

*Frequently Asked Questions
SEC Rule 201 (Short Sale)
NYSE and NYSE Amex (the “Exchange”)
Updated February 10, 2011*

1. How will the NYSE and NYSE Amex comply with Rule 201 of Reg. SHO (“Rule 201”)?

The Exchange will have new responsibilities under Rule 201 as both a primary listing market and executing market. As a primary listing market, the Exchange will determine whether the Rule 201 price test has been triggered because a transaction in a listed security has occurred at a price (Consolidated last sale) 10% or more below the previous day’s closing price on the Exchange. Such a trade will generate a message to the SIP (Consolidated Quotation System (“CQS”) and Consolidated Tape System (“CTS”)) that the Short Sale Trigger price has been reached. Once the price test has been triggered in a security, the Exchange, as an executing market, will prevent the execution of short sale orders at or below the current National Best Bid (“NBB”) in that security (unless the short sale is exempt under Rule 201 and has been marked short sale exempt (“SSE”)). As noted below in 6, however, the Exchange will use a different reference price for single priced open, close and reopening after a trading halt or volatility trading pause.

2. What type of notification will the Exchange provide for stocks that have hit a Short Sale “circuit breaker”?

The Exchange will issue trade messages via CTS/CQS that the Short Sale price test has been triggered intra-day. The message will be re-issued at 7 am the next morning. In addition, CTS and CQS will mark each subsequent trade and quote to indicate that the Short Sale price test has been triggered. NYSE Alerts, a proprietary data product, will also distribute circuit breaker messages. NYSE Open Book and Open Book Ultra will not carry this data.

3. What if there is no previous day’s closing price?

If a listed security was halted during the prior trading day or did not trade at all, the Exchange will use the last sale price for that security on whatever day it occurred.

4. Will the Short Sale price test apply on the first day a security transfers its listing to the NYSE/NYSE Amex?

Yes, the reference price will be the closing price on the exchange from which the security transferred.

5. Will the Short Sale price test apply on the first day of a new offering?

Update: See SEC FAQ 3.2. (<http://www.sec.gov/divisions/marketreg/rule201faq.htm>)
The Short Sale price test will not apply on the first day of a new offering.

6. *How will the Exchanges handle the Open, Close and Intra-day Re-Opening Auction after a Trading Halt or Volatility Trading Pause (VTP)?*

First, the Exchange's new Rule 440B to implement Rule 201 will provide that the Exchange will not calculate the Short Sale price test in a listed security until such security is open for trading on the Exchange.

Update: Second, the Exchange has received exemptive relief from the SEC to use a different reference price from the current NBB, as required by Rule 201, for the open, close and re-opening after a trading halt or volatility trading pause in its listed securities. (NYSE Request for Exemptive Relief and SEC Letter granting the exemption: <http://www.sec.gov/divisions/marketreg/mr-noaction/2011/nyseuronext020711-201.pdf>)

The Exchange will re-price sell short ("SS") limit and market orders eligible for a single-price auction transaction in the following manner:

- Opening – one minimum price increment above the NBB at 9:30 am. (Where there is no NBB at 9:30 am, short sale limit orders for the opening will be filed at their limit prices and all non-tick sensitive market SS orders will participate.) The file price for the opening will be disseminated as part of the Order Imbalance Information datafeed at 9:30 am.
- Re-opening following a trading halt or a volatility trading pause – one minimum price increment above the last published Exchange bid prior to the halt or pause.
- Closing -- one minimum price increment above the last published Exchange bid prior to the close.

The minimum price increment for SS orders priced at \$1.00 and higher is \$0.01; for SS orders below \$1.00, \$0.0001.

7. *How will the Exchange apply the Short Sale price test when the market is crossed?*

Update: See SEC FAQ 6.1. The price test does not apply when the NBB is higher than the national best offer.

8. *How will the Exchange handle orders to sell short that are priced at the NBB or at the market when the Short Sale price test is in effect?*

The Exchange will re-price all SS orders, except IOCs and ISOs (which under Exchange Rule 13 are treated as the same as IOCs), at a price one minimum price increment higher than the NBB. IOCs and ISOs will be executed to the extent they can, with the balance cancelled back. All SS orders, including IOCs and ISOs, will execute against "dark" interest above the NBB.

To reflect declines in the NBB, the Exchange will continue to re-price an SS order at the lowest permitted price down to the order's original limit price, or if a market order, until the order is filled. Non-displayed or "dark" orders will *also* be re-priced upward to a permitted price to correspond with a rise in the NBB.

9. *Will orders in NYSE, NYSE Amex and Nasdaq UTP symbols be handled the same way?*

Yes.

10. *Will the Exchange “ack” back to the customer the refiled price of an order?*

No.

11. *Will the Exchange offer any new order types as part of implementing Rule 201?*

The Exchange will re-introduce the Short Sale Exempt or SSE order, as required by SEC Rule 201.

12. *How will the Exchange handle SSE orders if they are sent when the Short Sale price test is not in effect?*

The Exchange will accept SSE orders at all times. SSE GTC orders will remain on the Exchange until cancelled. Under Rule 201, broker/dealers are responsible for marking orders correctly.

13. *Will firms need to populate SSE orders with different account types?*

The reinstatement of the seven Account Type Indicators that were in place when SSE was previously a valid order type is under review. If reinstated, any such indicator would **not** be a “Day 1” requirement.

14. *Will the Exchange support any industry testing opportunities?*

Update: The Exchange will participate in the February 12th and February 26th industry tests. See http://traderupdates.nyse.com/?sa_campaign=/internal_ads/callouts/traderupdates for details on the February 12th test.

Test data from the SIP (CTS/CQS) has been available Monday through Friday evenings since August 9, 2010 for CQS and August 12, 2010 for CTS. CTS/CQS technical questions can be directed to Diane Mucha at 212-383-5411 or William Gutierrez at 212-383-4908.

15. *Where are the Exchange specs?*

- CTA <http://www.nyxdata.com/News/Details?id=673>
- NYSE/NYSE Amex
http://traderupdates.nyse.com/2010/08/technical_changes_in_support_o.html
<http://www.nyxdata.com/doc/5977>
- NYSE Market Data products (Alerts) <http://www.nyxdata.com/Data-Products/NYSE-Alerts>