

NEO EXCHANGE

NEO-D: A Level Playing Field, Now in the Dark

NEO Exchange now has a dark venue (NEO-D) available to further expand dark functionality features through a combination of NEO's unique matching priorities, simple order types and greater certainty around the type of flow to be interacted with. NEO-D creates a truly differentiated dark marketplace that offers options for all types of traders while continuing to provide an enhanced trading experience for natural investors.

KEY FEATURES OF NEO-D INCLUDE:

- All participants may submit active orders to NEO-D, and subject to the Counterparty Election specified on passive orders, orders from all accounts may interact with each other
- Both active and passive orders will be considered for execution upon entry (subject to order constraints), or after each NBBO recalculation (applies to passive orders only)
- All trading will occur at the midpoint price of the NBBO
- Execution matching priorities applicable to NEO-D are: (1) Price; (2) Broker; (3) NEO Trader™; (4) LST
- NEO-D market data is included within the existing NITCH feed at no extra cost

Highlights

	Active (IOC)	Passive (Midpoint)
Matching Priorities		Price - Broker Preference - NEO Trader™ - LST (Size-Time ranking within each category with priority to orders that generate single fills)
Minimum Acceptable Quantity (MAQ)	Single contra order match ¹	Single contra order match ¹
Counterparty Election	N/A	Option to indicate which counter flow to interact with including; (1) All orders; (2) Liquidity taking only; (3) Liquidity providing only
Matching (subject to order constraints)	Immediate upon entry (between 9:30AM and 4:00PM)	Immediate upon entry, or after each NBBO recalculation (between 09:30AM and 4:00PM)
Order Submission (time)	9:30AM to 4:00PM	08:00AM to 4:00PM

¹Minimum tradable volume which must be satisfied by a single contra side order.

	Securities \$5.00 or over	Securities \$1.00 - \$4.99	Securities below \$1.00	ETFs
Active Rebate	\$0.0002	\$0.0001	\$0.0000	\$0.0000
Passive Fee	\$0.0006	\$0.0003	\$0.0001	\$0.0003

Fee caps per trade apply, and notes and debentures are priced differently. See [trading fee schedule](#) for full details.

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Example

NBBO: \$9.03 - 9.05

NEO-D contains the following midpoint orders:

BID						ASK					
Dealer	Type	MSP	Size	\$ (Cap)		\$ (Cap)	Size	MSP	Type	Dealer	
O1	B	LST	Active only	1000	9.04	9.05	1000	Passive only	NEO Trader™	B	O3
O2	B	LST	Active only	1000	9.02						
O4	A	LST	Both	1000	9.04						
O5	A	NEO Trader™	Both	1000	9.04						
O6	C	NEO Trader™	Both	1000	9.04						
O7	A	NEO Trader™	Passive only	1000	9.05						

*orders in the NEO-D are sorted based on time priority on entry

If Dealer A submits an active IOC order (O8) to NEO-D to sell 6,000 shares at market, the following trade(s) will occur:

- **Trade 1:** 1,000 @ 9.04 (O8/O5. O5 has broker and NEO Trader™ priority over O4, O6 and O1)
- **Trade 2:** 1,000 @ 9.04 (O8/O4. O4 has broker priority over O6 and O1)
- **Trade 3:** 1,000 @ 9.04 (O8/O6. O6 has NEO Trader™ priority over O1)
- **Trade 4:** 1,000 @ 9.04 (O8/O1)

Remaining 2,000 shares of O8 are cancelled.

Note, O8 did not trade with O2 due to its price cap and with O7 as O7 will only interact with passive orders in NEO-D.

If subsequently the NBBO recalculates to 9.04 - 9.06, the following trade(s) will occur:

- **Trade 5:** 1,000 @ 9.05 (O7/O3)

Summary of NITCH Feed Additions

Field	Value	Description
Trading Session	o Pre Open	- to support passive order entry in NEO-D prior to continuous trading
Book Type	5 Dark	- disseminated in Instrument Directory, Statistics, Statistics Update, and Statistics Snapshot messages

Summary of FIX Field Mappings to Order Types

Order Type	FIX Required Fields	FIX Optional Fields
Dark, Passive	OrdQty (38) = Multiple of boardlot OrdType (40) = Pegged (P) ExecInst (18) = Midpoint (M) Ex-Destination (100) = Dark (D) Price (44) = Valid price to add a peg cap TimeInForce (59) = Day (O), RHO (R) VisibilityType (20000) = Hidden (2)	MatchingStateParticipation (20005) = <ul style="list-style-type: none"> • Active Orders Only (1) • Passive Orders Only (2) • Both Active and Passive Orders (3) MinQty (110) = Multiple of boardlot MAGMatchType (20001) = Single contra order match (1)
Dark, Active	OrderQty (38) = multiple of boardlot OrderType (40) = Market (1), Limit (2) or Pegged (P) ExecInst (18) = Midpoint (M) Ex-Destination (100) = Dark (D) Price (44) = valid price, if limit TimeInForce (59) = IOC or FOK (3 or 4) VisibilityType (20000) = Hidden (2)	MinQty (110) = Multiple of boardlot MAGMatchType (20001) = Single contra order match (1)

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<http://neo.exchange>