

Additions: Underlined
Deletions: [Bracketed]

Rules of the New York Stock Exchange LLC

Rules 1P - 13P

Rule 7P EQUITIES TRADING

Section 1. General Provisions

Rule 7.18. Halts

Rule 7.19. Pre-Trade Risk Controls

(a) The following are definitions for purposes of this Rule:

- (1) “Entering Firm” means a member organization that either has a correspondent relationship with a Clearing Firm whereby it executes trades and the clearing function is the responsibility of the Clearing Firm or clears for its own account.
- (2) “Clearing Firm” means a member organization that acts as principal for clearing and settling a trade, whether for its own account or for an Entering Firm.
- (3) “Single Order Maximum Notional Value Risk Limit” means a pre-established maximum dollar amount for a single order before it can be traded.
- (4) “Single Order Maximum Quantity Risk Limit” means a pre-established maximum number of shares that may be included in a single order before it can be traded.
- (5) “Gross Credit Risk Limit” means a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both buy and sell orders are counted as positive values. For purposes of calculating the Gross Credit Risk Limit, unexecuted orders in the Exchange Book, orders routed on arrival pursuant to Rule 7.37(a)(1), and executed orders are included.

(b) **Pre-Trade Risk Controls**

(1) Pre-Trade Risk Controls Set by Entering Firm. An Entering Firm may select one or more of the following optional pre-trade risk controls with respect to its trading activity on the Exchange: (i) Gross Credit Risk Limits; (ii) Single Order Maximum Notional Value Risk Limits and (iii) Single Order Maximum Quantity Risk Limits (collectively the “Pre-Trade Risk Controls”).

(2) Clearing Firms Designated to View and Set Pre-Trade Risk Controls.

(A) An Entering Firm that does not self-clear may designate its Clearing Firm to (i) view any Pre-Trade Risk Controls set by the Entering Firm, or (ii) set one or more Pre-Trade Risk Controls on the Entering Firm’s behalf, or both.

(B) An Entering Firm will be able to view any Pre-Trade Risk Controls that its Clearing Firm sets with respect to the Entering Firm’s trading activity on the Exchange.

(C) By designating a Clearing Firm to set Pre-Trade Risk Controls for an Entering Firm, the Entering Firm consents to the Exchange taking action with respect to the Entering Firm’s trading activity as provided for in paragraphs (c) and (d) of this Rule.

(3) Setting and Adjusting Pre-Trade Risk Controls.

(A) Pre-Trade Risk Controls may be set before the beginning of a trading day, and may be adjusted during the trading day.

(B) Pre-Trade Risk Controls can be set at the MPID level or at one or more sub-IDs associated with that MPID, or both.

(4) Notifications. With respect to Gross Credit Risk Limits, the Entering Firm, and if designated, the Clearing Firm, will receive notifications when the Entering Firm is approaching or has breached a Gross Credit Risk Limit set by itself or by the Clearing Firm.

(c) **Automated Breach Actions.** If a Pre-Trade Risk Control is breached, the Exchange will automatically take the following actions.

(1) If both an Entering Firm and its Clearing Firm use the same Pre-Trade Risk Control for the Entering Firm and set different limits, the Exchange will enforce the more restrictive limit.

(2) Breach Action for Single Order Risk Limits. If an order would breach the designated limit of either a Single Order Maximum Notional Value Risk

Limit or Single Order Maximum Quantity Risk Limit, such order will be rejected.

(3) *Breach Action for Gross Credit Risk Limits.*

(A) In setting designated Gross Credit Risk Limits, the Entering Firm or Clearing Firm setting the limit will be required to indicate which of the following actions it wishes the Exchange to take if a Gross Credit Risk Limit is breached:

(i) Notification Only: The Exchange will continue to accept new orders and order instructions and will not cancel any unexecuted orders in the Exchange Book.

(ii) Block Only: The Exchange will reject new orders and order instructions, provided that the Exchange will continue to accept instructions from the Entering Firm to cancel one or more orders (including Auction-Only Orders) in full or any of the instructions specified in paragraph (e) of this Rule.

(iii) Cancel and Block: In addition to the restrictions defined above for “Block Only,” the Exchange will cancel all unexecuted orders in the Exchange Book other than Auction-Only Orders.

(B) If a Gross Credit Risk Limit is breached, the Exchange will enforce the action that was chosen by the party that set the limit that was breached.

(C) If both the Entering Firm and Clearing Firm set the same limit, upon breach of that limit, the Exchange will enforce the most restrictive action selected by any of the parties in setting that limit. For purposes of this paragraph, “Cancel and Block” is more restrictive than “Block Only,” which is more restrictive than “Notification Only.”

(4) If a Pre-Trade Risk Control set at the MPID level is breached, the Automated Breach Action specified at the MPID level will be applied to all sub-IDs associated with that MPID.

(d) **Reinstatement of Entering Firm After Automated Breach Action.** If either a “Block Only” or “Cancel and Block” Automated Breach Action has been triggered, the Exchange will not reinstate the Entering Firm’s ability to enter orders and order instructions on the Exchange (other than instructions to cancel one or more orders (including Auction-Only Orders) in full) without the consent of (1) the Entering Firm, and (2) the Clearing Firm, if the Entering Firm has designated that the Clearing Firm’s consent is required.

(e) **Kill Switch Actions.** An Entering Firm, or if authorized pursuant to paragraph (b)(2)(A) of this Rule, its Clearing Firm, can direct the Exchange to take one or more of the following actions with respect to orders at either an MPID or sub-ID level:

- (1) Cancel all Auction-Only Orders;
- (2) Cancel all unexecuted orders in the Exchange Book other than Auction-Only Orders; or
- (3) Block the entry of any new orders and order instructions, provided that the Exchange will continue to accept instructions from the Entering Firm to cancel one or more orders (including Auction-Only Orders) in full, and later, reverse that block.

Commentary

- .01 The Pre-Trade Risk Controls described in this Rule are meant to supplement, and not replace, the member organization's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the member organization.
- .02 When a customer of a Floor broker firm is a member organization ("Customer"), both the Customer and the Floor broker firm will be considered an "Entering Firm" for purposes of setting Pre-Trade Risk Controls or Kill Switch Actions for that Floor broker's trading activity on the Exchange on behalf of that Customer.
- .03 Manual transactions by a Floor broker and crossing transactions pursuant to Rule 76 will be excluded from Pre-Trade Risk Controls.
- .04 If either a "Block Only" or a "Cancel and Block" Automated Breach Action has been triggered by an Entering Firm acting as a Designated Market Maker ("DMM") in an assigned security, such DMM will be prevented from facilitating an auction that would include any DMM Interest, as defined in Rule 7.35(a)(8). If the DMM has not yet been reinstated, the DMM can facilitate an auction if it does not include DMM Interest.