

# Information Memo

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



Member Firm Regulation

Number 01-51  
December 28, 2001

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

**TO:** ALL MEMBERS AND MEMBER ORGANIZATIONS

**SUBJECT:** UPDATE REGARDING SECTION 31 TRANSACTION FEES

Information Memo No. 01-50 dated December 27, 2001, advised that the Investor and Capital Markets Relief Act (“the Act”) will substantially reduce the fees collected by the SEC for the sale of certain securities, as prescribed in Section 31 of the Securities Exchange Act of 1934. **The effective date, under the Act, of the new fee rate is December 28, 2001.**

This memorandum updates Information Memo No. 01-50 in the following respects:

## **Systems Changes – February 1, 2002 Deadline – Rebates to Customers**

Given the short notice period, the Exchange encourages members and member organizations to make the necessary systems changes as quickly as possible while recognizing that such changes may take time to test and implement. **Therefore, the Exchange and SEC staff will not object if all appropriate systems changes are implemented by no later than February 1, 2002 provided that the member or member organization has established procedures to rebate the difference between the old and new fees for transactions effected during this interim period.**

## **Calculation of Fees – Rounding Up**

In calculating the new fee for a transaction, one should multiply the sale or principal amount of the transaction by the fee rate, which will be truncated at the seventh place after the decimal point. The resulting figure should then be truncated at the fifth place after the decimal point and rounded up to the next cent (if there is any remainder you should round up).

As a reminder, the new law provides for an annual adjustment of the fee rate and, in some circumstances, a mid-year adjustment. The SEC will publish the revised rates well in advance of an adjustment.

### **Exclusion of Options on Broad Based Indexes**

SEC staff has advised that Section 31 fees will no longer apply to sales of options on securities indexes (**other than narrow-based security indexes as defined in Section 3(a)(55)(B) of the Securities Exchange Act of 1934**). Please contact the options exchanges for additional information.

### **New Dates for Filing Form 120-A and Fee Remittance**

Information Memo No. 01-50 incorrectly stated that members and member organizations are required to file two forms (Form 120-A) for the month of December 2001.

Since the forms are prepared on a settlement date basis, the December 2001 filing and fees are to be prepared at the old rate and the submission date is January 10, 2002. The month of January 2002 will require two forms: the first, prepared at the old rate, to cover transactions settled on January 2, 2002 and the second, prepared at the new rate, to cover transactions settled on January 3 through January 31, 2002. Both forms and fees are expected to be submitted to the Controller's Department of the Exchange by February 8, 2002.

Please contact your Finance Coordinator with any questions you may have regarding this memorandum.

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Salvatore Pallante  
Executive Vice President