

SECURITIES AND EXCHANGE COMMISSION REGULATION NMS RULE 606
(FORMERLY KNOWN AS RULE 11Ac1-6)

Securities and Exchange Commission Regulation NMS Rule 606 requires all broker-dealers that send orders for equity and option securities to other broker-dealers for execution to make available to the public quarterly reports that present a general overview of their routing practices. The reports must identify the primary exchanges or markets to which “customer orders” were sent for execution during the applicable quarter. The report is divided into four separate sections: securities listed on the New York Stock Exchange, Inc.; securities that are qualified for inclusion in the NASDAQ Stock Market, Inc.; securities listed on the American Stock Exchange, LLC and other national securities exchanges; and securities that are options contracts.

For purposes of the Rule, the term “customer order” is defined as any order that is not for the account of a broker-dealer. The definition also excludes any order in security having a market value of at least \$200,000 and any option order having a market value of at least \$50,000. These orders are excluded in recognition that, for the general public, an overview of order routing practices is more useful for smaller orders. The report covers orders in exchange listed equities, NASDAQ securities and listed options. However, the Rule excludes from the quarterly report those orders that are directed by a customer to a particular exchange or market for execution.

The Rule further requires disclosure of the “material aspects” of the broker-dealer’s relationship with exchanges or markets to which it sends orders for execution, including certain payment for order flow or profit-sharing relationships between broker-dealers, markets and/or exchanges. For example, a broker-dealer that sends orders to an exchange for execution in return for certain types of payments must disclose the nature of that relationship to the public. The SEC adopted this Rule to make execution practices more visible and to increase competition.

[Click here to view Order Routing Report.](#)