

**MEMO# 12978**

January 2, 2001

## **SEC APPROVES NYSE PROPOSED RULE CHANGE ESTABLISHING XPRESS ORDERS AND QUOTES**

[12978] January 2, 2001 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 1-01 RE: SEC APPROVES NYSE PROPOSED RULE CHANGE ESTABLISHING XPRESS ORDERS AND QUOTES

The Securities and Exchange Commission has issued an order approving a proposed rule change filed by the New York Stock Exchange, and a notice of filing and order granting accelerated approval of amendments to the proposed rule change,<sup>1</sup> creating a new type of order, an "XPress order," and describing the requirements for executing XPress orders. In particular, Amendment No. 1 to the proposed rule change specifies that an XPress order must consist of an order of at least 25,000 shares, to be executed against a displayed XPress quote, or at an improved price, if available. Individual orders may not be aggregated to become an XPress order. In addition, multiple XPress orders in the same stock would be executed in strict time priority with respect to each other and with respect to other orders. Amendment No. 1 also specifies that in order to qualify as an XPress quote, a published bid or offer must be for at least 25,000 shares and must be displayed at the same price for at least 30 seconds. If the XPress bid or offer price changed, the quote would have to be displayed at the new price for at least 30 seconds before it would become XPress eligible. Under the original version of the proposed rule change, if an XPress order was received at the specialist's post and the quote was no longer XPress eligible, the XPress order would have been cancelled. Amendment No. 2, however, clarifies that if an XPress order is entered against a valid XPress quote, but the quote has been reduced below 25,000 shares and is no longer XPress eligible when the order is received at the specialist's post, the XPress order can receive a partial execution. The proposed rule change also provides that once a specialist has represented an XPress order in the crowd, no part of the XPress bid or offer against which the XPress order is to be executed can be withdrawn, except to provide price improvement to all or part of the XPress order. An NYSE member providing price improvement to an XPress order also would have to

<sup>1</sup> Securities Exchange Act Release No. 43763 (December 21, 2000), 65 FR 83120 (December 29, 2000), a copy of which is attached.

<sup>2</sup> trade with all other market interest having priority at the price before trading with the XPress order. Comments on the amendments to the proposed rule change are due to the SEC no later than January 19, 2001. If you have any questions on the proposed rule change, please contact the undersigned by phone at (202) 371-5408, by fax at (202) 326-5839, or by e-mail at [aburstein@ici.org](mailto:aburstein@ici.org). Ari Burstein Associate Counsel Attachment Attachment (in .pdf format)

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