

NYSE Crossing Sessions

Extending the Market's Reach

More than a decade ago, the NYSE introduced off-hours trading in the form of two post 4:00 p.m. Crossing Sessions. Crossing Session I culminates with a 5:00 p.m. cross in individual stocks at the NYSE regular day closing price; Crossing Session II facilitates the crossing of portfolios until 6:15 p.m. to accommodate late arriving program trades.

The NYSE has launched a one-year pilot program for Crossing Sessions III and IV to give member organizations an opportunity to use an Exchange routing system to execute "guaranteed price" and "VWAP" orders to facilitate trades for their institutional clients.

	Time of Operations	Functionality
Crossing Session I	4:15 - 5:00 p.m.	Match orders at closing price
Crossing Session II	4:00 - 6:15 p.m.	Trade baskets of 15 stocks valued at least \$1 million
Crossing Session III	4:00 - 6:30 p.m.	Execute unfilled guaranteed price orders of at least 10,000 shares
Crossing Session IV	4:00 - 6:30 p.m.	Execute unfilled balance of a VWAP order of at least 10,000 shares

Crossing Session I (Single Stocks)

Crossing Session I operates between 4:15 p.m. and 5:00 p.m. (EST). It enables members to enter one-sided, two-sided, or good-til-executed (GTX) orders for a particular stock into the SuperDot system for execution at 5:00 p.m. Matched orders are executed at the NYSE closing price determined during the Exchange's 9:30 a.m. to 4:00 p.m. trading session and are printed on the Consolidated Tape. Member Firms receive reports at 5:00 p.m.

Crossing Session I averaged 3.3 million shares per day in 2003.

Crossing Session II (Program Trades)

Crossing Session II will now operate between 4:00 p.m. and 6:15 p.m. (EST). The extension from 5:15 p.m. to 6:15 p.m. was put in place to further assist the growing need of member firms' trading desks to trade late-arriving program trades. This session accommodates the trading of baskets of at least 15 NYSE securities valued at \$1 million or more. Members that have either facilitated a basket trade or have paired two customers' baskets can submit aggregate information to the Exchange for execution. Reports of execution are available to Member Firms via the web-based electronic filing platform (EFP) shortly after the trade is entered. At 6:15 p.m., the NYSE prints the aggregate information of all baskets executed in this session to the consolidated tape. On the third day after trade date (T+3), the individual component stocks executed as part of a basket trade are printed in aggregate form in the NYSE Daily Sales Report.

Crossing Session II averaged 26.7 million shares per day in 2003.



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Further Enhancements

Crossing Session III (Guaranteed Price Orders)

Crossing Session III operates between 4:00 p.m. and 6:30 p.m. It gives member firms an NYSE-sponsored facility to execute the unfilled portions of “guaranteed price” orders (also known as “upstairs stops”) for their institutional customers. The member firm must record all details of the order, including the price at which it has guaranteed or “stopped” its customer. Trades in Crossing Session III must be for a minimum of 10,000 shares and may take place at prices outside the 9:30 a.m. to 4:00 p.m. trading range of the recorded security. Member firms will receive an immediate report of execution upon entering an order for this session. At 6:30 p.m., the Exchange will print trades reported through Crossing Session III as guaranteed-price coupled orders.

Crossing Session IV (VWAP Orders)

Crossing Session IV allows firms to execute the unfilled balance of an order at a price that is not pre-determined but is calculated to ensure that the entire order is filled at a price no worse than the volume weighted average price (VWAP). Member firms may use this crossing session to print trades that are full-day VWAP orders or for trades that are designated as VWAP for a specific period of time. Trades must be for a minimum of 10,000 shares (program trades for less than 10,000 shares can be completed in CS II) and can be priced up to four places to the right of the decimal. Member firms will receive an immediate report of execution upon entering an order into Crossing Session IV. At 6:30 p.m., the Exchange will print trades reported through Crossing Session IV as VWAP executions.

Functionality for III & IV

- All order will be submitted via a web based, password-protected entry system; Users can enter more than one order on the electronic filing platform (EFP) screen before submitting the trades for execution;
- Original orders must be for at least 10,000 shares and the unfilled balance of the orders must be for at least 10,000 shares;
- The member firm must record all details of the order, including the price it has guaranteed or that the entire order is assured a price no worse than the VWAP;
- Orders may be entered in Crossing Session III for execution at prices outside the trading range in the subject security during 9:30 a.m. to 4:00 p.m. trading session;
- Orders may be entered between 4:00 p.m. and 6:30 p.m., and must be identified as either “Crossing Session III” or “Crossing Session IV”;
- Orders may not be entered into either Crossing Session when a security is subject to a trading halt at the close of the regular 9:30 a.m. to 4:00 p.m. trading session;
- At 6:30 p.m., the Exchange will print trades reported through Crossing Session III as guaranteed-price coupled orders or in Crossing Session IV as VWAP executions;
- All executed orders are subject to the short sale test.

For more Information, contact:

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