

MAJOR CHANGES IN NYSE CONSTITUTION AND RULES SINCE 1967

1967

<u>RULE NO.</u>	<u>EFFECT OF CHANGE</u>
64	Provided for 5-day settlements of regular-way contracts. (Conforming changes made in numerous other rules; some rules or portions of rules eliminated.)
64	Provided that Trading in Rights to Subscribe shall cease at the close of business on the day preceding the expiration date of the rights -- with trading on that preceding date for "cash" rather than "next day."
104	Revised requirements relevant to specialists' allocation of specialty stocks to investment accounts.
112	Revised procedures for entering members' orders and orders for discretionary accounts.
123	Extended specialists' responsibility for orders and reports.
128	Required that all "stopped stock" transactions be printed on the tape in the sequence in which they occur.
314	Reopened Exchange membership to Canadian securities firms.
314	Increased permissible profits participation in member organizations by former members, allied members and their widows.
418	Changed from January 10 to January 1 the filing date with Exchange of audit agreement between member organizations and their independent public accountants.
451	Provided for a minimum advance period of 15 days prior to a company's meeting for transmittal of proxy material to beneficial owners by member organizations.

CONSTITUTION AND RULES CHANGES - 2

1968

ARTICLE
OR RULE

EFFECT OF CHANGE

- XV Reduced rate of commission on portion of any order over 1,000 shares executed on one day; reduced member-to-member rates; prohibited customer-directed give-ups.
- 282 New Rule provided for mandatory buy-ins of securities not delivered 50 calendar days after the due date. Subsequent amendments:
- (a) Provided for execution of the buy-in order by the defaulting firm's broker rather than by an Exchange staff member;
 - (b) Reduced to 30 days (for stocks) and 40 days (for bonds) the age of open items subject to the rule.
- 325 Required member firms, in computing capital positions, to apply a graduated "haircut" on the contract value of fails to deliver that are 40 days old or older.
- 381 Changed to reflect new commission rates.
- 382 New Rule required written reports to Exchange of all reciprocal or clearing arrangements with other members or with nonmembers.
- 421.50 Established Exchange's authority to require member organizations to report monthly total fails to deliver and fails to receive on Form MF-6.
- 433 New Rule prohibited member organizations from making long sales for customers unless assurance is received that the securities being sold can be delivered promptly.
- 430 Prohibited member organizations from accepting orders from customers unless customers signify willingness to accept and pay for partial deliveries.

1969

<u>ARTICLE OR RULE</u>	<u>EFFECT OF CHANGE</u>
III) XIV)	Simplified Board trial procedures; provided for stipulation of facts and consents to penalties; increased limit on Board-imposed fines to \$25,000 for individuals and \$100,000 for member organizations.
XIV	Permitted Exchange to take parallel disciplinary action against members and member organizations disciplined by another exchange or regulatory body.
XIV	Authorized Board to permit a member organization to obtain members' commission rates during suspension of its sole Exchange member.
IX) XII) XV)	Authorized suspension of a member organization for operational difficulties; strengthened procedural provisions relating to suspension and reinstatement of members and member organizations.
123	Required identification of buy orders entered off-the-Floor for the accounts of members or member firms; established restrictions relating to the subsequent sale of certain purchases for such accounts.
304	Established examination for all members, allied members and member firm employees soliciting commodity contracts. (In practice, this is the Chicago Board of Trade's qualifying examination.)
314	Eliminated the 8% ceiling on the amounts of interest member organizations can pay to limited partners and holders of non-voting stock, in favor of rates to be set from time to time by the Exchange.
319	Permitted member organizations to include a limited degree of self-insurance in their fidelity bond coverage.
323) 324)	Permitted member partnerships and corporations to form related business entities for flexibility in achieving advantages of both forms of business.
325.21	Permitted public ownership of debt securities issued by member organizations.

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1969 (Con't)

ARTICLE
OR RULE

EFFECT OF CHANGE

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| 405 (4)
409 (b) | Permitted small liquidating transactions through common sales accounts, as a means of eliminating burdensome paperwork. |
| 409 (d) | Required member organizations to disclose to all margin account customers the rates of interest charged on debit balances. |
| 419 | Required member organizations to mail financial statements to all customers on completion of an audit, such statements to include the report of the independent public accountants. |
| 420 | Revised reporting requirements for personal loans and borrowings by members and allied members. |

NYSE CONSTITUTION AND RULES CHANGES - 5

1970

<u>ARTICLE OR RULE</u>	<u>EFFECT OF CHANGE</u>
IX &c) 318 &c)	Permitted member corporations to issue freely transferable equity securities. (Changes in numerous other Exchange rules implemented in conjunction with basic concept).
X) XIX)	Permitted expansion of Special Trust Fund Program from \$25 million to maximum of \$55 million.
X	Permitted indemnification of Merrill Lynch, Pierce, Fenner & Smith, Inc. up to a maximum of \$30 million in connection with its acquisition of Goodbody & Co.
XIV	Authorized disclosure of fines and censures against members, allied members and firms by a simple majority vote of the Board of Governors in session, rather than by a majority vote of all Governors.
75	Broadened discretionary authority of Floor officials in ruling on disagreements involving numbers of shares bid or offered.
114	Required that for each specialist unit at least three active specialists be registered and function as regular specialists.
325	Placed Canadian Government securities on a par with U.S. Government securities for net capital purposes.
345	Increased maximum fines which may be imposed on member firm employees and former employees to the same amounts applicable to members and allied members.
359	Eliminated reporting of private wire connections with nonmember firms where transmission of continuous quotations in listed securities is not a factor.
383	Imposed an interim service charge -- not less than \$15.00 or 50% of the minimum commission applicable to an order, whichever is less -- on all orders of 1,000 shares or less.
404	Required Exchange approval for member firms to carry customers' accounts.

1970 (Con't)

ARTICLE
OR RULE

EFFECT OF CHANGE

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| 406) | Required members and allied members to obtain their firm's consent to maintain securities or commodities accounts with other firms or banks and to report transactions in such accounts to their own firms. |
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| 420 | Substituted review by responsible member firm executives for review by the Exchange of non-capital borrowings of members and allied members. |
| 440 | Established minimum requirements for control of securities including periodic box counts, comparison of "street" items and recording of unresolved securities differences. |

NYSE CONSTITUTION AND RULES CHANGES - 7

<u>ARTICLE OR RULE</u>	<u>EFFECT OF CHANGE</u>
I &c.	Provided for incorporation of Exchange.
X) XIX)	Expanded authorized customer assistance funds from \$55 million to \$75 million; empowered Board of Governors to terminate the Special Trust Fund (in accordance with the superseding responsibility of the Securities Investor Protection Corporation to assist customers of member brokerage firms in financial difficulties.) Permits, under specified conditions, indemnification of PHM & Co. up to a maximum of \$15 million (following a PHM investment of at least \$40 million) in connection with recapitalization of duPont Glore Forgan, Inc.
XV	Authorized negotiated commission rates on portions of orders in excess of \$500,000.
25	Provided for reimbursement of Exchange, under certain circumstances, for any expenses or judgments resulting from litigation or arbitration involving members, allied members or member organizations in which the Exchange is secondarily liable.
103	Rule amended to permit cancellation of a specialist's registration for reasons other than a lack of dealings.
104.20	Required specialists to be able to assume, effective June 1, __ a minimum 5,000-share position in each of the common stocks in which they specialize (compared with 2,000 shares previously); required specialist units to have minimum net liquid assets of \$500,000 o 25% of the total position they are required to be capable of assuming -- whichever is greater.
282	Reduced from 40 days to 30 the age of open bond items subject the mandatory buy-in rule, making this requirement uniform for all securities.
345.17	Rule amended to conform with changes in Federal Fair Credit Reporting Act, to require any person to be the subject of an investigative report to be so notified and clearly informed of the nature and scope of the investigation.
384	New Rule required monthly reports to Exchange on all orders in excess of \$500,000 handled by member organizations.

NYSE CONSTITUTION AND RULES CHANGES - 8

1971 (con't)

ARTICLE
OR RULE

EFFECT OF CHANGE

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| 386 | New Rule required minimum commissions to be computed on basis of lowest-priced executions first (effective May 3, 1971). |
| 387 | Set strict time limits for delivery of trade confirmations by member firms to institutional and other COD customers; specified deadlines within which customers must issue instructions to their agent banks, authorizing receipt or delivery of securities. |
| 419 | Established new disclosure requirements for publicly held member corporations; required all member organizations to disclose publicly any non-compliance with minimum Exchange capital requirements lasting 15 or more days after initial discovery; required all member organizations to report to Exchange any material loans to capital contributors, employees and others; extended from 80 to 95 days the time in which member organizations must mail statements of financial condition to customers following an audit; and required that statements of financial condition be sent to partners, stockholders and subordinated lenders on at least the same basis as to stockholders. |