

Additions: Underlined
Deletions: [Bracketed]

Rules of New York Stock Exchange LLC

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Rule 7.35A. DMM-Facilitated Core Open and Trading Halt Auctions

(a) *DMM and Floor Broker Responsibilities*. It is the responsibility of each DMM to ensure that registered securities open as close to the beginning of Core Trading Hours as possible or reopen at the end of the halt or pause, while at the same time not unduly hasty, particularly when at a price disparity from the Consolidated Last Sale Price.

1.-.3 No Change

4. [Floor]Trading Officials participate in the opening and reopening process to provide an impartial professional assessment of unusual situations, as well as to provide guidance with respect to pricing when a significant disparity in supply and demand exists. DMMs should consult with a [Floor]Trading Official under the following circumstances:
 - A. if a security will be opened more than 30 minutes after the scheduled beginning of Core Trading Hours (a “Delayed Opening”);
 - B. if it is anticipated that the opening or reopening price will be at a significant disparity from the Consolidated Last Sale Price for such security;
 - C. if there is a significant imbalance; and
 - D. in unusual situations.
5. In determining when to open or reopen a security in circumstances described under paragraph (a)(4) of this Rule, a DMM should make every effort to balance timeliness with the opportunity for customer reaction and participation. When the DMM and [Floor]Trading Official agree that all participants have had a reasonable opportunity to participate, the DMM should open or reopen the security. The DMM has ultimate responsibility for opening or reopening a security and while a [Floor]Trading Official’s approval may be a mitigating factor, it will not exonerate the DMM if performance has been deemed not satisfactory. In unusual market situations, the DMM should consider the following as indicative of poor DMM performance:

- A. an opening or reopening price change that is not in proportion to the size of an imbalance;
- B. absence of a pre-opening indication before a large Auction Price change;
- C. inadequate support after a large Auction Price change, i.e., lack of sufficient continuity and depth in the aftermarket;
- D. absence of trading without good cause or [Floor]Trading Official approval (or an unjustified or unreasonably delayed opening or halt in trading); and
- E. not obtaining appropriate [Floor]Trading Official approvals for opening delays.

(b) - (c) No Change

(d) *Pre-Opening Indications*. A pre-opening indication will include the security and the price range within which the Auction Price is anticipated to occur. A pre-opening indication will be published via the securities information processor and proprietary data feeds.

1.-3. No Change

- 4. *Procedures for publishing a pre-opening indication*: The DMM will use the following procedures when publishing a pre-opening indication.
 - A. Publication of a pre-opening indication requires the supervision and approval of a [Floor Governor]Trading Official.
 - B. A pre-opening indication must be updated if the Core Open or Trading Halt Auction Price would be outside of a published pre-opening indication.
 - C. If the pre-opening indication is a spread wider than \$1.00, the DMM should undertake best efforts to publish an updated pre-opening indication of \$1.00 or less before opening or reopening the security, as may be appropriate for the specific security.
 - D. After publishing a pre-opening indication, the DMM must wait for the following minimum specified periods before opening a security:
 - i. When using the Applicable Price Range specified in paragraph (d)(3)(A) of this Rule, a minimum of three minutes must elapse

between publication of the first indication and a security's opening or reopening. If more than one indication has been published, a security may be opened or reopened one minute after the last published indication provided that at least three minutes have elapsed from the dissemination of the first indication. However, the DMM may open or reopen a security less than the required minimum times after the publication of a pre-opening indication if the Auction Price would be at a price within the Applicable Price Range.

- ii. When using the Applicable Price Range specified in paragraph (d)(3)(B) of this Rule, a minimum of one minute must elapse between publication of the first indication and a security's opening or reopening. If more than one indication has been published, a security may be opened or reopened without waiting any additional time.

E. If trading is halted for a non-regulatory order imbalance, a pre-opening indication must be published as soon as practicable after the security is halted.

F. When reopening a security following a trading pause under Rule 7.11:

- i. a pre-opening indication may be published without prior [Floor Governor]Trading Official approval;
- ii. a pre-opening indication does not need to be updated before reopening the security, and the security may be reopened outside of any prior indication; and
- iii. the reopening is not subject to the minimum waiting time requirements in paragraph (d)(4)(D) of this Rule.

G. Except as provided in paragraph (d)(4)(F)(ii) of this Rule, if a pre-opening indication has been published, the Exchange will not permit the DMM to open or reopen the security outside of the last-published pre-opening indication range.

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Rule 7.35B. DMM-Facilitated Closing Auctions

(a) *DMM and Floor Broker Responsibilities.* It is the responsibility of each DMM to ensure that registered securities close as soon after the end of Core Trading Hours as

possible, while at the same time not unduly hasty, particularly when at a price disparity from the Exchange Last Sale Price.

1. *Floor Broker Interest*: Floor Broker Interest is eligible to participate in the Closing Auction provided that the Floor broker has electronically entered such interest before the Auction Processing Period for the Closing Auction begins.
 - A. For such interest to be eligible to participate in the Closing Auction, a Floor broker must:
 - i. first, by the end of, but not after, Core Trading Hours, orally represent Floor Broker Interest at the point of sale, including symbol, side, size, and limit price.
 - ii. then, electronically enter such interest after the end of Core Trading Hours. The electronic entry of Floor Broker Interest will not be subject to Limit Order Price Protection.
 - B. Before Floor Broker Interest is ranked for the Closing Auction, it must be electronically accepted by the DMM. Once accepted, Floor Broker Interest will be processed as an order ranked Priority 2 - Display Orders from a Floor Broker Participant for purposes of inclusion in Closing Auction Imbalance Information and ranking and allocation in the Closing Auction.
 - C. After the end of Core Trading Hours, electronically-entered Floor Broker Interest cannot be reduced in size or replaced, provided that, subject to [Floor]Trading Official approval, a DMM can accept a full cancellation of electronically-entered Floor Broker Interest to correct a Legitimate Error.
2. *DMM Interest*: A DMM may enter or cancel DMM Interest after the end of Core Trading Hours in order to supply liquidity as needed to meet the DMM's obligation to facilitate the Closing Auction in a fair and orderly manner. The entry of DMM Interest after the end of Core Trading Hours will not be subject to Limit Order Price Protection.

(b) - (c) No Change

(d) *Closing Imbalance*. A Closing Imbalance publication will include the Imbalance and the Side of the Imbalance. The Imbalance Reference Price for a Closing Imbalance is the Exchange Last Sale Price. The Exchange will not disseminate a Closing Imbalance if there is no Exchange Last Sale Price. A Closing Imbalance is disseminated to the securities information processor and a Regulatory Closing Imbalance is also disseminated to proprietary data feeds.

1. *Publication of Regulatory Closing Imbalance.* At the Closing Auction Imbalance Freeze Time, if the Closing Imbalance is 500 round lots or more, the Exchange will disseminate a Regulatory Closing Imbalance.
 - A. If, at the Closing Auction Imbalance Freeze Time, the Closing Imbalance is less than 500 round lots, but is otherwise significant in relation to the average daily trading volume in the security, a DMM may disseminate a Regulatory Closing Imbalance only with prior [Floor]Trading Official approval.
 - B. A Regulatory Closing Imbalance is a one-time publication that should not be updated.
 - C. A Regulatory Closing Imbalance will be disseminated at the Closing Auction Imbalance Freeze Time regardless of whether the security has not opened or is halted or paused at that time.
2. *Publication of Manual Closing Imbalance.* Beginning one hour before the scheduled end of Core Trading Hours up to the Closing Auction Imbalance Freeze Time, a DMM may disseminate a Manual Closing Imbalance only with prior [Floor]Trading Official approval. Only a DMM can update a Manual Closing Imbalance publication.
 - A. If a DMM disseminates a Manual Closing Imbalance, such publication must be updated at the Closing Auction Imbalance Freeze Time with either:
 - i. a Regulatory Closing Imbalance, if the conditions specified in paragraph (d)(1) of this Rule are met; or
 - ii. a “No Imbalance” publication if the conditions specified in paragraph (d)(1) of this Rule are no longer met.

(e) - (i) No Change

(j) *Temporary Rule Suspensions.*

1.-2 No Change

3. Only the DMM assigned to a particular security may request a temporary suspension under paragraph (j)(2) of this Rule. A determination to declare such a temporary suspension may be made after the scheduled end of Core Trading Hours and will be made on a security-by-security basis. Such determination, as

well as any entry or cancellation of orders or closing of a security under paragraph (j)(2) of this Rule, must be supervised and approved by an Trading Official [Executive Floor Governor and supervised by an Exchange Officer]. Factors that may be considered when making such a determination include, but are not limited to, when the order(s) that impacted the Imbalance were entered into Exchange systems or orally represented to the DMM, the impact of such order(s) on the closing price of the security, the volatility of the security during the trading session, and the ability of the DMM to commit capital to dampen the price dislocation.

4. A temporary suspension under paragraph (j)(2) of this Rule is in effect only for the particular security for which such suspension has been granted and for that trading day.

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Rule 18. Compensation in Relation to Exchange System Failure

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(d) [An]The Exchange[-designated panel ("Compensation Review Panel") consisting of 3 Floor Governors and 3 Exchange employees]will review claims submitted pursuant to this rule and determine the eligibility of a claim for payment. The [Compensation Review Panel in its review]Exchange will determine whether the amount claimed should be reduced based on the actions or inactions of the claiming member organization, including whether the member organization made appropriate efforts to mitigate its loss.

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Rule 37. Visitors

Visitors shall not be admitted to the Floor of the Exchange except by permission of [an Officer of]the Exchange[, a Senior Floor Official, Executive Floor Official, a Floor Governor, or an Executive Floor Governor].

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Rule 46. [Floor]Trading Officials[—Appointment]

A Trading Official is Exchange staff designated by the CEO of the Exchange or his or her designee to perform those functions specified in Exchange rules.[(a) Each Executive Floor Governor shall be approved as a Floor Official and shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor.

(b) The Exchange Chairman, in consultation with the Executive Floor Governors and the Exchange's Regulatory Oversight Committee and with the approval of the Exchange

Board, shall, at the annual meeting of the Exchange Board of Directors or at such other time as may be deemed necessary:

(i) designate as Floor Officials such other members as he may determine, who shall perform such duties as are prescribed by the Rules of the Exchange to serve at the pleasure of the Exchange Board of Directors or until the next annual meeting of the Exchange Board of Directors at which time successors Floor Officials are appointed and take office.

(ii) designate such number of other members as Floor Governors as he may determine, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of an Executive Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board.

For purposes of this rule, a Floor Governor, by virtue of his appointment as such, shall also be deemed to be a Floor Official, and, therefore empowered to perform such duties as are specifically prescribed by the Rules of the Exchange Board or as may be designated by the Exchange Board regarding Floor Officials.

(iii) designate such number of Executive Floor Officials as he may determine from those Floor Governors who have completed their term of service as Floor Governors, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(iv) designate such number of Senior Floor Officials as he may determine from Floor Officials who are entering their fifth or sixth year of service, who shall be empowered to perform any duty, make any decision or take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(v) designate such number of qualified ICE employees as he may determine, who shall be empowered to take any action assigned to or required of a Floor Governor as are prescribed by the Rules of the Exchange or as may be designated by the Exchange Board regarding Floor Governors.

(c) Each Floor Official, Floor Governor, Executive Floor Official, Senior Floor Official and Executive Floor Governor so appointed pursuant to Rules 46 and 46A as applicable shall serve at the pleasure of the Exchange Board of Directors or until the next annual meeting of the Exchange and their successors are appointed and take office.

• • • *Supplementary Material:*

.10 For purposes of this rule, the term "qualified ICE employee" shall mean employees of ICE or any of its subsidiaries, excluding the Exchange's regulatory employees who shall

have satisfied any applicable testing or qualification required by the NYSE for all Floor Governors.

.20 References in any NYSE rule to Floor Official or Floor Governor shall be deemed to refer to qualified ICE employees in addition to other Floor Governors or Floor Officials.

Rule 46A. Executive Floor Governors

(a) The Board of Directors of the Exchange, in consultation with the Exchange's Regulatory Oversight Committee, shall appoint such number of Executive Floor Governors as it deems appropriate, each of whom shall serve for a term of one year, or until the next annual organizational meeting of the Exchange Board, whichever first occurs.

(b) Executive Floor Governors shall comprise (i) at least two registered DMMs, each of whom spends a substantial part of his or her time on the Floor of the Exchange or supervising DMMs; and (ii) at least two Floor brokers, each of whom spends a majority of his or her time on the Floor of the Exchange executing transactions on the Floor of the Exchange for other than his or her own account or the account of his or her member organization or supervising Floor brokers. Executive Floor Governors assist in the administration of the rules regarding trading on the Exchange and any facility thereof.]

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Rule 47. [Floor Officials—]Unusual Situations on the Floor

(a) [Floor]Trading Officials shall have power to supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor, other than with regard to whether a verbal bid or verbal offer is eligible for inclusion in the Closing Auction by the DMM, which is governed by subsection (b) of this Rule.

(b) Situations regarding whether a verbal bid or verbal offer is eligible for inclusion in the Closing Auction by the DMM shall be supervised and regulated as follows. A Floor broker with the interest to be included in the Closing Auction or the DMM responsible for the Closing Auction may consult a Regulatory Trading Official regarding whether a bid or offer is eligible for inclusion in the Closing Auction by the DMM. If such a request has been made, the DMM will not facilitate the Closing Auction until a Regulatory Trading Official has completed his or her review. The final determination to include or exclude interest from the Closing Auction will be made by the DMM pursuant to Rule 104. The Regulatory Trading Official's review will be documented in Exchange systems no later than one business day following the review.

Rule 48[9]. Exchange Business Continuity and Disaster Recovery Plans and Mandatory Testing

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Rule 75. Disputes as to Bids and Offers

Disputes arising on bids or offers, if not settled by agreement between the members interested, shall be settled by a [Floor]Trading Official. In rendering a decision as to disputes regarding the amount traded, the [Floor]Trading Official shall give primary weight to statements by any member who was not a party to the transaction and shall also take into account the size of orders held by parties to the disputed transaction, and such other facts as he deems relevant. [If both parties to a dispute agree, and the dispute involves either a monetary difference of \$10,000 or more or a questioned trade, the matter may be referred for resolution to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, whose decision shall be binding on the parties. As an alternative to a panel of three Floor Governors, Senior Floor Officials, or Executive Floor Officials, or any combination thereof, m]Members may also proceed to resolve a dispute through long-standing arbitration procedures established under the Exchange's Rules.

• • • *Supplementary Material:*

.10 Discrepancies as to amount.—When there is no dispute regarding a transaction except as to the amount traded and neither party can produce a witness, the transaction must be considered to have been for the smaller amount; provided, however, that if the member claiming the smaller amount held, at the time of the transaction in dispute, an order or orders totalling the larger amount, the [Floor]Trading Official, in reaching his decision, shall take into consideration that fact and all other facts which he deems relevant.

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Rule 91. Taking or Supplying Securities Named in Order

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.50 Rejection of DMM's principal transactions.—If there is a continued pattern of rejections of a DMM's principal transactions, a [Floor]Trading Official may be called upon and require the broker to review his or her actions. It should be noted, however, that if a customer gives instructions to his or her broker to reject trades with the DMM's name on the other side, this would be a conditional order and should not be entrusted to the DMM for execution.

The foregoing does not compromise the unconditional right of a broker to reject any trade where the DMM trades as principal. In addition, no disciplinary process would be triggered against the broker for exercising his or her right to reject the trade.

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Rule 93. Trading for Joint Account

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(b) No member while on the Floor shall, without the prior approval of a [Floor]Trading Official, initiate the purchase or sale on the Exchange of stock for any account in which he, his member organization or any other member or allied member therein is directly or indirectly interested with any person other than such member organization or any other member or allied member therein.

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Rule 103. Registration and Capital Requirements of DMMs and DMM Units

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• • • *Supplementary Material:*

.10 Temporary Reallocation of Securities.—The Chief Regulatory Officer or his or her designee [and two non- DMM Executive Floor Governors or if only one or no non-DMM Executive Floor Governors is present on the Floor, the most senior non-DMM Floor Governor or Governors based on length of consecutive service as a Floor Governor at the time of any action covered by this rule, acting by a majority] shall have the power to reallocate temporarily any security on an emergency basis to another location on the Floor whenever in their opinion such reallocation would be in the public interest. The member to whom a security has been temporarily reallocated under the provisions of this Rule will be registered as the regular DMM therein until the Chief Regulatory Officer or his or her designee [and two non-DMM Executive Floor Governors]determine that the security may be returned to the original DMM unit or has been reallocated pursuant to Exchange rules.

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Rule 103A. Member Education

[(I)]The Exchange shall develop procedures and standards for qualification and performance of members active on the Floor of the Exchange. All proposed Floor members must complete such educational program as may be prescribed by the Exchange before they will be permitted to act as a member on the Floor of the Exchange. All individuals qualified to act as Floor members, whether a primary or substitute trading license user, must complete such mandatory continuing education program modules as the Exchange may introduce from time to time. Individuals qualified to act as Floor members who fail to complete an educational module within 60 days from the date originally scheduled to participate, or within such different number of days as the Exchange may prescribe in connection with a particular module, will be precluded from

entering on the trading Floor until such time as the member satisfies the requirement to complete the educational module. [The requirement to complete educational modules shall not apply to Executive Floor Governors.]A member required to complete a particular educational module pursuant to this rule may satisfy his or her obligation by substantially assisting the Exchange in the development of such educational module.

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Rule 103B. Security Allocation and Reallocation

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(G) Allocation Freeze Policy

In the event that a DMM unit: (i) loses its registration in a DMM security as a result of proceedings under the Rule 8000 or 9000 Series, as applicable; or (ii) voluntarily withdraws its registration in a DMM security as a result of possible proceedings under those rules, the unit will be ineligible to apply for future allocations for the six month period immediately following the reassignment of the security ("Allocation Prohibition").

Following the Allocation Prohibition, a second six month period will begin during which a DMM unit may apply for new listings, provided that the unit demonstrates to the Exchange relevant efforts taken to resolve the circumstances that triggered the Allocation Prohibition. The determination as to whether a unit may apply for new listings will be made by Exchange regulatory staff[, in consultation with the Executive Floor Governors]. The factors the staff will consider will vary depending on the unit's particular situation, but may include one or more steps such as:

- supplying additional manpower/experience;
- changes in professional staff;
- attaining appropriate dealer participation;
- enhancing back-office staff; and
- implementing more stringent supervision/new procedures.

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Rule 104. Dealings and Responsibilities of DMMs

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(i) Temporary DMMs.

In the event of an emergency, such as the absence of the DMM, or when the volume of business in the particular stock or stocks is so great that it cannot be handled by the DMMs without assistance, a [Floor Governor]Trading Official may authorize a member of the Exchange who is not registered as a DMM in such stock or stocks, to act as temporary DMM for that day only.

A member who acts as a temporary DMM by such authority is required to file with the Exchange, at the end of the day a report showing (a) the name of the stock or stocks in which he so acted, (b) the name of the regular DMM, (c) the time of day when he so acted, and (d) the name of the [Floor Governor]Trading Official who authorized the arrangement. The necessary forms may be obtained at the Information Desk.

The [Floor Governor]Trading Official will not give such authority for the purpose of permitting a member not registered as DMM habitually to relieve another DMM at lunch periods, etc.

If a temporary DMM substitutes for a DMM, and if no DMM is present, the temporary DMM is expected to assume the obligations and responsibilities of DMMs for the maintenance of the market.

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Rule 112. Orders initiated “Off the Floor.”

(a) All orders in stocks for the account of a member organization or any member, principal executive, approved person, officer, or employee of such organization or a discretionary account serviced by the member or member organization must be sent to the Floor through a clearing firm's order room or other facilities regularly used for transmission of public customers' orders to the Floor.

The restrictions of paragraph (a) above shall not apply to an order

(i) when a [Floor]Trading Official expressly invites a member or members to participate in a difficult market situation;

(ii) to facilitate the purchase or sale of a block of stock because the market on the Floor could not readily absorb the block at a particular price or prices;

(iii) to sell stock for an account in which the member organization is directly or indirectly interested if, in facilitating the sale of a large block of stock, the member organization acquired its position on the Floor because the demand was not sufficient to absorb the block at a particular price or prices;

(iv) to effect bona fide arbitrage or to engage in the purchase and sale, or sale and purchase of securities of companies involved in publicly announced merger, acquisition, consolidation, tender, etc.; or

(v) to offset a transaction made in error.

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Rule 124. Midday Auction

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(e) If there is a significant imbalance in a Midday Auction Stock at the end of the Midday Auction Pause, with the approval of a Trading Official[Floor Governor or two Floor Officials], the Midday Auction Pause may be converted to an order imbalance halt. If a Midday Auction Pause is converted to an order imbalance halt, orders re-priced pursuant to section (b)(4) and (5) of this Rule will be re-filed according to the original instructions of the order and the security will be reopened pursuant to the procedures set forth in Rule 123D.

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Rule 128B. Publication of Changes, Corrections, Cancellations or Omissions and Verification of Transactions

Except for manual transactions pursuant to Rule 76, this Rule is not applicable to trading UTP Securities on the Pillar trading platform.

••• Supplementary Material:

.10 Publication on the tape or in the "sales sheet".—Publication of a change or a correction in a transaction which previously appeared on the tape, or publication of the cancellation of a transaction which previously appeared on the tape and which was properly rescinded, or publication of a transaction omitted from the tape may be made on the tape on the day of the transaction provided both buying and selling members or member organizations agree to the change in the transaction(s) and approval is received from a Trading Official[Floor Governor, Executive Floor Official, Senior Floor Official or Executive Floor Governor]. In the event such publications are not made on the tape on the day of the transaction, they may be published on the tape at least ten minutes prior to the opening of business on the following business day or in the "sales sheet"* within three business days of the date of the transaction with the approval of both the buying and selling members and a [Floor]Trading Official, provided the price of the transaction does not affect the high, low, opening or closing price of the security on the day of the transaction.

.12 Mechanical, system and clerical errors.—Erroneous publications made on the tape due to mechanical or system troubles or to clerical errors may be corrected on the tape on the day of the transaction, or on the tape by at least ten minutes prior to the opening of business on the following business day, or in the "sales sheet"* within three business days

of the date of the transaction under the direction of an authorized NYSE Market employee.

.13 Other errors.—A correction in the amount of a transaction reported erroneously to the tape by a party to the transaction, may be published on the tape on the day of the transaction, or on the tape at least ten minutes prior to the opening of business on the following business day, or on the "sales sheet"* within three business days of the date of the transaction with the approval of a Trading Official[Floor Governor, Executive Floor Official, Senior Floor Official or Executive Floor Governor].

Members who wish to make requests to have publications made on the tape or in the "sales sheet" or to have verifications of transactions made, should first take up the matter as to procedure with a reporter in the Crowd where the security is dealt in or with the section supervisor at the post.

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Rule 308. Acceptability Proceedings

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(g) Any person whose application has been disapproved by an Acceptability Committee, or any member of the Board of Directors of the Exchange, any member of the Committee for Review, [any Executive Floor Governor,]and the Division of the Exchange initiating the proceedings may require a review by the Board of any determination of an Acceptability Committee. A request for review shall be made by filing with the Secretary of the Exchange a written request therefore, within twenty days after notification of the determination of the Acceptability Committee. Upon review, the Board of Directors may sustain any determination, or may modify or reverse any such determination as it deems appropriate. The determination of the Board of Directors shall be final and conclusive action by the Exchange.

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Rule 903. Off-Hours Transactions

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(d) Executions of Orders

(i) Coupled aggregate-price orders shall be executed upon entry.

(ii) A closing price order to buy (sell) a security for the account of the DMM registered in such security and approved by a [Floor]Trading Official, coupled with a closing price order to sell (buy) for the account of any member, member organization or non-member which has agreed to offset all or part of any market-on-close imbalance that existed in the

stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, shall be executed upon entry.

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Rule 906. Impact of Trading Halts on Off-Hours Trading

(a) Reserved.

(b) Corporate Developments during Off-Hours Trading Session

A closing price order to buy (sell) a security for the account of the DMM registered in such security and approved by a [Floor]Trading Official, coupled with a closing price order to sell (buy) for the account of any member, member organization or non-member which has agreed to offset all or part of any market-on-close imbalance that existed in the stock prior to the official closing of the 9:30 a.m. to 4:00 p.m. trading session, shall not be so canceled or precluded from entry as result of corporate developments during the Off-Hours Trading Session.

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NYSE Listed Company Manual

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202.04 Exchange Market Surveillance

The Exchange maintains a continuous market surveillance program through its Market Surveillance and Evaluation Division. An "on-line" computer system has been developed which monitors the price movement of every listed stock—on a trade-to-trade basis—throughout the trading session. The program is designed to closely review the markets in those securities in which unusual price and volume changes occur or where there is a large unexplained influx of buy or sell orders. If the price movement of a stock exceeds a predetermined guideline, it is immediately "flagged" and review of the situation is immediately undertaken to seek the causes of the exceptional activity. Under these circumstances, the company may be called by the Exchange to inquire about any company developments which have not been publicly announced but which could be responsible for unusual market activity. Where the market appears to reflect undisclosed information, the company will normally be requested to make the information public immediately. Occasionally it may be necessary to carry out a review of the trading after the fact, and the Exchange may request such information from the company as may be necessary to complete the inquiry.

The Listing Agreement provides that a company must furnish the Exchange with such information concerning the company as the Exchange may reasonably require.

Special Initial Margin and Capital Requirements—

Occasionally, a listed issue may be placed under special initial margin and capital requirements. Such a restriction in no way reflects upon the quality of corporate management, but, rather indicates a determination by the [Floor]Trading Officials of the Exchange that the market in the issue has assumed a speculative tenor and has become volatile due to the influence of credit, which, if ignored, may lead to unfair and disorderly trading.

The determination to impose restrictions is based on a careful inspection of the trading for the latest one week period, defined as the previous Friday through subsequent Thursday, matched against various criteria. Other factors, such as the capitalization turnover, the ratio of last year's average weekly volume to the volume for the period considered, arbitrage, stop order bans, short position, earnings and recent corporate news are also reviewed.

The restriction itself is aimed primarily at eliminating the extension of credit to those who buy a security and sell it the same day seeking a short term profit. Such customers must have the full purchase value in the account prior to the entry of an order. Concomitantly, a broader requirement is usually imposed on all other margin customers in that they must put up the full purchase price within five business days, rather than only the percentage

required by the Federal Reserve Board. Cash customers, of course, must in all instances put up 100% of the cost in seven days.

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