

GOLDMAN SACHS ELECTRONIC TRADING (“GSET”) – REMINDER ON CERTAIN ORDER RESTRICTIONS

As a reminder, GSET currently does not have the ability to accept the following orders:

Non-Regular Way Settlement Transactions – Currently, GSET does not support orders for non-regular way settlement. All orders entered for US securities are settle regular way.

Restrictions on Transactions in Restricted Stock – Orders that would require restriction of sale or which would require broker representation letters in order to clear restricted shares are prohibited.

As previously disclosed, the following restrictions are imposed in order to comply with regulatory obligations:

NYSE Rule 123C(9) – In order to ensure compliance with NYSE Rule 123C(9), which restricts the entry of orders during an extreme market imbalance state unless they meet specific criteria, our systems will reject any order which is entered after the market close and directed to the New York Stock Exchange.

Restrictions on Crossing Orders in Options through GSET Systems – U.S. Options Exchanges prohibit Broker Dealers from (a) trading as principal with orders they represent as agent and (b) executing agency orders against orders the Broker Dealer solicited, unless the order exposure requirements are met.¹ In order to comply with such requirements, Broker Dealers may not enter the following sequence of options orders into the electronic platforms provided by GSET:

1. Two orders, one of which the broker dealer solicited and the other they represent as agent, in less than one second of one another;
2. An order for a customer of the broker dealer if the entry of such order would cause an order for the broker dealer’s account to cross with such customer order, without either the customer order or the broker dealer’s order being exposed on the exchange for at least one second.

Broker Dealers intending to facilitate customer orders are required to route the orders directly to the exchange with the customer order being routed first and after exposing the order for at least one second, then routing the facilitation order. Broker dealers intending to facilitate a customer order cannot utilize the GSEC smart order router (“SOR”) to send either the customer order or the firm order down to the exchange, as the SOR routing logic may not expose the customer order on all exchanges prior to the route of the firm side order.

¹ See e.g., NYSE Rule 935NY, BATS Rule 22.12, CBOE Rule 6.45B, ISE Rules 717(d) and 717(e), BOX Rules IM-7140-2 and IM-7141-3.