

Additions are underlined;  
Deletions are [bracketed].

### Rules of New York Stock Exchange LLC

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#### **Rule 92. Reserved [Limitations on Members' Trading Because of Customers' Orders**

(a) Except as provided in this Rule, no member or member organization shall cause the entry of an order to buy (sell) any Exchange-listed security for any account in which such member or member organization or any approved person thereof is directly or indirectly interested (a "proprietary order"), if the person responsible for the entry of such order has knowledge of any particular unexecuted customer's order to buy (sell) such security that could be executed at the same price.

(b) A member or member organization may enter a proprietary order while representing a customer order that could be executed at the same price, provided that the customer's order is designated not held and is for (i) an institutional account, or (ii) over 10,000 shares, unless such orders are less than \$100,000 in value, and the member organization periodically provides written disclosures to its customers and obtains and documents affirmative customer consent, under the following conditions:

(1) the member or member organization is liquidating a position held in a proprietary facilitation account;

(2) the member or member organization is creating a bona fide hedge ("hedge") and (i) the creation of the hedge, whether through one or more transactions, occurs so close in time to the completion of the transaction precipitating such hedge that the hedge is clearly related; (ii) the size of the hedge is commensurate with the risk it offsets; and (iii) the risk to be offset is the result of a position acquired in the course of facilitating a customer's order;

(3) the member or member organization is modifying an existing hedge and (i) the size of the hedge, as modified, remains commensurate with the risk it offsets and (ii) the hedge was created to offset a position acquired in the course of facilitating a customer's order; or

(4) the member or member organization is engaging in bona fide arbitrage or risk arbitrage transactions, and recording such transactions in an account used solely to record arbitrage transactions (an "arbitrage account").

(c) The obligations under this rule shall not apply if a member or member organization is entering a proprietary order for the purpose of facilitating the execution, on a riskless

principal basis, of one or more orders (the “facilitated order”), provided that the following requirements are satisfied:

**(1)** The facilitated order must be a “riskless principal transaction,” which is when a member or member organization, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell;

**(2)** A member that relies on this exclusion to the rule must give the facilitated order the same per-share price at which the member purchased or sold shares to satisfy the facilitated order, exclusive of any markup or markdown, commission equivalent, or other fee;

**(3)** A member must submit a report of execution of the facilitated order to a designated Exchange database as required by NYSE Rule 123(f). The member must also submit to the same database, within such time frame and in such format as the Exchange may from time to time require, an electronic report containing data elements sufficient to provide an electronic link of the execution of the facilitated order to all of the underlying orders;

**(4)** In allocating the facilitated order, if the facilitated order includes a member or member organization’s proprietary order, as defined under Rule 92(b), such proprietary order must yield to customer orders if such customer orders include any orders that either have not or cannot consent to the member or member organization executing a proprietary order at the same price as the customer’s order. Once any customer orders that have not consented to trade along under Rule 92(b) have been filled, such proprietary order can trade along with any remaining customer orders that have consented pursuant to Rule 92(b), subject to any allocation procedures disclosed to such consenting customers pursuant to Rule 92(b).

**(5)** Members and member organizations must have written policies and procedures to assure that riskless principal transactions relied upon for this exception comply with applicable NYSE rules. At a minimum, these policies and procedures must require that the customer order was received before entry of the offsetting transactions, and that the offsetting transactions are allocated to a customer account in a consistent manner and within 60 seconds of execution. In addition, member organizations must have a methodology for allocating customer orders represented in the facilitated order and shall disclose such method to customers in the manner that the Exchange may from time to time require. Members and member organizations must have supervisory systems in place that produce records sufficient to reconstruct in a time-sequenced manner, all orders with respect to which a member or member organization is claiming this exception.

**(d)** The provisions of this Rule shall not apply to:

- (1)** any purchase or sale of any security in an amount of less than a round lot to offset odd-lot orders for customers;
- (2)** any purchase or sale of any security upon terms for delivery other than those specified in such unexecuted market or limited price order;
- (3)** transactions by a member or member organization acting in the capacity of a specialist or market maker in a security listed on the Exchange otherwise than on the Exchange;
- (4)** transactions made to correct bona fide errors; and
- (5)** intermarket sweep orders sent as principal in compliance with Rules 600(b)(30)(ii) and 611(b)(6) of Regulation NMS (“ISO”), provided that the member organization yields its principal executions to any open customer orders that are required to be protected by Rule 92 and are capable of being filled, except if the member organization executed the ISO to facilitate a customer order at a price inferior to one or more protected quotations and that customer has consented to not receiving the better prices obtained by the ISO.

**••• *Supplementary Material:***

**.10** A member or employee of a member or member organization responsible for entering proprietary orders shall be presumed to have knowledge of a particular customer order unless the member organization has implemented a reasonable system of internal policies and procedures to prevent the misuse of information about customers orders by those responsible for entering such proprietary orders.

**.20** This Rule shall apply to any agency or proprietary transaction effected on the Exchange if such transaction (“Exchange transaction”) is part of a group of related transactions that together have the effects prohibited by the Rule, regardless of whether (i) one or more of the other related transactions were effected on other market centers; or (ii) the Exchange transaction by itself had such effects.

**.30** This Rule shall also apply to a member organization’s member on the Floor, who may not execute a proprietary order at the same price, or at a better price, as an unexecuted customer order that he or she is representing, except to the extent the member organization itself could do so under this Rule.

**.40** For purposes of paragraph (b) above, the term “account of an individual investor” means an account covered by Section 11(a)(1)(E) of the Securities Exchange Act of 1934. For purposes of paragraph (b)(1) above, the term “proprietary facilitation account” shall mean an account in which a member organization has a direct interest and which is used to record transactions whereby the member organization acquires positions in the

course of facilitating customer orders. Only those positions which are recorded in a proprietary facilitation account may be liquidated as provided in paragraph (b)(1). For purposes of paragraph (b)(2) and (b)(4) above, the terms “bona fide hedge”, “bona fide arbitrage” and “risk arbitrage” shall have the meaning ascribed to such terms in Securities Exchange Act Release No. 15533, January 29, 1979. All transactions effected pursuant to paragraph (b)(4) above must be recorded in an arbitrage account.

**.50** For purposes of this rule only, an “institutional account” shall mean (1) a bank, savings and loan association, insurance company, or registered investment company; (2) an investment advisor registered with the Securities and Exchange Commission under Section 203 of the Investment Advisors Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (3) any other entity (whether a corporation, partnership, trust, or otherwise) with total assets of at least \$50 million.

**.60** For purposes of paragraph (b)(2) above, a hedge will be deemed to be “clearly related” if either the first or last transaction comprising the hedge is executed on the same trade date as the transaction that precipitates such hedge. A member shall mark all memoranda of orders to identify each transaction creating or modifying a hedge as permitted under this Rule.

**.70** For purposes of paragraph (d)(5) above, the terms “protected quotation” and “intermarket sweep order” shall have the meanings ascribed to such terms in Rule 600 of Regulation NMS, 17 CFR 242.600.

**.80** A member who issues a commitment or obligation to trade from the Exchange through ITS or any other Application of the System shall, as a consequence thereof, be deemed to be initiating a purchase or sale of a security on the Exchange as referred to in this Rule.

**.90** See paragraph (c)(i) of Rule 800 (Basket Trading: Applicability and Definitions) and paragraph (d)(ii) of Rule 900 (Off-Hours Trading: Applicability and Definitions) in respect of the ability to initiate basket transactions and transactions through the “Off-Hours Trading Facility” (as Rule 900 defines that term), respectively, notwithstanding the limitations of this Rule.

**.95** For purposes of paragraph (c)(3) above, the submission of an electronic report containing data elements sufficient to provide an electronic link of the execution of the facilitated order to all of the underlying orders has a delayed implementation date of September 12, 2011. For the period between the approval of paragraph (c)(3) above and such delayed implementation date, member organizations must have in place systems and controls that allow them to easily match and tie riskless principal execution on the Exchange to the underlying orders and that they be able to provide this information to the Exchange upon request.]

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**Rule 900. Off-Hours Trading: Applicability and Definitions**

(a) No change.

**(b) Applicability of Other Exchange Rules**

As modified by this Rule 900, all other Exchange Rules shall also so apply, except that the following shall *not* so apply:

Rule 45 (Application of Rules) through Rule 128B (Publications of Changes, Corrections, Cancellations or Omissions and Verification of Transactions), except that the following *shall* apply:

**Dealings upon the Exchange**

- 51 (Hours for Business)
- 52 (Dealings on the Exchange—Hours)
- 55 (Unit of Trading—Stocks and Bonds)
- 56 (Unit of Trading—Rights)

**Auction Market—Bids and Offers**

- 63 (“When Issued”—“When Distributed”)
- 78 (Sell and Buy Orders Coupled at Same Price)

**Members Dealing for Their Own Accounts**

- [92 (Limitations on Members’ Trading because of Customer’s Orders) as provided in paragraph (d)(ii) of this Rule]
- 93 (Trading for Joint Account) (paragraphs (a) and (c) only)
- 94 (DMMs’ or Odd-Lot Dealers’ Interest in Joint Accounts)
- 98 (Operation of a DMM Unit)
- 98A (Restrictions on Persons or Parties Affiliated with DMM and Odd Lot Dealer Member Organization) (except for the second sentence of that Rule’s first paragraph)

**DMM, Odd-Lot Brokers, and Registered Traders**

- 104 Dealings and Responsibilities of DMM
- 104T (Dealings by DMMs) (paragraph (a) of Supplementary Material .13 only)
- 104A (DMM—General) (Supplementary Material .50 only)

- 105 (DMM Interest in Pools and Options) as provided in paragraph (d)(v) of this Rule
- 118 (Orders To Be Reduced and Increased on Ex-Date) as provided in paragraph (d)(vi) of this Rule
- 121 (Records of DMM)
- 128B (Publications of Changes, Corrections, Cancellations or Omissions and Verification of Transactions)

**(c) No change.**

**(d) Interaction among Off-Hours Trading Rules and Floor Rules**

**(i)** For the purpose of applying Supplementary Material .40 of Rule 36 (Communications between Exchange and Members' Offices) to Off-Hours Trading, the limit of time within which a member or member organization executing a transaction through the Off-Hours Trading Facility must report to the member or organization carrying the customer's account shall be 15 minutes after the close of the facility on the day of the transaction.

**(ii) Reserved.** [Rule 92 shall not preclude a member or member organization from entering in the Off-Hours Trading Facility an aggregate-price order to buy (sell) 15 or more securities coupled with an identical order to sell (buy) when the member or member organization holds an unexecuted closing-price order for a component security.]

**(iii)-(vi)** No change

**(e)** No change

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**Conduct Rules (Rules 2010—6140)**

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**5320. Prohibition Against Trading Ahead of Customer Orders**

(a) Except as provided herein, a member organization that accepts and holds an order in an equity security from its own customer or a customer of another broker-dealer without immediately executing the order is prohibited from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size and at the same or better price at which it traded for its own account.

(b) A member organization must have a written methodology in place governing the execution and priority of all pending orders that is consistent with the requirements of

this Rule and NASD Rule 2320. A member organization also must ensure that this methodology is consistently applied.

**••• Supplementary Material:**

**.01 Large Orders and Institutional Account Exceptions.** With respect to orders for customer accounts that meet the definition of an “institutional account” as defined in NASD Rule 3110, or for orders of 10,000 shares or more (unless such orders are less than \$100,000 in value), a member organization is permitted to trade a security on the same side of the market for its own account at a price that would satisfy such customer order, provided that the member organization has provided clear and comprehensive written disclosure to such customer at account opening and annually thereafter that:

(a) discloses that the member organization may trade proprietarily at prices that would satisfy the customer order, and

(b) provides the customer with a meaningful opportunity to opt in to the Rule 5320 protections with respect to all or any portion of its order.

If the customer does not opt in to the Rule 5320 protections with respect to all or any portion of its order, the member organization may reasonably conclude that such customer has consented to the member organization trading a security on the same side of the market for its own account at a price that would satisfy the customer’s order.

In lieu of providing written disclosure to customers at account opening and annually thereafter, a member organization may provide clear and comprehensive oral disclosure to and obtain consent from the customer on an order-by-order basis, provided that the member organization documents who provided such consent and such consent evidences the customer’s understanding of the terms and conditions of the order.

**.02 No-Knowledge Exception**

With respect to NMS stocks, as defined in Rule 600 of SEC Regulation NMS, if a member organization implements and utilizes an effective system of internal controls, such as appropriate information barriers, that operate to prevent one trading unit from obtaining knowledge of customer orders held by a separate trading unit, those other trading units trading in a proprietary capacity may continue to trade at prices that would satisfy the customer orders held by the separate trading unit. A member organization that structures its order handling practices in NMS stocks to permit its market-making desk to trade at prices that would satisfy customer orders held by a separate trading unit must disclose in writing to its customers, at account opening and annually thereafter, a description of the manner in which customer orders are handled by the member organization and the circumstances under which the member organization may trade proprietarily at its market-making desk at prices that would satisfy the customer order.

**.03 Riskless Principal Exception.** The obligations under this Rule shall not apply to a member organization's proprietary trade if such proprietary trade is for the purposes of facilitating the execution, on a riskless principal basis, of an order from a customer (whether its own customer or the customer of another broker-dealer) (the "facilitated order"), provided that the member organization:

(a) submits a report, contemporaneously with the execution of the facilitated order, identifying the trade as riskless principal to the Exchange (or another self-regulatory organization if not required under Exchange rules); and

(b) has written policies and procedures to ensure that riskless principal transactions for which the member organization is relying upon this exception comply with applicable Exchange rules. At a minimum these policies and procedures must require that the customer order was received prior to the offsetting principal transaction, and that the offsetting principal transaction is at the same price as the customer order exclusive of any markup or markdown, commission equivalent or other fee and is allocated to a riskless principal or customer account in a consistent manner and within 60 seconds of execution.

A member organization must have supervisory systems in place that produce records that enable the member organization and the Exchange to reconstruct accurately, readily, and in a time-sequenced manner all facilitated orders for which the member organization relies on this exception.

**.04 ISO Exception.** A member organization shall be exempt from the obligation to execute a customer order in a manner consistent with this Rule with regard to trading for its own account that is the result of an intermarket sweep order routed in compliance with Rule 600(b)(30)(ii) of SEC Regulation NMS ("ISO") where the customer order is received after the member organization routed the ISO. Where a member organization routes an ISO to facilitate a customer order and that customer has consented to not receiving the better prices obtained by the ISO, the member organization also shall be exempt with respect to any trading for its own account that is the result of the ISO with respect to the consenting customer's order.

**.05 Odd Lot and Bona Fide Error Transaction Exceptions.** The obligations under this Rule shall not apply to a member organization's proprietary trade that is (1) to offset a customer order that is in an amount less than a normal unit of trading; or (2) to correct a bona fide error. Member organizations are required to demonstrate and document the basis upon which a transaction meets the bona fide error exception.

**.06 Minimum Price Improvement Standards.** The minimum amount of price improvement necessary for a member organization to execute an order on a proprietary basis when holding an unexecuted limit order in that same security, and not be required to execute the held limit order is as follows:



(a) For customer limit orders priced greater than or equal to \$1.00, the minimum amount of price improvement required is \$0.01 for NMS stocks;

(b) For customer limit orders priced greater than or equal to \$0.01 and less than \$1.00, the minimum amount of price improvement required is the lesser of \$0.01 or one-half (1/2) of the current inside spread;

(c) For customer limit orders priced less than \$0.01 but greater than or equal to \$0.001, the minimum amount of price improvement required is the lesser of \$0.001 or one-half (1/2) of the current inside spread;

(d) For customer limit orders priced less than \$0.001 but greater than or equal to \$0.0001, the minimum amount of price improvement required is the lesser of \$0.0001 or one-half (1/2) of the current inside spread;

(e) For customer limit orders priced less than \$0.0001 but greater than or equal to \$0.00001, the minimum amount of price improvement required is the lesser of \$0.00001 or one-half (1/2) of the current inside spread;

(f) For customer limit orders priced less than \$0.00001, the minimum amount of price improvement required is the lesser of \$0.000001 or one-half (1/2) of the current inside spread; and

(g) For customer limit orders priced outside the best inside market, the minimum amount of price improvement required must either meet the requirements set forth above or the member organization must trade at a price at or inside the best inside market for the security.

In addition, if the minimum price improvement standards above would trigger the protection of a pending customer limit order, any better-priced customer limit order(s) must also be protected under this Rule, even if those better-priced limit orders would not be directly triggered under the minimum price improvement standards above.

**.07 Order Handling Procedures.** A member organization must make every effort to execute a marketable customer order that it receives fully and promptly. A member organization that is holding a customer order that is marketable and has not been immediately executed must make every effort to cross such order with any other order received by the member organization on the other side of the market up to the size of such order at a price that is no less than the best bid and no greater than the best offer at the time that the subsequent order is received by the member organization and that is consistent with the terms of the orders. In the event that a member organization is holding multiple orders on both sides of the market that have not been executed, the member organization must make every effort to cross or otherwise execute such orders in a manner that is reasonable and consistent with the objectives of this Rule and with the terms of the orders. A member organization can satisfy the crossing requirement by contemporaneously buying from the seller and selling to the buyer at the same price.

**.08 Trading Outside Normal Market Hours.** A member organization generally may limit the life of a customer order to the period of normal market hours of 9:30 a.m. to 4:00 p.m. Eastern Time. However, if the customer and member organization agree to the processing of the customer's order outside normal market hours, the protections of this Rule shall apply to that customer's order(s) at all times the customer order is executable by the member organization.