

Information Memo

New York Stock Exchange, Inc.
11 Wall Street
New York, NY 10005

Arbitration



Number 02-65
December 26, 2002

ATTENTION: CHIEF EXECUTIVE OFFICER, MANAGING PARTNERS,
COMPLIANCE AND LEGAL DEPARTMENTS

TO: ALL MEMBERS AND MEMBER ORGANIZATIONS

SUBJECT: AMENDMENTS TO NYSE ARBITRATION RULES 601, 607, 612,
617, 629, 631, 623 AND EXTENSION OF PILOT PROGRAM
RULES 638 AND 639

The Securities and Exchange Commission recently approved amendments to the New York Stock Exchange, Inc. ("Exchange") Rules relating to arbitration. These amendments, effective for all claims filed on or after January 6, 2003, is summarized below and the text of the amended rule language is attached as Exhibit A.

The amendments to Rules 601, 607 and 629 increase the ceiling on claims eligible for submission under the Simplified Arbitration procedures from \$10,000 to \$25,000. Under the Simplified Arbitration procedures one arbitrator is appointed to decide the dispute based upon the parties' submissions, unless the customer requests a hearing.

In addition, the amendments simplify the rules by placing the fee schedule for Simplified Arbitration in Rule 601 rather than referring to Rule 629. The proposed amendment to Rule 607 conforms the rule to the increase in the claims eligible for submission under the Simplified Arbitration procedure (Rule 601).

The amendments to Rule 617 increase the maximum adjournment fee from \$1,000 to \$1,500. This is to conform the adjournment fees to the maximum hearing deposit, upon which adjournment fees are based.

In addition, the Exchange is increasing pre-hearing conference fees in claims over \$25,000 from \$300 to \$450 (Rule 629(h)).

The amendments to Rule 629(i) eliminate the need for Rule 631 by incorporating the fees and deposits for disputes between members into the schedule of fees for "Industry Claimants" under Rule 629. Accordingly, Rule 631 is deleted.

The amendments to Rule 632 increase the ceiling from \$10,000 to \$25,000 for claims between members that are heard and decided by one arbitrator. In addition, the amendment eliminates the clause that provided for an arbitration panel of no more than five arbitrators.

Pilot Program Rules 638 (Mediation) and 639 (Administrative Conferences) have been extended through January 31, 2003 pending Commission action on proposed amendments to the rules.

Frank Z. Ashen
Executive Vice President

Attachments