

MEMO# 16189

June 11, 2003

NYSE PROPOSED RULE CHANGE RELATING TO ADDITION OF INTERPRETIVE MATERIAL TO NYSE RULES

[16189] June 11, 2003 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 15-03 RE: NYSE PROPOSED RULE CHANGE RELATING TO ADDITION OF INTERPRETIVE MATERIAL TO NYSE RULES The New York Stock Exchange has filed a proposed rule change with the SEC relating to the addition of interpretive material to several NYSE rules.¹ The most significant aspects of the proposed rule change are summarized below. Comments on the proposed rule change are due to the SEC no later than June 30, 2003. If you have any questions or comments on the proposed rule change, please contact the undersigned by e-mail at aburstein@ici.org or by phone at 202-371-5408. The proposed rule change addresses several NYSE rules. In particular, the NYSE adds interpretive material to NYSE Rule 72 relating to the priority and precedence of bids and offers. The NYSE states that it is proposing to add a sentence to NYSE Rule 72(b) to clarify that a broker must “recross” a proposed clean agency cross pursuant to NYSE auction procedures following a transaction which provides price improvement to one side of the cross. The NYSE also is proposing to specify in the rule that a transaction “clears the Floor,” meaning bids and offers that are not satisfied in a transaction are deemed to be simultaneously re-entered and on parity with each other. The NYSE also is proposing to codify in NYSE Rule 75, relating to disputes as to bids and offers, its practice that floor disputes involving \$10,000 or more, or questioned trades, can be referred for resolution to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, if the parties to the dispute agree. In addition, the NYSE is proposing changes to Rule 116 relating to “stopping” stock; Rule 91 relating to confirmation of transactions and specialists’ principal transactions; Rule 95 relating to discretionary transactions; and Rule 115A relating to orders at the opening. Ari Burstein Associate Counsel Attachment (in .pdf format) 1 Securities Exchange Act Release No. 47961 (June 2, 2003), 68 FR 34453 (June 9, 2003). A copy of the proposed rule change is attached.