

MEMO# 10984

May 14, 1999

NYSE FILES PROPOSED RULE CHANGE AMENDING OPENING IMBALANCE PUBLICATION PROCEDURES FOR EXPIRATION DAYS

1 Securities Exchange Act Release No. 41359 (May 3, 1999), 64 FR 25387 (May 11, 1999). 2 The special stock list consists of the 50 most highly capitalized stocks in the S&P 500 Stock Price Index, any stocks in the Major Market Index (XMI) that are not among the 50, and the 10 most highly capitalized stocks in the S&P 400 MidCap Index. [10984] May 14, 1999 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 15-99 RE: NYSE FILES PROPOSED RULE CHANGE AMENDING OPENING IMBALANCE PUBLICATION PROCEDURES FOR EXPIRATION DAYS _____

The Securities and Exchange Commission ("SEC") has published for comment a proposed rule change (attached) filed by the New York Stock Exchange ("NYSE") amending its opening imbalance publication procedures for expiration days.¹ Currently, the NYSE has auxiliary opening procedures for expiration days which require, among other things, that market order imbalances of 50,000 shares or more in stocks on the NYSE's "special stock" list be published as soon as practicable after 9:00 a.m.² The proposed rule change would revise these procedures by eliminating the use of the special stock list and requiring order imbalance publication for all stocks with imbalances of 50,000 shares or more. The proposed rule change also would permit the publication of imbalances of less than 50,000 shares with floor official approval. The NYSE believes the proposed changes will provide more complete information to market participants which, in turn, should attract additional liquidity which could minimize volatility and lead to more orderly openings on expiration days. The proposal is similar to changes made recently by the NYSE to the imbalance publication procedures at the close of trading. The NYSE had required the use of the special stock list for imbalance publications at the close. Last year, however, the NYSE eliminated the use of special stock list for publishing imbalances at the close and instead required that market-on-close ("MOC") imbalances of 50,000 shares or more be published in all stocks on any trading day. The NYSE also added a provision permitting the publication of MOC imbalances of less than 50,000 shares, with the approval of a floor official. Comments on the proposed rule change are due to the SEC no later than June 1, 1999. If you have any comments on the proposed rule change, please provide them to Ari Burstein by phone at (202) 371-5408, by fax at (202) 326-5841, or by e-mail at aburstein@ici.org no later than May 24. Ari Burstein Assistant Counsel Attachment

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