

# Important Reminder: Prohibited Trading Practices Relating to Odd-Lot and Partial Round Lot Orders

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**To: All REDIPlus® Users**  
**Date: December 2009**

The purpose of this notice is to remind all REDIPlus users of exchange rules regarding the transmission of odd-lot and partial round lot "PRL" orders.

Exchange odd-lot systems are intended to afford member firms and their customers an efficient order execution system compatible with the odd-lot investing practices of smaller investors. Use of an exchange's odd-lot system as a professional trading vehicle is prohibited (*i.e.*, traders cannot utilize odd-lot trading practices to circumvent the round-lot auction market).

For example, exchange rules generally prohibit the following odd lot and PRL trading practices by member firms and their customers:

- Unbundling round-lots for the purpose of entering odd-lot orders in comparable amounts;
- Failing to aggregate odd-lot orders into round-lots when such orders are for the same account or for various accounts in which there is common monetary interest;
- Entering both buy and sell odd-lot limit orders in the same stock before one of the orders is executed, for the purpose of capturing the "spread" in the stock;
- Entering multiple odd lot or partial round lot limit orders on one side of the market and then triggering their execution by entering a round lot order on the opposite side of the market;
- Effecting prearranged or wash sales in odd-lots, which are trades in which an offer to buy is coupled with an offer to sell back at the same or an advanced price (or the reverse);
- Effecting prearranged or wash sales in the round-lot portion of a PRL for the purpose of effecting an execution of the odd-lot portion of the PRL with no market risk and at a more favorable price than market conditions would have otherwise permitted; or
- Other types of trading activity in odd-lot orders or in PRLs that is not consistent with traditional odd-lot investment activity, including index arbitrage, certain types of program trading, security classes not usually involved in program trading (e.g., REITs, certain narrowly based structure products, etc.), or any pattern of activity that would suggest day trading or is otherwise clearly suspicious because it is inconsistent with traditional odd-lot investment activity.

If you or your customers engage in program trading activity that may include a relatively small number of odd-lot limit orders as part of your overall program, please contact us to discuss whether such activity is consistent under SRO rules.

For your information, NYSE Information Memo 07-60 discusses the odd-lot and PRL practices prohibited by the NYSE. Please also refer to the odd-lot trading practices rules of the NYSE, NYSE Amex, and NYSE Arca.

If you have any questions regarding this notice, please contact your Goldman Sachs Execution & Clearing, L.P. client coverage representative.