I. Purpose

The purpose of this Information Memo is to remind NYSE and NYSE MKT DMMs and DMM units of their responsibility to enter the correct reason code into the Display Book when publishing either an opening price indication or halting a stock.

II. Background

Rule 123D(b) requires the dissemination of an indication with any delayed opening (i.e., a security that has not opened or been quoted by 10:00 a.m. ET) or if the opening price will result in a significant price change from the previous close:

- For securities under $10, a price change that will be equal to or greater than $1;
- For securities between $10 and $99.99, a price change that will be equal to or greater than the lesser of 10% or 3 points; and
- For securities trading at $100 or more, a price change equal to or greater than $5.

Currently, DMMs can enter Rule 123D mandatory indications or opening delays directly from the Display Book. It is the DMM’s responsibility to use the correct reason code when entering an indication. As such, the DMM should be familiar with the appropriate reason codes used to either indicate a stock or to halt a stock under Rule 123D.

III. Ability to Publish Indications under NYSE Rule 123D from Display Book

DMMs may enter Rule 123D mandatory indications through the Mandatory Indication Template, which is available via a soft key option in the Pre-Opening Indication template. When entering a Rule 123D mandatory indication through the Mandatory Indication Template at or after 9:30 a.m., a DMM will first be required to effect an opening delay, including entering a rationale for the opening delay (news dissemination, news pending, order imbalance or equipment changeover), and the badge number of the Floor Official approving the opening delay, prior to effecting an indication. It is incumbent upon the DMM to properly code the rationale for the delay. Specifically, a “news dissemination” or “news pending” reason code should be used only if directed by Exchange staff that a security should be subject to a regulatory halt. If the reason for a delayed opening is because of an order imbalance, the appropriate rationale is “order imbalance.” Failure to enter the correct code may result in a disciplinary action against the DMM or the member organization operating the DMM unit, or both.
If a DMM submits an opening delay in order to publish a Rule 123D mandatory indication, the DMM will need prior approval from the Floor Official to resume opening the security. DMMs should be aware of the following points regarding the halt/indication functionality:

- Although DMMs are able to post a mandatory indication or effect an opening delay directly from the Display Book, NYSE Rule 123D still requires that a DMM obtain approval for the indication from a Floor Official (bank or brokerage stocks require approval from an Executive Floor Governor, or, in his or her absence, a Floor Governor or Senior Floor Official) as well as the opening delay. Such approvals must be documented pursuant to the procedures set forth in MEB 2006-24.
- DMMs should carefully review the time parameters for mandatory indications that are set out in Rule 123D. A DMM posting a mandatory indication will be responsible for keeping track of the time of such mandatory indication, and for waiting the required time before opening the security. In designing supervisory procedures, DMM units should not rely on the Display Book to prevent violations of these timeframes.
- DMMs are responsible for publishing updated indications pursuant to Rule 123D in the event that the opening will be outside the first indication or if the first indication had a wide spread. In designing supervisory procedures, DMM organizations should not rely on the Display Book to prevent violations of this requirement.

After publishing an opening delay (or after the security has been halted and not resumed), DMMs should keep in mind that the “Resume” message goes out automatically upon opening the stock.

The DMM should make every effort to publish an indication using the procedures outlined above.

IV. Staff Contacts

Questions regarding Display Book functionality should be directed to:

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Questions regarding the requirements of NYSE Rule 123D should be directed to:

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