

MEMO# 14956

July 24, 2002

SEC APPROVES NYSE PROPOSED RULE CHANGE RELATING TO CLEAN CROSSES

[14956] July 24, 2002 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 16-02 RE: SEC APPROVES NYSE PROPOSED RULE CHANGE RELATING TO CLEAN CROSSES The SEC has approved a proposed rule change filed by the NYSE¹ amending NYSE Rule 72 to provide that a specialist may not effect a proprietary transaction to break up a cross being effected under the rule. As proposed, the proposal also would have permitted clean crosses of 100,000 shares or more when a member organization is facilitating a customer order. However, in response to comment letters on the proposal, including the Institute's,² the NYSE amended the proposal by removing this portion of the proposed rule change. Ari Burstein Associate Counsel Attachment (in .pdf format) 1 Memorandum to Equity Markets Advisory Committee No. 41-01, dated November 6, 2001. 2 Memorandum to Equity Markets Advisory Committee No. 49-01, dated November 27, 2001. The Institute's comment letter stated that the clean cross rule, as currently structured, is fundamentally flawed and recommended that certain changes be made to the clean cross rule that would better facilitate the trading of large orders.

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