

Information Memo

New York Stock Exchange, Inc.
20 Broad Street
New York, NY 10005



Member Firm Regulation

Number 01-50
December 27, 2001

ATTENTION: CHIEF EXECUTIVE OFFICER/MANAGING PARTNER AND
CHIEF FINANCIAL OFFICER/PARTNER AND REGULATORY
REPORTING DEPT.

TO: ALL MEMBERS AND MEMBER ORGANIZATIONS

SUBJECT: SEC TRANSACTION FEES

Section 31 of the Securities Exchange Act of 1934, as amended, requires the remittance of a fee to the Securities and Exchange Commission ("SEC") of 1/300 of one percent of the aggregate dollar amount of the sales of securities. Excluded from this requirement is the sale of any bonds, debentures, or other evidences of indebtedness and any sale or class of sales of securities which the SEC may, by rule, exempt from the imposition of this fee.

Congress just passed the "Investor and Capital Markets Relief Act" (the "Act") which amends Section 31 of the Securities Exchange Act of 1934. This Act will serve to reduce the fee to \$15 per \$1,000,000 of the aggregate dollar amount of the sale of securities. Representatives of the SEC have informed the NYSE that December 28th will be the effective date for this new rate, even though the President is not expected to sign it into law until early in the new year.

Currently, as required by NYSE Rule 440H, each member and member organization engaged in clearing and settling transactions effected upon the New York Stock Exchange is required to report this activity monthly on Form 120-A. This form, along with the appropriate Section 31 fee remittance, must be filed with the Controller's Department of the NYSE by the 10th of the subsequent month.

As a result of the effective date of the Act, members and member organizations required to file Form 120-A and remit this fee must file two forms for the month of December 2001. The first, at the old rate, will cover all activity from December 1st through December 27th 2001. The second form, at the new rate, will cover the period December 28th through December 31st 2001. Both forms, with the appropriate remittance, are due by January 10, 2002. Clearly label the period covered by each form. They should be submitted to the Controller's Department of the NYSE (20 Broad Street 8th Floor, New York, NY 10005) to the attention of Jamala Myton.

Please use the existing Form 120-A to prepare and file both forms for December. New forms are currently being prepared but they will not be ready for distribution in time to file for December.

If you have any questions on the filing of the forms, please contact either Jamala Myton at 212-656-2914 or Patrick Boyle at 212-656-5280. For all other questions relating to this fee, please contact your Finance Coordinator in Member Firm Regulation.

Salvatore Pallante
Executive Vice President