

# **HOW EXCHANGES DEAL WITH DISRUPTIONS TO MARKET OPERATIONS**

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# INTERNAL MARKET DISRUPTIONS

TYPE	CAUSE	IMPACT	ACTION
Lose ticker to vendors (MDS) External/Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Major</li> <li>• Investors can't see quote or sales data</li> </ul>	<ul style="list-style-type: none"> <li>• Phone/Email FCMs to use NYBOT website and/or call the floor</li> <li>• Potentially stop trading until repaired</li> </ul>
Lose telephones on Trading Floor Internal	Switch failure	<ul style="list-style-type: none"> <li>• Major</li> <li>• Phone orders don't reach the floor</li> </ul>	<ul style="list-style-type: none"> <li>• Switch to back-up.</li> <li>• Use cell phones.</li> <li>• Continue to use EOR process</li> <li>• Potentially stop trading until repaired</li> </ul>
Lose wallboards - Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Minimal/Major</li> </ul>	<ul style="list-style-type: none"> <li>• Use video displays</li> <li>• Use booth terminals</li> <li>• Potentially stop trading until repaired</li> </ul>
Lose time clocks – Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Minor/Minimal</li> <li>• Potential audit trail problems</li> </ul>	<ul style="list-style-type: none"> <li>• Write times on order tickets</li> </ul>
Lose handheld price reporting system - Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Minor</li> <li>• Dissemination of price data impaired</li> </ul>	<ul style="list-style-type: none"> <li>• Revert to hand signals and PC input</li> </ul>
Lose the Trading Floor Facility External/Internal	Any of multiple sources	<ul style="list-style-type: none"> <li>• Major</li> <li>• Can't trade</li> </ul>	<ul style="list-style-type: none"> <li>• Move to back-up Trading Floor</li> <li>• Assess problem</li> <li>• Notify industry of action to be taken</li> </ul>
Lose video displays - Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Minimal/Major</li> </ul>	<ul style="list-style-type: none"> <li>• Switch to back-up</li> <li>• Move to back-up Trading Floor</li> <li>• Use wallboards (?)</li> <li>• Potentially stop trading until repaired.</li> </ul>
Lose EOR – External/Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Minimal/Major</li> </ul>	<ul style="list-style-type: none"> <li>• Switch to back-up</li> <li>• Telephone orders to trading floor facility</li> <li>• If coupled with Electronic Trading System, stop trading</li> </ul>
Lose Clearing system – External/Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Minor/Minimal</li> <li>• Might delay opening</li> </ul>	<ul style="list-style-type: none"> <li>• Switch to back-up</li> <li>• Assess FCMs</li> <li>• If no major problematic conditions exist e.g., STP activity or risk-management process, continue to trade</li> </ul>
Lose power – External/Internal	Facility/public utility failure	<ul style="list-style-type: none"> <li>• Major</li> <li>• Can't trade</li> </ul>	<ul style="list-style-type: none"> <li>• Move to back-up Trading Floor</li> <li>• Assess problem and notify industry of action to be taken</li> </ul>
Lose the building – External/internal	Any of multiple sources	<ul style="list-style-type: none"> <li>• Major</li> <li>• Can't trade</li> </ul>	<ul style="list-style-type: none"> <li>• Move to back-up Trading Floor</li> <li>• Assess problem and notify industry of action to be taken</li> </ul>
Lose Electronic Trading System (ETS) External/Internal	Software and/or hardware	<ul style="list-style-type: none"> <li>• Major</li> <li>• Can't trade</li> </ul>	<ul style="list-style-type: none"> <li>• Switch to back-up</li> <li>• Potentially stop trading until repaired</li> <li>• If trading floor operable, continue to trade on floor</li> </ul>
National tragedy	Multiple	<ul style="list-style-type: none"> <li>• Major</li> </ul>	<ul style="list-style-type: none"> <li>• Stop trading</li> <li>• Assess problem and notify industry of action to be taken</li> </ul>