§ 242.605 Disclosure of order execution information.

PRÉLIMINARY NOTE: Section 242.605 requires market centers to make available standardized, monthly reports of statistical information concerning their order executions. This information is presented in accordance with uniform standards that are based on broad assumptions about order execution and routing practices. The information will provide a starting point to promote visibility and competition on the part of market centers and broker-dealers, particularly on the factors of execution price and speed. The disclosures required by this section do not encompass all of the factors that may be important to investors in evaluating the order routing services of a broker-dealer. In addition, any particular market center’s statistics will encompass varying types of orders routed by different broker-dealers on behalf of customers with a wide range of objectives. Accordingly, the statistical information required by this section alone does not create a reliable basis to address whether any particular broker-dealer failed to obtain the most favorable terms reasonably available under the circumstances for customer orders.

(a) Monthly electronic reports by market centers. (1) Every market center shall make available for each calendar month, in accordance with the procedures established pursuant to paragraph (a)(2) of this section, a report on the covered orders in NMS stocks that it received for execution from any person. Such report shall be in electronic form; shall be categorized by security, order type, and order size; and shall include the following columns of information:

(i) For market orders, marketable limit orders, inside-the-quote limit orders, at-the-quote limit orders, and near-the-quote limit orders:

(A) The number of covered orders;

(B) The cumulative number of shares of covered orders;
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(a) Quarterly report on order routing. (1) Every broker or dealer shall make publicly available for each calendar quarter a report on its routing of non-directed orders in NMS securities during that quarter. For NMS stocks, such report shall be divided into three separate sections for securities that are listed on the New York Stock Exchange, Inc., securities that are qualified for inclusion in The Nasdaq Stock Market, Inc., and securities that are listed on the American Stock Exchange LLC or any other national securities exchange. Such report also shall include a separate section for NMS securities that are option contracts. Each

(C) The cumulative number of shares of covered orders cancelled prior to execution;
(D) The cumulative number of shares of covered orders executed at the receiving market center;
(E) The cumulative number of shares of covered orders executed at any other venue;
(F) The cumulative number of shares of covered orders executed from 0 to 9 seconds after the time of order receipt;
(G) The cumulative number of shares of covered orders executed from 10 to 29 seconds after the time of order receipt;
(H) The cumulative number of shares of covered orders executed from 30 seconds to 59 seconds after the time of order receipt;
(I) The cumulative number of shares of covered orders executed from 60 seconds to 299 seconds after the time of order receipt;
(J) The cumulative number of shares of covered orders executed from 5 minutes to 30 minutes after the time of order receipt; and
(K) The average realized spread for executions of covered orders; and
(ii) For market orders and marketable limit orders:
(A) The average effective spread for executions of covered orders;
(B) The cumulative number of shares of covered orders executed with price improvement;
(C) For shares executed with price improvement, the share-weighted average amount per share that prices were improved;
(D) For shares executed with price improvement, the share-weighted average period from the time of order receipt to the time of order execution;
(E) The cumulative number of shares of covered orders executed at the quote;
(F) For shares executed at the quote, the share-weighted average period from the time of order receipt to the time of order execution;
(G) The cumulative number of shares of covered orders executed outside the quote;
(H) For shares executed outside the quote, the share-weighted average amount per share that prices were outside the quote; and
(I) For shares executed outside the quote, the share-weighted average period from the time of order receipt to the time of order execution.

(2) Every national securities exchange on which NMS stocks are traded and each national securities association shall act jointly in establishing procedures for market centers to follow in making available to the public the reports required by paragraph (a)(1) of this section in a uniform, readily accessible, and usable electronic form. In the event there is no effective national market system plan establishing such procedures, market centers shall prepare their reports in a consistent, usable, and machine-readable electronic format, and make such reports available for downloading from an Internet Web site that is free and readily accessible to the public.

(3) A market center shall make available the report required by paragraph (a)(1) of this section within one month after the end of the month addressed in the report.

(b) Exemptions. The Commission may, by order upon application, conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of this section, if the Commission determines that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.