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## POSIT Frequently Asked Questions

This document addresses some frequently asked questions about POSIT.

POSIT is a registered Alternative Trading System (“ATS”) operated by ITG Inc. (“ITG” or the “firm”), a wholly-owned subsidiary of Investment Technology Group, Inc. POSIT matches marketable orders on a size *pro rata* basis. POSIT provides a crossing solution to source quality liquidity anonymously while minimizing market impact.

As part of ITG’s commitment to providing execution transparency on behalf of our clients, the most recent amendments to our Form ATS can be found online at [www.itg.com/about/transparency](http://www.itg.com/about/transparency).

As always, we welcome dialogue with our clients. If you have questions about POSIT or any of the information below, please contact your ITG account executive or call us at 1-212-444-6100.

### **Q: How does POSIT matching work?**

POSIT runs on a continuous crossing basis. POSIT matches and executes trades in equity securities on a size *pro rata* basis, subject to the trading constraints attached to the orders available for matching and other eligibility criteria, such as minimum quantity constraints. All executions in POSIT occur at the midpoint of, or at, the National Best Bid or Offer (“NBBO”). POSIT also has the capability to run pre-market VWAP matches and Agency Close Crosses. Additional detail regarding matching logic can be found in the POSIT Form ATS at [www.itg.com/about/transparency](http://www.itg.com/about/transparency). In general, POSIT matching occurs during standard U.S. market hours, except in the case of Agency Close Crosses, which may be executed after standard U.S. market hours.

### **Q: How does POSIT establish an NBBO?**

The NBBO in POSIT is established from a combination of direct market data feeds and market data disseminated by the Securities Information Processor (“SIP”). Specifically, the firm receives direct market data feeds for all markets except NYSE American, NYSE National and CHX, which are provided by the SIP.

In the event of a disruption to POSIT’s direct feeds, ITG reserves the right to execute transactions based on market data from the SIP for any or all market centers.

### **Q: Who is a POSIT “User”?**

Institutional investors and broker-dealers that are ITG clients are eligible to execute in POSIT and are collectively known as “Users.” Users can transmit orders to POSIT in several ways, including through dedicated, direct-to-POSIT FIX connections; multi-destination FIX connections; ITG’s algorithms; ITG’s smart order router; direct market access (“DMA”) and ITG’s trading desk.



**Q: Who are POSIT “Subscribers”?**

“Subscribers” are the subset of POSIT Users that establish and transmit orders over a dedicated, direct FIX connection to POSIT.

**Q: What order types and attributes does POSIT accept?**

POSIT accepts market orders or limit orders, and certain peg instructions, namely passive, midpoint or aggressive. A passive order is tradable at either the NBB (if it is a passive buy order) or the NBO (if it is a passive sell order), and an aggressive order is tradable at either the NBO or better (if it is an aggressive buy order) or the NBB or better (if it is an aggressive sell order). Orders can be submitted with a time in force instruction of either day or IOC (immediate or cancel).

POSIT will reject passive IOC orders. Midpoint IOC orders may be rejected at ITG’s discretion, where such orders may adversely affect User interactions within POSIT. Generally, the midpoint IOC order type is reserved for institutional brokers operating on an agency basis.

POSIT accepts pre-opening VWAP crossing session orders, as well as agency close crossing orders, which are subject to specific time in force and order type attributes. Additional detail regarding these order types can be found in the POSIT Form ATS at [www.itg.com/about/transparency](http://www.itg.com/about/transparency).

**Q: Does POSIT aggregate minimum quantities on the book to satisfy a minimum quantity threshold?**

Yes. POSIT will satisfy minimum share constraints by aggregating contra-side orders. Users may opt out of having their minimum quantity constraint satisfied by the aggregated orders of multiple counterparties.

**Q: Is liquidity in POSIT tiered?**

No. Liquidity in POSIT is not subject to tiering.

**Q: How does POSIT handle trading during locked and crossed markets?**

POSIT will continue to execute during a locked market. Users may request POSIT to systematically block executions of their orders in locked markets. POSIT will not execute orders during a crossed market.

**Q: How are trades in POSIT reported?**

Users receiving executions are automatically notified of fills or partial fills by POSIT. If a day order expires without being fully or partially filled, the User submitting that order receives a “nothing done” report. All orders matched by POSIT are reported in real time to the Nasdaq Trade Reporting Facility (“TRF”) in accordance with applicable regulations.

**Q: How will POSIT handle a disruption in reporting transactions to the Nasdaq TRF?**

Upon identification and analysis of an issue affecting POSIT’s ability to report transactions to the Nasdaq TRF, POSIT will cease trading, cancel existing orders and reject new orders, and ITG will communicate this response to Users telephonically or via email.



**Q: How does POSIT handle trading during a regulatory halt?**

During a regulatory halt, POSIT will accept day orders but not execute trades, and will accept IOC orders but will immediately cancel them back to the User.

ITG retains discretion to suspend trading in a given symbol at any time for any reason.

**Q: How do smart order router and ITG's algorithms interact with POSIT?**

In general, the smart order router looks to POSIT as an initial routing destination for IOC orders. With respect to day orders, POSIT positioning in the smart order router's routing table varies based on an empirical analysis of execution results.

ITG's algorithms may access POSIT depending on algorithm type and client instructions. ITG's algorithms' order-routing information is available to clients through ITG's online monitoring tools, available upon request.

Clients can opt out of interacting with POSIT (or any other non-exchange execution venue) when using smart order router and/or ITG's algorithms.

**Q: Where can I find information regarding POSIT's trading volume and other statistics?**

POSIT trading volume and other trading statistics can be found online at <https://www.itg.com/about/transparency>. These statistics include information pertaining to the use of POSIT by smart order router and ITG's algorithms.

**Q: Can clients opt out of trading in POSIT?**

Yes. Clients may opt out of executing within POSIT by contacting their ITG account executive.

**Q: Aside from smart order router and ITG's algorithms, who may execute orders in POSIT and how do they do so?**

As noted above, institutional investors and broker-dealers that are ITG clients are eligible to become POSIT Users. Users can enter orders via ITG's Triton EMS, ITG's OMS, ITG's trading desk or any certified FIX connection. POSIT "Subscribers" are a subset of Users that have established dedicated FIX connections to POSIT.

Any exchange-listed security can be traded in POSIT. Additionally, executions in POSIT can result from ITG's indications matching system, POSIT Alert.

**Q: Does POSIT utilize indications of interest (IOIs) or conditional orders?**

No, POSIT does not communicate any IOIs or conditional orders based on User orders. As described below, POSIT Alert uses a form of indication and conditional orders between participants that may result in POSIT executions.



**Q: What is POSIT Alert?**

ITG operates POSIT Alert (“Alert”), an indications matching system. Alert exists outside POSIT and identifies potential contra-side matches among Alert participants and other conditional orders used by institutions and broker-dealers (collectively known as “Participants”). Alert informs Participants of a matching opportunity so they can submit orders to POSIT for crossing. Additional details regarding Alert’s interaction with POSIT can be found in the POSIT Form ATS at [www.itg.com/about/transparency](http://www.itg.com/about/transparency).

**Q: Are any affiliates Users of POSIT?**

Yes. The firm’s affiliates, ITG Canada Corp. and AlterNet Securities, Inc. (“AlterNet”), are Users of POSIT. They are offered the same access and services as unaffiliated Users.

**Q: What is AlterNet and how does it interact in POSIT?**

AlterNet is an ITG-affiliated broker-dealer that may route orders to POSIT to facilitate trades for broker-dealer clients on an agency, riskless principal and/or net trading basis. AlterNet serves only sell-side (i.e., broker-dealer) clients and is not permitted to use the Alert functionality. When using the AlterNet net trading service, broker-dealers opt to receive an execution price inclusive of an agreed-upon commission. The net execution price is always at or within the NBBO and may include price improvement.

Neither ITG nor AlterNet engages in any of the following activities: 1) proprietary trading, 2) market making, 3) capital commitment and/or 4) establishing directional positions.

**Q: Does ITG allow for clients to colocate with POSIT?**

POSIT does not support colocation with any of its clients. POSIT is hosted in the NY5 Data Center in Secaucus, N.J. Cross-connections to POSIT in NY5 are available to all clients by request.

**Q: Does POSIT offer direct FIX connectivity?**

Yes, POSIT offers all clients direct FIX connectivity, which is optimized for lower latency.

**Q: How does POSIT protect execution quality?**

ITG uses empirical data, discretionary analysis and its professional judgment to gauge execution quality in POSIT. This approach is based on the core premise that quality liquidity can be extracted from the marketplace by deploying the appropriate technology and measurement tools.

ITG and POSIT employ several measures, controls and reviews that aim to protect User orders from gaming strategies. ITG uses these controls to monitor trading activity in POSIT for execution quality, potential regulatory violations and inappropriate conduct.

ITG employs anti-gaming technology—called Liquidity Guard—to help ensure quality executions for POSIT Users. Additional detail regarding Liquidity Guard can be found in the POSIT Form ATS at [www.itg.com/about/transparency](http://www.itg.com/about/transparency).



**Q: Where can I find the disclosure of execution information for POSIT?**

The disclosure of order execution information for POSIT can be found online at <https://www.itg.com/support/compliance/disclosure-of-itg-inc-order-execution-and-order-routing-information>.

**Q: Does POSIT offer differential pricing based on making or taking liquidity?**

No. POSIT does not provide differential pricing based on the concept of making or taking liquidity and does not provide rebates.

**Q: Who can see orders submitted to POSIT?**

Personnel who operate POSIT and who are responsible for its compliance with applicable rules have access to all User order and execution information.

With respect to Subscriber orders, personnel responsible for the operations, monitoring, functionality and compliance with applicable rules related to POSIT and its related infrastructure have access to Subscribers' order and execution information.

Due to the interrelationship of the firm's execution/order management and routing systems, additional support (which may include sales, trading, operations staff) and technology personnel have access to order and execution information for Users that are not Subscribers. Personnel who support Alert, ITG's algorithms, SOR and/or trading desk and these systems' related infrastructure have access to information about POSIT orders and executions routed through connections that also route order flow to non-POSIT systems. Additional infrastructure support personnel, which includes the ITG Net support team, have access to information about POSIT orders and executions routed through FIX connections also used to access ITG Net,<sup>1</sup> the firm's broker-dealer neutral routing platform.

POSIT order and execution information is available post-trade to support functions including compliance, legal, operations and technology.

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<sup>1</sup> FIX connections provided by ITG Net enable clients to access third party broker venues. ITG Net clients may use such connections to access both external venues and internal destinations (POSIT, SOR, algorithms, DMA, etc.). ITG Net personnel's access to information concerning orders directed to POSIT is incidental to their need to monitor orders submitted to non-POSIT, third-party venues on the same FIX connection.



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