



PT 124

Date: June 12, 2006

To: All Merged Order Log Users/Operations Managers/Data Processing Managers and P&S Managers of Member Organizations

Subject: ***Merged Order Log Enhancement – Discretionary/Pegged e-Quotes***

Pending SEC approval and under the umbrella of the ‘Hybrid Market’ initiative, the Merged Order Log Output is being enhanced to disseminate e-Quote activity with discretionary and/or pegging instructions. e-Quote activity is defined as electronic interest entered by a Floor Broker to participate in the quote. Pegging functionality will enable Floor Brokers to keep their interest in the quote, as the quote moves. Discretionary functionality will provide Floor Brokers with the ability to set interest at the quote, and at the same time, have the opportunity to trade with opposite-side interest at a variety of discretionary prices.

Listed below is a summary of the changes to the Machine Readable Output Files:

Broker Badge Output (Product Number 06201029)

The following fields shall be added to the e-Quote “1C” order record. (Please see Exhibit A)

- Ceiling/Floor Price Code
- Ceiling/Floor Price Field
- Peg-to-Minimum Size
- Peg-to-Maximum Size
- Pegging Indicator

In addition the following new values shall be defined in the existing fields of the “1C” e-Quote Order Record (Please see Exhibit A)

- e-Quote Indicator 4 – e-Quote with discretion and/or pegging
- e-Quote Type EQDA = Simple e-Quote with discretion and/or pegging
 EQDB = Reserve e-Quote with discretion and/or pegging

Broker Badge Output (Product Number 06201029) continued

A new "3C" administrative record shall be added as an extension to the "1C" record listed above. (Please see Exhibit B)

- Discretionary Price Range Code
- Discretionary Price Range
- Opposite Side Minimum Size
- Opposite Side Maximum Size
- Maximum Discretionary Volume
- ITS All Indicator

The Principal Indicator on the "2A-2E" Report Records has been redefined. The current two-byte field has been converted to a one-byte field and the first position of the old field now contains a new e-Quote execution type indicator. (Please see Exhibit D)

- e-Quote Execution Type 0 – Executed without discretion or pegging
 1 – Executed with discretion
 2 – Executed with pegging
 3 – Executed with discretion and pegging
- Principal Indicator 0 – Non-principal
 1 – Principal

Clearing Firm/Entering Firm Output (Product Numbers 06220143 & 06220174)

The following additional new values shall be defined in the existing fields of the "1C" e-Quote Order Record (Please see Exhibit C)

- e-Quote Indicator 4 – e-Quote with discretion and/or pegging
- e-Quote Type EQDA = Simple e-Quote with discretion and/or pegging
 EQDB = Reserve e-Quote with discretion and/or pegging

MOL Format

A complete revised copy of the MOL Interface Requirements Specification is available on the NYSE website. Attached to this circular are copies of the new "1C" order record and "3C" administrative message as well as changes to the "2A-2E" report records.

Discretionary Filing:

Details of the NYSE Rule Filing for Discretionary e-Quotes are available on the NYSE Website: ([http://apps.nyse.com/commdata/pub19b4.nsf/docs/1BAE7C98C1988A918525717000638D4C/\\$FILE/NYSE-2006-36.pdf](http://apps.nyse.com/commdata/pub19b4.nsf/docs/1BAE7C98C1988A918525717000638D4C/$FILE/NYSE-2006-36.pdf))

SAH Testing

Specific details regarding the availability of test files shall be incorporated in a subsequent notice.

Implementation:

It is anticipated that discretionary and pegging functionality shall be available in late September/early October 2006. Recipients should be prepared to accept the new formats/values in that time frame.

Any questions regarding this circular should be directed to Larry Moreno (212) 656-4648 or John Schwarzbeck (212) 656-5462.

Exhibit A: Revised “1C” e-Quote Order Record for Badge MRO Output

Field	Position	Length	Description
Record Type	1-2	X(2)	1C = e-Quote Order
e-Quote Indicator	169-169	X(1)	2 – e-Quote without discretion or pegging 3 – G-Quote 4 – e-Quote with discretion and/or pegging
e-Quote Type	170-173	X(4)	EQAA = Simple e-Quote without discretion or pegging EQBB = Reserve e-Quote without discretion or pegging EQGA = Simple g-Order EQDA = Simple e-Quote with discretion and/or pegging EQDB = Reserve e-Quote with discretion and/or pegging
Ceiling/Floor Price Code	174-174	X(1)	0-9 – Number of decimal digit(s) in the Ceiling/Floor Price
Ceiling/Floor Price	175-186	9(12)	Highest price (for a buy) or lowest price (for a sell) to which the e-Quote may peg; zero if not present
Minimum Peg Quantity	187-193	9(7)	Smallest size quote to which the e-Quote is willing to peg; zero if not present
Maximum Peg Quantity	194-200	9(7)	Largest size quote to which the e-Quote is willing to peg; zero if not present
Pegging indicator	205-205	X(1)	Y = Pegged e-Quote N = Not a pegged e-Quote

Exhibit B: New “3C” Admin Record to be Extension to 1C Order Record on Badge MRO Output

Field	Position	Length	Description
Record Type	1-2	X(2)	3C = e-Quote Order Extension
Common Fields	3-43	X(41)	Same as order record
Activity ID	44-52	X(1)	Same as order record
Poss Dupe	53-53	X(1)	Same as order record
Booth/Booked Indicator	54-54	X(1)	Same as order record
Order Time	55-60	X(6)	Same as order record
Discretionary Price Range Code	61-61	X(1)	0-9 – Number of decimal digit(s) in the Discretionary Price Range
Discretionary Price Range	62-73	9(12)	Maximum deviation from the e-Quote’s filed price
Filler	74-75	X(2)	Spaces
Opposite Side Minimum Size	76-82	9(7)	Smallest size the discretionary e-Quote is willing to trade against with discretion; zero if not present
Opposite Side Maximum Size	83-89	9(7)	Largest size the discretionary e-Quote is willing to trade against with discretion; zero if not present
Maximum Discretionary Volume	90-96	9(7)	Total amount of volume e-Quote is willing to trade with pricing discretion over the life of the Order. Nnnnnnn; zero if not present
ITS All Indicator	97-97	X(1)	Y or N
Filler	98-199	X(102)	Spaces
End-of-record indicator	200	X(1)	

Exhibit C: New Values for “1C” e-Quote Order Record for Clearing Firm/Entering Output

Field	Position	Length	Description
Record Type	1-2	X(2)	1C = e-Quote Order
e-Quote Indicator	169-169	X(1)	2 – e-Quote without discretion or pegging 3 – G-Quote 4 – e-Quote with discretion and/or pegging
e-Quote Type	170-173	X(4)	EQAA = Simple e-Quote without discretion or pegging EQBB = Reserve e-Quote without discretion or pegging EQGA = Simple g-Order EQDA = Simple e-Quote with discretion and/or pegging EQDB = Reserve e-Quote with discretion and/or pegging

Exhibit D: “2A-2E” e-Quote Report Record for Badge MRO Output

Field	Position	Length	Description
Record Type	1-2	X(2)	2A, 2B, 2C, 2D, 2E Report records
e-Quote Execution Type	62-62	X(1)	0 – Executed without discretion or pegging 1 – Executed with discretion 2 – Executed with pegging 3 – Executed with discretion and pegging
Principal Indicator	63-63 formerly 62-63	X(1) formerly X(2)	0 – Non-principal 1 – Principal

Any comments regarding this notice should be directed to the undersigned, Thomas Fay at (212) 656-2238.


