



Number 09-12
March 6, 2009

TO: ALL MEMBERS AND MEMBER ORGANIZATIONS

SUBJECT: New NYSE System Functionality for Handling Market-on-Close and Limit-on-Close Orders and Cancellations

I. Purpose

The purpose of this Information Memo is to:

- (1) Advise members regarding NYSE system functionality changes that are being implemented to assist NYSE and NYSE Alternext members and member organizations in complying with Exchange rules governing the submission and cancellation of MOC and LOC orders; and
- (2) Remind members and member organizations of their obligations with respect to the handling of MOC and LOC orders and cancellations of such orders, especially in light of the pending systems changes.

II. New System Functionality for Handling Market-on-Close and Limit-on-Close Orders

On Monday, March 9, 2009, the Exchange is introducing new system functionality that will reject certain Market-on-Close and Limit-on-Close ("MOC/LOC") orders and certain MOC/LOC order cancellations. That functionality is described in greater detail below and at http://traderupdates.nyse.com/2009/02/technical_addendum_to_the_moc.html.

The new NYSE system functionality will (1) allow entry of MOC and LOC interest after 3:40 p.m.¹ to offset regulatory MOC/LOC imbalances that have been published to the Tape pursuant to Rule 123C(5), and (2) block entry of all MOC and LOC orders that would join the same side of a published regulatory imbalance. The new functionality will

¹ On a day that the scheduled close of trading on the NYSE is earlier than 4:00 p.m. ET, the new systems functionality, which generally commences at 3:40 or 3:50 p.m., will commence 20 minutes and 10 minutes before the scheduled closing time, respectively.

also block entry of MOC and LOC orders after 3:40 p.m.² in securities for which no regulatory imbalance has been published to the Tape. Additionally, the new functionality will reject cancellation requests after 3:50 p.m. for all previously entered MOC and LOC orders.

III. Ongoing Regulatory Obligations in Connection with the Entry and Cancellation of MOC/LOC Orders

Members and member organizations are advised that they may generally rely on the systemic blocks associated with this new functionality to comply with Exchange rules governing the submission and cancellation of MOC/LOC orders, subject to the following caveats:

- (1) After 3:40 p.m., entry of MOC and LOC orders, either electronically or manually, is permitted only to offset regulatory imbalances published to the Tape pursuant to Rule 123C(5) (currently at 3:40 p.m. and/or 3:50 p.m.).³ Member organizations are reminded that the Exchange publishes regulatory imbalances to the Tape and separately makes available to subscribers an Order Imbalance Information data feed that is indicative only. This feed is in addition to any published regulatory imbalance and does not govern the entry of offsetting MOC and LOC orders.
- (2) This new functionality **does not** block cancellation requests between 3:40 and 3:50 p.m. Members and member organizations are reminded that Rule 123C permits cancellations of MOC/LOC orders during that period **only** to correct a legitimate error.⁴
- (3) Members and member organizations are advised that whenever they are on notice that the NYSE's MOC/LOC blocks are not functioning, or not functioning properly, they must have policies and procedures that address such contingency, including appropriate supervisory procedures and controls, to mitigate possible violation of Exchange rules governing the submission and cancellation of MOC/LOC orders during such periods of time.

IV. Staff Contacts

Business and operational questions concerning the information contained in this memorandum should be directed to:

² When a regulatory halt is in effect, or occurs after, 3:40 p.m., entry of MOC and LOC orders on either side of the market is permitted until 3:50 p.m., or until the stock reopens, whichever occurs first, even if a regulatory imbalance publication occurred prior to the regulatory halt.

³ Members and member organizations are advised that any imbalance information that is announced verbally by the DMM on the Floor or physically posted at the DMM's post/panel location is not considered a regulatory imbalance published to the Tape pursuant to Rule 123C(5) and, therefore, may not be relied upon when entering MOC and LOC orders after 3:40 p.m. DMMs should refrain from physically posting imbalance information at their post/panel on the Trading Floor.

⁴ When a regulatory trading halt is in effect at, or occurs after, 3:40 p.m., cancellation of MOC and LOC orders is permitted until 3:50 p.m. or until the stock reopens, whichever occurs first.

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Regulatory questions concerning the information contained in this memorandum should be directed to:

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