

# Information Memo



Number 14-06  
February 25, 2014

**TO: ALL FLOOR BROKERS**

**FROM: NYSE REGULATION, INC.**

**SUBJECT: RULE 72(d): BLOCK-SIZED AGENCY CROSSING TRANSACTIONS**

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This notice reminds New York Stock Exchange LLC ("NYSE") and NYSE MKT LLC ("NYSE MKT") (collectively, the "Exchange") Floor brokers that block-sized agency crosses under Rule 72(d) can only be effectuated when in possession of an order to buy and an order to sell an equivalent amount of the same security, and both orders are for 10,000 shares or a quantity of stock having a market value of \$200,000 or more, whichever is less.

Floor brokers may NOT aggregate orders to meet the Rule's minimum share or dollar value requirement.

Examples:

1. A Floor broker receives an order to buy 10,000 shares of XYZ security and an order to sell 10,000 shares of XYZ. Because each order meets the minimum size of 10,000 shares, the broker may "cross" those orders pursuant to Rule 72(d) at a price at or within the Exchange best bid or offer (a "72(d) crossing transaction").<sup>1</sup>
2. A broker receives two orders to buy 5,000 shares each of XYZ and an order to sell 10,000 shares of XYZ. In this case, the Floor broker does not have "an order" to buy 10,000 shares of XYZ. The Floor broker may not aggregate the two 5,000 share orders to meet the 10,000 share size requirement and, therefore, may not effect a 72(d) crossing transaction.

Brokers are reminded that manual transactions properly effected at the cross price under Rule 72(d) should be printed as "stopped stock" and that they should take care to properly advise DMMs as to how such manual trades are printed.<sup>2</sup>

Floor brokers should reasonably ensure that their written policies and procedures reflect these requirements and are reminded that violations of these rules or related Exchange rules could result in the

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<sup>1</sup> A 72(d) crossing transaction cannot be effected for the account of a Floor broker or his or her member organization, an account of an associated person, or an account with respect to which the member, member organization or associated person thereof exercises investment discretion. Floor brokers must also continue to comply with Rule 76's requirement to verbally announce their intention to effect a 72(d) crossing transaction at the point of sale.

<sup>2</sup> Brokers are also reminded that a 72(d) crossing transaction is required only to the extent that priority is established when printing the transaction at the NYSE bid or offer for orders satisfying the Rule 72(d) minimum share or dollar value requirement.

imposition of formal or informal disciplinary action.

Questions regarding this notice should be addressed to:

- Clare Saperstein, Senior Vice President, NYSE Regulation, Inc., 212.656.2355, or
- David De Gregorio, Chief Counsel, NYSE Regulation, Inc., 212.656.4166.