

simply rely on a general understanding of the customer's intentions and thereby create an order or a material term of an order on the Floor. For example, a member who has purchased stock pursuant to a customer's off-Floor order may not simply rely on an understanding of the customer's strategy to sell the stock if it becomes profitable to do so, but must first obtain a new order to sell entered by the customer from off the Floor. See also Rule 90 and the supplementary material thereto.

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Rule 115A Orders at Opening or in Unusual Situations

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.20 Arranging an opening or price.—

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“Pair-offs.”—A specialist who, as provided in (1) above, holds a market order of another member or gives up his own name instead of holding the order, may, in arranging the opening, “pair-off” such an order against any order held by the specialist or by another member.

The member who leaves such an order with the specialist should, as promptly as possible after the opening of the stock, return to the Post. The specialist must retain the order slip and must advise the member as to the broker and the name given up on the opposite side of the transaction. The member should proceed as promptly as possible to confirm the transaction with the broker on the opposite side.

Failure to comply with the time periods specified in the paragraph “Responsibility for Losses” below shall relieve the specialist from responsibility for any loss that may result.

In the event that the specialist has given up his own name instead of holding a member's order, and, based upon such order, the specialist has effected a “pair-off” against an order of another member, the specialist should notify the member to whom he originally gave his own name of the broker and the name given up on the opposite side of the transaction. Such member should proceed as promptly as possible to confirm the transaction with the broker on the opposite side. If the specialist has effected the “pair-off” against an order which he handled as a broker, he should send a give-up notice to the member to whom he originally gave his own name.

“Stopping.”—When a specialist has been unable to “pair-off” a market order which has been left with him, as provided in (1) above, he may, after

opening of the Exchange but before the opening of the stock, “stop” at the offer price any such market order to buy, or at the bid price any such market order to sell. In such cases, the specialist should notify the broker who left the order with him that the order is “stopped” and inform him of the price at which it is “stopped.” In the event that the specialist is unable to execute the order at a better price, he should send for the broker who left such order with him, and allow the broker to consummate the transaction.

Establishing a fair price.—A specialist or other member who holds orders in order to assist in establishing a fair price, as provided in (2) above, should, after the establishment of such price, send for the members whose orders were held for that purpose. Such members should proceed as promptly as possible to confirm the transactions with the brokers on the opposite side.

Responsibility for losses.—A specialist or other member who makes an error in arranging an opening or establishing a fair price shall not be responsible for any loss involved if the member whose order has been held or represented neglects to endeavor to confirm the transaction.

In the event that a member endeavors to confirm a transaction resulting from an order left with the specialist as provided in (1) above, but is unable to do so because of an error made by the specialist in arranging an opening, the specialist shall be responsible for any loss which may be involved, except when:

(1) The broker who left such order fails to return to the Post within 30 minutes after the opening sale; or

(2) The broker who left such order returns to the Post within 30 minutes after the opening sale, but neglects to endeavor to confirm the transaction with the broker on the opposite side within 30 minutes after returning to the Post.

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Rule 116 “Stop” Constitutes Guarantee

An agreement by a member to “stop” securities at a specified price shall constitute a guarantee of the purchase or sale by him of the securities at that price or its equivalent.

If an order is executed at a less favorable price than that agreed upon, the member who agreed to stop the securities shall be liable for an adjustment of the difference between the two prices.

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.10 Reporting “stops”.—Members and member organizations should report to their customers that securities have been stopped with another member only if the stop is unconditional and the other member had definitely agreed thereto.

.20 “Stopping” stock.—The privilege of stopping stock, other than rights, shall not be granted or accepted by a [member] *Floor broker* [in cases where the spread in the quotation is only the minimum variation of trading in the particular stock], except that, *in a minimum variation market*, a [member] *Floor broker* who holds simultaneously an order to buy at the market and an order to sell the same stock at the market may stop such purchase and selling orders against each other and pair them off at prices and in amounts corresponding to those of the subsequent sales in the stock as they occur in the market. This exception will also apply when two [members] *Floor brokers*, one holding an order to buy at the market and the other holding an order to sell the same stock at the market, arrive in the Crowd at the same time.

For the purpose of the exceptions provided herein, a limited order to buy which is possible of execution at the prevailing offer price or a limited order to sell which is possible of execution at the prevailing bid price may be regarded as a market order.

.30 Restrictions on “stopping” stock.—No specialist may stop stock against the book or for his own account at a price at which he holds an order capable of execution at this price except that he may stop stock:

(1) in connection with an opening or reopening;

(2) when there is a broker in the Crowd representing another order at the stop price; or

(3) when a member acting on behalf of either a public customer's account or an account in which such member or another member has an interest makes an unsolicited request that a specialist grant him a stop if:

(a) (i) the spread in the quotation is not less than twice the minimum variation of trading in the stock; or, (ii) where the spread in the quotation is the minimum variation of trading in the stock[,] *and an imbalance in the quotation suggests the likelihood of price improvement for the stopped order*, the size of any order as to which a stop is granted does not exceed 2,000 shares, and the aggregate number of shares as to which stops are in effect does not exceed 5,000 shares, unless a