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Date: August 9, 2006

To: NYSE Specialists, LOR Users

Subject: ***New Stop Order output changes (LOR Discrepancy Report)***

Pending SEC approval, Stop Good Till Cancel (GTC) Orders will be held in a “blind” file and upon election will be displayed to Specialists as Market GTC Orders. In addition, the designation of Stop-Limit will no longer be valid upon order entry in any NYSE system. In support of this initiative the following changes will be made to the Limit Order Reconciliation (LOR) Output.

If a Stop “GTC” order that has not been elected results in a discrepancy, it will only appear on the Firm Discrepancy Output and not the Specialist Discrepancy Output (similar in fashion to Odd Lot GTC discrepancies).

If a Stop GTC order that has been elected (and not executed) results in a discrepancy, it will appear on the Firm Discrepancy Output as a Stop GTC and on the Specialist Discrepancy Output without the Stop Order details.

Summary of LOR Discrepancy Output changes:

Member Firm Discrepancy MRO (Autoroute 06240532) and Report (06240512)

There are no changes to the Member Firm Discrepancy Output. Stop Orders will continue to appear (same as today).

- Stop Orders are identified with the literal “STP” under the “STP/LMT PX-IND” column on the report.
- Stop Orders are identified with a value of “2” in column 38 of the MRO.

NOTE – An unelected stop order discrepancy will only appear on firm output and it is the firm’s responsibility to resolve.

Specialist Discrepancy Report (on-demand NLQ)

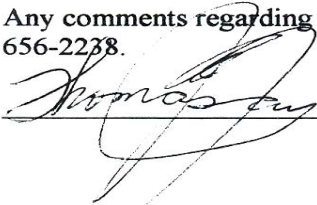
The Specialist Discrepancy Report will not display Stop Order details. An unelected Stop Order discrepancy will not appear on the Specialist output. In the rare occurrence that a Stop Order is elected and remains unexecuted, it will appear without Stop order details on the Specialist output.

Implementation

Changes for Stop processing will be on a stock-by-stock basis in conjunction with the rollout of the Display Book 11.3 Release. Affected outputs will display current and proposed functionality at the same time. There are no message format changes associated with this effort.

Any questions regarding LOR Discrepancy Files should be directed to John Schwarzbeck at (212) 656-5462 or Larry Moreno at (212) 656-4648

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



Attachment:

The example below highlights the scenario where an elected but unexecuted Stop Order shows as STP to the firm, but as a Market to the Specialist.

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LOR420D                                NYSE LIMIT ORDER FIRM DISCREPANCY REPORT  ACTIVITY DATE: 07/20/06  RUN DATE: 07/21/06
FIRM: TESTING FIRM                      X          9999                                PAGE:                2

  - - - - - N Y S E - - - - - ! - - - - - F I R M - - - - -
BRANCH/   ORDER  ORDER  STP/LMT   T/A   ORDER  A D !   ORDER  ORDER  STP/LMT   ORDER  A D  DISC  DAYS
SEQ NMBR B/S  QUANTITY  PRICE  PX-IND   NUMBER  DATE  O N !   QUANTITY  PRICE  PX-IND   DATE  O N  COND  AGED

RRR 09999 SL   17100   17.81   STP      XXX999  051606  !                               !NM    34
  
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LOR420E                                NYSE LIMIT ORDER SPECIALIST DISCREPANCY REPORT ACTIVITY DATE: 07/20/06  RUN DATE: 07/21/06
SPECIALIST: TESTING SPECIALIST          1111                                POST AND TEE-POSITION 99Z                                PAGE:                17

** SECURITY SYMBOL CBU
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  - - - - - N Y S E - - - - - ! - - - - - F I R M - - - - -
BRANCH/   ORDER  ORDER  STP/LMT   T/A   ORDER  A D !   ORDER  ORDER  STP/LMT   ORDER  A D  DISC  DAYS
FIRM SEQ NMBR B/S  QUANTITY  PRICE  PX-IND   NUMBER  DATE  O N !   QUANTITY  PRICE  PX-IND   DATE  O N  COND  AGED

X  RRR 99999 SL   17100                                XXX999  051606  !                               !NM    34
  
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