



TO: ALL MEMBERS AND MEMBER ORGANIZATIONS
FROM: NYSE REGULATION
SUBJECT: FLOOR BROKER VERBAL INTEREST AT THE CLOSE

I. Purpose

This MEB outlines the rules that will govern entry of Floor broker verbal interest on the Pillar trading platform and highlights certain differences with current rules.

II. Rules Applicable to Trading on Pillar

The Exchange has announced that the Exchange will begin transitioning trading of Exchange-listed securities to the Pillar trading platform on August 5, 2019.¹

As set forth in recently approved NYSE Rule 7.35B,² which will govern the process for Closing Auctions facilitated by the Designated Market Maker (“DMM”) on the Pillar trading platform, for Floor Broker Interest³ to be eligible to participate in the Closing Auction, a Floor broker must verbally represent its customer’s interest at the point of sale, including symbol, side, size, and limit price, by the end of, but not after, Core Trading Hours.

Rule 7.35B makes the following changes to how such Floor Broker Interest will be electronically entered to participate in the Closing Auction on the Pillar trading platform:

- Floor Broker Interest represented verbally at the close must include a limit price, and will no longer be permitted to be entered “at the market.” For the Closing Auction, Floor Broker Interest will be ranked together with all other displayed limit orders.

¹ See https://www.nyse.com/publicdocs/nyse/markets/nyse/Revised_Pillar_Migration_Timeline.pdf. The Exchange published by separate Trader Update a complete symbol migration schedule.

² See Securities Exchange Act Release No. 85962 (May 29, 2019), 84 FR 26188 (June 5, 2019) (SR-NYSE-2019-05) (Approval Order). NYSE Rule 7.35(a)(1)(C) defines Closing Auction as the Auction that closes trading at the end of the Core Trading Session. The Core Trading Session will begin for each security at 9:30 a.m. and end at the conclusion of Core Trading Hours. See NYSE Rule 7.34(a)(2)(A).

³ NYSE Rule 7.35(a)(9) defines “Floor Broker Interest” to mean orders represented orally by a Floor broker at the point of sale.

- Floor Broker Interest will be included in the Auction Imbalance Information as displayed limit orders. After the end of Core Trading Hours, the Exchange will continue to disseminate Auction Imbalance Information until the Closing Auction begins.
- Floor brokers, rather than the DMM,⁴ will be responsible for electronically entering the details of previously represented verbal Floor Broker Interest so that the order may be processed as part of the Closing Auction. Floor brokers cannot electronically enter Floor Broker Interest until after the end of Core Trading Hours (i.e., typically after 4:00 p.m.).
- Before Floor Broker Interest can be ranked and eligible for the Closing Auction and included in the Auction Imbalance Information, DMMs will be responsible for validating such interest by accepting electronically-entered Floor Broker Interest. A DMM should not accept Floor Broker Interest if the terms of the order, including symbol, side, size, and limit price, were not verbally represented by the end of Core Trading Hours.
- In case of legitimate error (i.e., error in any term of the order, such as price, number of shares, side (buy or sell), or identification of the security), a Floor broker can request that a DMM cancel the full size of previously-entered Floor Broker Interest. Any cancellation of Floor Broker Interest is subject to Floor Official approval. Floor Broker Interest cannot be reduced in size or modified in any other way, and Floor Officials do not have authority to approve such modifications.

Members and member organizations should review the discussion of general considerations and unusual circumstances set forth in the recent guidance regarding verbal interest which will also be generally applicable to the entry of verbal interest on the Pillar trading platform.⁵

III. Contact Information

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⁴ Currently, the details of an order verbally represented by a Floor broker can electronically be entered so that it can participate in the closing transaction in one of two ways: (1) into UTM by NYSE Operations staff or (2) into the crowd field of the closing template by the DMM.

⁵ See Member Education Bulletin No. 19-01 (June, 21 2019).