Rule 1.73 Give Ups: Proposed Solution

Rule Requirement	Proposed Solution: Agreement to screen for risk limit ("Screen Agreement")
a. Clearing Firm ("CF") establishes limits for customer	- Limits can be proposed by EB and agreed to by CF - Limits can be "fat finger" in nature (e.g., max order size) - Limits may be a maximum limit that applies to every customer of CF (EB or CF could impose a more stringent limit on particular customers)
b. CF enters agreement with EB to screen orders	**Create industry standard Screen Agreement** - Includes annex of limits to be applied to each customer of CF - EB agrees to screen for such limits (if not more stringent limits) - Apply to existing and future give up agreements of EB and CF **House Screen Agreements on EGUS** - Utilize EGUS for transmittal, execution & storage of Screen Agreement - Only CF and EB can access **Investigate whether to create module in EGUS to house limits** - Determine resources required and whether would assist EBs and CFs - Send notice re: proposed changes by EB to limits; allow CF to accept/reject - Permission risk personnel (EB and CF) to set/approve limits *Note: Will likely take time and resources to create and implement*
c. Executing Broker screens orders i. If accepts orders for automated execution, it shall use automated means to screen orders for compliance with the limits ii. If accepts orders for non-automated execution, it shall establish and maintain systems of risk controls reasonably designed to ensure compliance with the limits	
d. Clearing Firm maintains risk system reasonably designed to ensure compliance *Note: CF does not receive information to permit it to monitor whether trades complied with limit to be imposed by EB (e.g., if enter trade of 50, can be filled as 5 separate trades of 10, CF only sees the fills, wouldn't be able to tell trade exceeded limit of 10)*	- CF ensures EB has signed Screen Agreement - CF actively monitors customer's account on a post-clearing basis - CF's system to reasonably ensure compliance with its limits - Limits may be of a different nature than those that EB screens for (e.g., IM of overall portfolio v. max order size)