

SINCE YOU ASKED

Confused about some aspect of trading? Professional trader Don Bright of Bright Trading (www.stocktrading.com), an equity trading corporation, answers a few of your questions. To submit a question, post your question to our website at <http://Message-Boards.Traders.com>. Answers will be posted there, and selected questions will appear in a future issue of S&C.



Don Bright of Bright Trading

SOURCE OF DATA

Hi Don, I have seen many traders who post the NYSE close imbalances in US dollars just after they have been released. Do you have any idea where they are getting this information? There must be a website out there posting them in real time. Thanks. —TradingNerd

Actually, the market-on-close imbalances are published daily at 3:45 NYSE time in number of shares, not US dollars. You can, of course, get a program to convert the shares to USD if you like. We get our numbers from our trading platform, RediPlus (Goldman Sachs), but you can also access them from news services like Dow Jones or Reuters. Hope this helps.

LATEST IN LEGAL AND REGULATORY NEWS

There are several new events happening in our trading world, and I have received many questions about them. I have addressed a few in one of our webinars (see www.stocktrading.com for upcoming events), and thought I would share with my readers here at STOCKS & COMMODITIES.

1. How will the new rules like Dodd-Frank and the Foreign Account Tax Compliance Act (FATCA) affect Bright Trading?

As far as the Dodd-Frank and FATCA are concerned, since we are a broker-dealer and exchange member, this will all be pretty transparent with no direct effect to our traders. I strongly suggest that each of you who are involved in trading check with your specific brokerage to see if this has some impact on your own trading going forward.

2. Are the new B-D trade review rules, required for direct-access traders, going

to affect your firm, or more specifically, your traders?

I assume you're referring to the following: In connection with its implementation efforts to comply with SEC Rule 15c3-5, Goldman Sachs Execution & Clearing, LP, has enhanced its system of risk management controls relating to its access to exchanges and alternative trading systems for execution. The compliance dates set by the SEC are July 14 and November 30, 2011.

The firm's controls required under the rule for July 14 are designed to limit financial exposure to the firm and comply with applicable regulatory requirements in connection with market access. Specifically, the firm has controls to limit entry of erroneous and duplicative orders

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on an exchange or alternative trading system as well as other orders that do not comply with regulatory requirements imposed on the firm (for example, Reg SHO, Reg NMS, and the rules of FINRA and various exchanges). While the firm's controls are designed to take into account permissible trading parameters for each client, they will not prevent erroneous entries that do not exceed such parameters and, thus, should not be considered a substitute for client vigilance.

I can only speak for Bright Trading, and we are always working to keep fully compliant. But to be honest, things change. For now, however, we don't

see any changes for our traders, since we have always maintained a strict risk control system based on the financial stability of the entire firm. The clearing firm keeps close tabs on our entire firm, and we, in turn, keep close tabs on each trader's risk parameters. Basically, nothing has changed for us due to these new rules.

However, I have noticed many firms have had to implement new and more restrictive measures to comply with this new legislation. Again, I must say that each trader should check with his or her firm, and consider finding one that is fully compliant.

3. I read somewhere that those with an expired Series 7 license do not have to retest to be a trader with Bright, only take the continuing education — is that true, or do they indeed have to retest?

All Bright traders must be current with proper licensing. Again, things are changing in this regard; see no. 4 following.

4. Any talk about replacing the Series 7 for Bright traders with the Series 56 that CBOE firms are now requiring?

As I understand it, our exchange — the Chicago Stock Exchange — has filed to allow an "either/or" type of thing. This should work out well overall, since we have so many traders who either came to us with an existing Series 7 or have passed the exam under our sponsorship. We should know soon if the Series 56 will also suffice. The S56 is more of a traders' exam and would not be viable for those who would like to pursue a career in the investment world down the road, but as long as we have complied with regulators, either exam is fine with us.