

MEMO# 17396

April 16, 2004

INSTITUTE LETTER ON NYSE PROPOSAL TO PROVIDE AUTOMATIC EXECUTION FOR INSTITUTIONAL XPRESS ORDERS

[17396] April 16, 2004 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 17-04 RE: INSTITUTE LETTER ON NYSE PROPOSAL TO PROVIDE AUTOMATIC EXECUTION FOR INSTITUTIONAL XPRESS ORDERS The Institute has filed a comment letter with the SEC on the NYSE's proposed rule change providing that Institutional XPress orders be executed immediately against an XPress eligible liquidity bid or offer and not be exposed for price improvement.¹ The most significant aspects of the comment letter are summarized below and a copy of the letter is attached. The comment letter states that the Institute has made numerous recommendations to the Exchange aimed at improving the NYSE's Institutional XPress and Liquidity Quote systems, most significantly, that the NYSE make XPress orders ineligible for price improvement. The letter therefore commends the NYSE for taking steps to begin implementing greatly needed changes to increase the automatic execution of orders on the Exchange. The letter notes, however, that the NYSE would not institute the pilot program until certain technological enhancements to the Exchange's trading systems are completed. The letter therefore urges the NYSE to move expeditiously to make these necessary technological changes and implement the proposed pilot program as soon as possible. Ari Burstein Associate Counsel Attachment (in .pdf format) 1 Securities Exchange Act Release No. 49391 (March 10, 2004), 69 FR 12884 (March 18, 2004).

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