures should be followed to remain in compliance with both FINRA Rule 5320 ("the Manning Rule") and Tick Size Pilot requirements?
Please note that the first scenario deals only with riskless trades and is included because many manning fills are effected on a riskless basis.
Assumptions: The Firm is not a Market Maker or only has Market Maker Peg Orders and/or is priced away from markets posted below. The security is in Test Group 3 subject to Trade-at Prohibitions.

Market for all scenarios:

	Bid Price	Bid Qty	Offer Price	Offer Qty
NYSE	9.95	200	10.00	100
ARCA	9.90	100	10.05	200
Nasdaq	9.90	100	10.10	300

Scenario 1.

- Customer Buy for 400 shares at 10.10. Firm accesses the lit market for the required shares and flips back at an average price on a Riskless Principal basis.

Firm accumulates shares in order to fill a Customer order and buys 100 shares at 10.00, 200 shares at 10.05, and 100 shares at 10.10.
The firm fills the Customer Buy order for 400 shares at an average price of 10.05 and reports the trade as riskless.

Question: If the Pilot Security is in Group 3, is the firm required to send a buy ISO to NYSE for 100 shares and a buy ISO to ARCA for 200 shares pursuant to the Tick Pilot Trade-at provision?

We believe the firm may rely on the same guidance the SEC provided for Reg NMS in FAQ 3.04[5] to address this riskless principal trade with respect to the Tick Size Pilot Trade-at provision; therefore, the firm is not required to send an ISO to NYSE or ARCA.
PLEASE CONFIRM.

[5] https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm
Question 3.04: Riskless Principal Transactions
To fill a customer order for an NMS stock, a broker-dealer effects, as riskless principal, one or more trades and assigns the trades at the same prices to the customer in compliance with the relevant SRO rule on riskless principal reporting. Pursuant to such SRO rule, the "second legs" of the riskless principal transactions are not publicly reported to the Network trade stream. Would the second legs of the riskless principal transactions be considered separate transactions for purposes of compliance with Rule 611?
Answer: *No, the second leg of a riskless principal transaction that complies with a relevant SRO riskless principal rule would not constitute a separate transaction for purposes of complying with Rule 611. The second legs therefore would not constitute trade-throughs, regardless of their prices. The relevant SRO rule must provide that the initial trades are assigned to the customer at the same prices and that the second legs are not reported publicly in the Network trade stream. Of course, the first legs of the riskless principal transactions would need to comply with Rule 611.*

Scenario 2. Customer orders which may interact

- Firm receives a Customer Buy order for 200 shares at 9.95
- Firm receives a Customer Sell order for 200 shares at 9.95

Option 1
Firm executes Customer Buy order for 200 shares at 9.95
Firm has a Manning obligation to fill Customer Sell order at 9.95

- Firm should be able to fill Customer Sell order at 9.95 per Manning / 5320 obligation without routing ISO to NYSE. Firm may rely on riskless principal exemption for the exemption.

Option 2
Firm crosses both orders as Agent at 9.95

- No ISO needed. Firm should be able to cross these orders on their book which otherwise executed (as above, if the Firm executes the Customer buy order first it would be required to fill the Customer sell order on a riskless basis) would not result in a need for ISO. Firm may rely on Order Handling Procedures per FINRA Rule 5320.[6]

We believe under both options there is no need to send an ISO to NYSE at 9.95 in conjunction with the execution of either the Buy or Sell order.
PLEASE CONFIRM.

Scenario 3. The Firm fills Customer Buy order for 200 shares at 9.954 pursuant to negotiated price exemption, and also has a Customer Sell order for 9.95. Firm then must principally fill Customer order to sell 200 shares with a limit price of 9.95, pursuant to FINRA rule 5320.

Question: Can the Firm principally fill Customer Sell order at a price of 9.954 as required by FINRA Rule 5320 even though Tick Size Pilot Plan requires the order to be filled in five cent increments, since there is no exemption?

We believe we should be required to fill the customer sell order pursuant to Rule 5320 at 9.954 even though the increment is not allowed for Test Group 2 or 3 securities under the Tick Size Pilot.
PLEASE CONFIRM.

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[6] ***FINRA Rule 5320 .07 Order Handling Procedures****. A member must make every effort to execute a marketable customer order that it receives fully and promptly. A member that is holding a customer order that is marketable and has not been immediately executed must make every effort to cross such order with any other order received by the member on the other side of the market up to the size of such order at a price that is no less than the best bid and no greater than the best offer at the time that the subsequent order is received by the member and that is consistent with the terms of the orders.*

Scenario 4. The Firm fills Customer Buy order for 200 shares at 9.949 pursuant to negotiated price exemption (and execution is exempt from Reg NMS either as a derivatively priced trade or because of the sub-penny exemption) and then must principally fill Customer order to Sell 200 shares with a limit price of 9.95, pursuant to FINRA rule 5320.
Question: Can the Firm principally fill Customer Sell order at a price of 9.95 as required by FINRA rule 5320, effected in connection to a sell trade, without sending an ISO to NYSE for 200 shares at 9.95?

We believe the firm should be required to fill the customer sell order pursuant to Rule 5320 at 9.95 without being required to send an ISO to NYSE.
PLEASE CONFIRM.

Appendix 2 – Other Questions for Clarification

Question 1. Reg SHO and the Trade-At Requirement

	Bid Price	Bid Qty	Offer Price	Offer Qty
NYSE	9.95	200	10.00	100
ARCA	9.90	100	10.00	200
Nasdaq	9.90	100	10.00	200

If the stock is price restricted pursuant to Reg SHO Rule 201, and a broker-dealer is filling a client long sell order of 1000 shares at the inside bid of 9.95 and must send NYSE an ISO to sell 200 shares of stock at 9.95, and the broker dealer intends to keep any fills of the ISO in inventory because the client wants one fill, and the broker-dealer does not have a long position in the stock, can the broker-dealer mark the ISO as "short exempt"?

We believe this is a similar scenario to FAQ 7.05 published by the Commission in connection to Rules 611 and 610 of Regulation NMS.

Question 7.05: Rule 611 and Rule 10a-1 – Broker-Dealer Routing of ISOs to Facilitate Customer Long Sales
(As discussed in FAQ 3.03 above,) a broker-dealer that intends to use the ISO exception to execute a block order for a customer may, if the customer gives its informed consent, retain the benefit of any fills of the ISOs at better prices than the block trade price. If the customer order is long, but the broker-dealer does not have a long position in the NMS stock, should the broker-dealer nonetheless mark the ISOs as "short exempt"?

Answer: *Yes, if the broker-dealer is routing the ISOs solely to facilitate its execution of a customer's long sale in compliance with Rule 611, the broker-dealer should mark the ISOs as "short exempt" to allow the destination trading centers to execute the orders against better-priced protected quotations without regard to the tick restrictions of Rule 10a-1. Such ISOs should not be marked as "long."*

	Bid Price	Bid Qty	Offer Price	Offer Qty
NYSE	9.95	200	10.00	100
ARCA	9.90	100	10.00	200
Nasdaq	9.90	100	10.00	200

Question 2. Executing Against Hidden Quotes and SRO Quotation Feeds

In the following examples, please confirm that we are not required to execute against our own hidden quotes as long as we execute against the necessary protected quotes. Also, please confirm that we are not required to execute against our own SRO quotation feed as long as we execute against the necessary protected quotes.

The NBBO for Pilot Security ABC is \$20.00 x \$20.10. Trading Center 1 is displaying a 100-share protected bid at \$20.00. Trading Center 2 is displaying a 100-share protected bid at \$19.90. There are no other protected bids. Trading Center 3 is not displaying any shares in Pilot Security ABC but has 100 shares hidden at \$20.00 and has 100 shares hidden at \$19.90.

- Trading Center 3 receives an incoming order to sell 400 shares at $19.95. Can Trading Center 3 do the following?
  - Route Trade-At ISO order to Trading Center 1 to execute against the 100 share @20.00 protected bid.
  - Then execute against its own 100 share hidden @20.00.
  - Then execute the remaining 200 shares @19.95.
- Trading Center 3 receives an incoming order to sell 400 shares at $19.95. Can Trading Center 3 do the following?
  - Route Trade-At ISO order to Trading Center 1 to execute against the 100 share @20.00 protected bid.
  - Then execute the remaining 300 shares @19.95.
- Trading Center 3 receives an incoming order to sell 900 shares at $19.90. Can Trading Center 3 do the following?
  - Route ISO orders to execute against the protected bids: 100 share @20.00 at Trading Center 1 and 100 share @19.90 at Trading Center 2.
  - Then execute the remaining 700 shares @19.90.

Question 3. Over-sized ISO Orders

Assume 200 shares are available on NYSE on the NBBO. 1500 shares in total are available across protected markets on the NBBO. Broker routes an order for 200 shares to NYSE as ISO IOC priced at NBBO. When NYSE receives the order, NYSE only has 100 displayed, but NYSE also has 100 shares hidden.

- Would NYSE be able to execute the second half of the broker's 200 shares against the non-displayed 100 without an obligation to route out?
- Is the broker able to mark the order for 200 shares as ISO?

1500 shares in total are available across protected markets on the NBBO (500 on NYSE, 500 on BATS, 500 on PSX). Broker routes child orders for 500 shares to NYSE and PSX, and a child order for 1,000 to BATS (oversized relative to their 500 quote) as ISO IOC priced at NBBO. BATS also has 1000 shares non-displayed in addition to the 500 displayed. Would BATS be able to execute the broker's 1000 shares against the non-displayed quantity without an obligation to route out?

Essentially, both questions are about how an exchange would handle an oversized ISO order submitted by a broker under the trade-at rule, in cases where an exchange's order book contains both displayed and undisplayed interest at the price of its protected quote. For example: a broker sends an ISO to Exchange X for 1000 shares at $20.00. The exchange is displaying 500 shares at $20.00 (protected quote) and has 500 shares undisplayed at $20.00. Under the trade-at rule, can Exchange X execute the broker's 1000 shares against both the displayed and non-displayed quantities? (Is the answer yes because the exchange was displaying the protected quote of 500 shares as well.) But would there be any instances in which this would be restricted, and if so, how would the exchanges handle? (Please confirm that this could be restricted if the exchange was only displaying 400 shares at that price, in which case only 400 shares could be executed against the undisplayed interest?)

A broker might end up sending an oversized ISO order to an exchange either because the size of the protected quote at the exchange decreased between the time the broker submitted the order and the time it arrived at the exchange, or because the broker wanted to try to sweep up any undisplayed interest at a given price level.

Question 4. Market Maker Principal Fills and Potential Self-Trading Concerns

If a market maker quoting at Nasdaq is alone at the inside offer (see below) and then gets a 500 share order to buy at 10.05, can the market maker fill the entire 500 share order at 10.05 without sending an ISO?

Nasdaq	10	100	by	10.05	100
BATS	9.95	100	by	10.10	100

Question 5. Market Maker Principal Fills Against Not Held Orders below Block Size

Based on previous guidance provided regarding the Tick Size Pilot, Market Makers are not supposed to increase their quote upon receipt of an order to provide a principal execution without accessing the lit market.

In the case of long-lived not-held orders, it is possible that a firm may change their Market Making quote numerous times over the life of the order, which may be worked via an agency algo, principal/riskless principal fills, an agency cross or other principal fills.

In an example where a 100,000 share parent order has 97,000 shares filled over a period of hours, if a Marker Maker wanted to principally fill the final 3,000 share balance at the NBBO, how can the Market Maker ensure that quote changes which were made during the duration of the order do not constitute an unacceptable example of increasing the size on a Market Maker's displayed quote after receiving the order?

Question 6. Block-trade Exemption and Stopped Trade Exemption

The Plan states that, with regard to the stopped order trade-at exemption:

> *"the price of the trade-at transaction was, for a stopped buy order, equal to the national best bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to the national best offer in the Pilot Security at the time of execution."*

Did the SROs (and the SEC) mean to state, instead of the above, "for a stopped buy order, equal to a protected bid … or, for a stopped sell order, equal to a protected offer"?

Otherwise situations could arise where a stopped order is exempt from Reg NMS but not from the trade-at requirement. Take the following example, the NBB is 10.00 and another protected bid is 9.95. A stopped order fill to buy is effected at 9.95 and the firm does not have to send ISOs to access the NBB at 10.00 (because of Reg NMS stopped order exemption) but does have to send ISOs to access protected bid of 9.95 (because stopped order trade-at exemption is only for a price equal to best (protected) bid).

Question 7. Handling of Institutional or Retail Customer Orders Priced in Impermissible Trading Increments

If a non-FINRA member customer (retail, institutional firm or non-US client) routes an electronic order to a US broker in a Tick Size Pilot Security, with a limit price other than a nickel, can the US broker round the limit price down to the nearest valid increment or must they reject the order?

Other Relevant Questions:

1. If a trading center is posting a sell order at the inside at ARCA for 2000 shares and another sell order at the same price for 2000 shares at NYSE, is the amount of its displayed size (not subject to the trade at requirement) 4,000 shares?

2. Can a firm buy stock to facilitate a customer order in several lots, and then risklessly fill the client order at an average price in a non-five cent increment? For example, a firm sends principal orders to the exchange and gets filled at the inside offer at two different times, 100 shares at 10.10 and 100 shares at 10.15. The market is now 10.05 to 10.10 – can the order be filled with a riskless capacity, 200 shares at 10.125?

3. When negotiating a trade between two broker-dealers over the phone, Firm A agrees with firm B to buy 100 shares of stock at 10.00. Which firm, if either, is required to comply with Trade-At provision?