

and increases the accessibility of the certificates to both Commission staff and interested investors. Commission staff estimates that on an annual basis it takes: (i) 1 hour of clerical time to prepare and file Form N-17f-1; and (ii) 0.5 hour for the fund's chief compliance officer to review Form N-17f-1 prior to filing with the Commission, for a total of 1.5 hours. Each fund is required to make 3 filings annually, for a total annual burden per fund of approximately 4.5 hours.<sup>1</sup> Commission staff estimates that an average of 5 funds currently file Form N-17f-1 with the Commission 3 times each year, for a total of 15 responses annually.<sup>2</sup> The total annual hour burden for Form N-17f-1 is therefore estimated to be approximately 22.5 hours.<sup>3</sup>

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collections of information required by Form N-17f-1 is mandatory for funds that place their assets in the custody of a national securities exchange member. Responses will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number.

The Commission requests written comments on: (a) Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burdens of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Lewis W. Walker, Acting Director/CIO, Securities and Exchange Commission, C/O Shirley Martinson,

6432 General Green Way, Alexandria, VA 22312; or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: November 5, 2008.

**Florence E. Harmon,**  
*Acting Secretary.*

[FR Doc. E8-26958 Filed 11-12-08; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58904; File No. 4-533]

### Joint Industry Plan; Order Approving the National Market System Plan for the Selection and Reservation of Securities Symbols Submitted by the Chicago Stock Exchange, Inc., The Nasdaq Stock Market, Inc., National Association of Securities Dealers, Inc. (n/k/a Financial Industry Regulatory Authority, Inc.), National Stock Exchange, Inc., and Philadelphia Stock Exchange, Inc.

November 6, 2008.

#### I. Introduction

On July 17, 2007, the Commission published for comment<sup>1</sup> a detailed summary of two proposed plans for the purpose of the selection and reservation of securities symbols: the Five-Characters Plan and the Three-Characters Plan. On January 25, 2008, the Commission published Amendment No. 1 to the Three-Characters Plan for public comment.<sup>2</sup> The proposed plans were filed jointly by two different groups of self-regulatory organizations ("SROs") pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934 ("Act") ("Rule 608").<sup>3</sup> The Chicago Stock Exchange, Inc. ("CHX"), The Nasdaq Stock Market, Inc. ("Nasdaq"), National Association of Securities Dealers, Inc. ("NASD") (n/k/a Financial Industry Regulatory Authority, Inc. ("FINRA")),<sup>4</sup> National Stock Exchange, Inc. ("NSX"), and

<sup>1</sup> See Securities Exchange Act Release No. 56037 (July 10, 2007), 72 FR 39096 (File Nos. 4-533 and 4-534) ("Symbology Notice"). The full text of each plan is also available to interested persons on the Commission's Web site at <http://www.sec.gov/rules/sro/nms.shtml#4-534> and <http://www.sec.gov/rules/sro/nms.shtml#4-533>, respectively.

<sup>2</sup> See Securities Exchange Act Release No. 57171 (January 18, 2008), 73 FR 4645.

<sup>3</sup> 17 CFR 242.608.

<sup>4</sup> On July 26, 2007, the Commission approved a proposed rule change filed by NASD to amend NASD's Certificate of Incorporation to reflect its name change to Financial Industry Regulatory Authority Inc., or FINRA, in connection with the consolidation of the member firm regulatory functions of NASD and NYSE Regulation, Inc. See Securities Exchange Act Release No. 56146 (July 26, 2007), 72 FR 42190 (August 1, 2007) (SR-NASD-2007-053).

Philadelphia Stock Exchange, Inc. ("Phlx") filed the Five-Characters Plan.<sup>5</sup> The American Stock Exchange LLC ("Amex"), Chicago Board Options Exchange, Incorporated ("CBOE"), International Securities Exchange, LLC ("ISE"), the New York Stock Exchange LLC ("NYSE"), and NYSE Arca, Inc. ("NYSE Arca") filed the Three-Characters Plan.<sup>6</sup>

Although the two plans are identical in many respects, they differ on several significant matters. The primary difference between the two plans is their scope. The Three-Characters Plan would only cover one-, two-, and three-character symbols; the Five-Characters Plan would cover one-, two-, three-, four-, and five-character symbols. In addition, the plans differ with regard to the parties that are eligible to join the plan; the reservation rights for perpetual and limited-time reservations; the portability of symbols for issuers that move their listing from one market to another; the allocation of costs relating to the plan; and the process of withdrawing from the plan.

The Commission received 61 comments on the proposed plans from 56 commenters.<sup>7</sup> Twenty-two

<sup>5</sup> FINRA, Nasdaq, NSX, and Phlx filed the Five-Characters Plan with the Commission on March 23, 2007. CHX, FINRA, Nasdaq, NSX, and Phlx filed a Supplement to this proposed plan on April 23, 2007. In the Supplement, CHX joined as a party proposing the Five-Characters Plan.

<sup>6</sup> On March 23, 2007, Amex, NYSE and NYSE Arca filed the Three-Characters Plan with the Commission. In Amendment No. 1 to the Three-Characters Plan, filed on August 3, 2007, CBOE and ISE joined as parties to the proposed plan.

<sup>7</sup> Letters to the Commission from Edward F. Tancer, Vice President & General Counsel, FPL Group, Inc., dated March 28, 2007 ("FPL Letter"); Jason Korstange, SVP, Director of Corporate Communications, TCF Financial Corporation, dated March 28, 2007 ("TCF Letter"); Timothy J. O'Donovan, Chairman of the Board, Chief Executive Officer, Wolverine World Wide, Inc., dated March 28, 2007 ("Wolverine Letter"); Leo Liebowitz, Chairman and Chief Executive Officer, Getty Realty Corp., dated March 29, 2007 ("Getty Letter"); Edward W. Moore, Vice President, General Counsel & Secretary, RPM International Inc., dated March 29, 2007 ("RPM Letter"); Cathy Burzik, President and Chief Executive Officer, Kinetic Concepts, Inc., dated March 30, 2007 ("KCI Letter"); Clifton H. Morris, Jr., Chairman, AmeriCredit Corp., dated April 2, 2007 ("AmeriCredit Letter"); David M. Brain, President and CEO, Entertainment Properties Trust, dated April 3, 2007 ("Entertainment Properties Letter"); Steven S. Fishman, Chairman, Chief Executive Officer and President, Big Lots, Inc., dated April 4, 2007 ("Big Lots Letter"); Mary J. McGinn, Secretary and Deputy General Counsel, The Allstate Corporation, dated April 5, 2007 ("Allstate Letter"); Eric W. Nodiff, Sr. V.P. and General Counsel, Cantel Medical Corp., dated April 9, 2007 ("Cantel Letter"); James C. Smith, Chairman and CEO, Webster Financial Corporation, dated April 16, 2007 ("Webster Letter"); Michael Tenenbaum, PE, Trustee, Strategic Technologies Employees Pension Fund Trust, dated May 2, 2007 ("Strategic Technologies Letter"); Craig D. Mallick, Corporate Secretary, United States Steel

<sup>1</sup> This estimate is based on the following calculation: (1.5 hours × 3 responses annually = 4.5 hours).

<sup>2</sup> This estimate is based on a review of Form N-17f-1 filings made with the Commission over the last three years.

<sup>3</sup> This estimate is based on the following calculations: (4.5 hours × 5 funds = 22.5 total hours).

Corporation, dated May 4, 2007 (“U.S. Steel Letter”); Bart J. Ward, Chief Executive Officer, Ward & Company, dated May 8, 2007 (“Ward Letter”); Jack Sennott, Senior Vice President and Chief Financial Officer, Darwin Professional Underwriters, Inc., dated May 8, 2007 (“Darwin Letter”); James J. Angel, Ph.D., CFA, Associate Professor of Finance, McDonough School of Business, Georgetown University, dated May 9, 2007 (“Angel Letter I”); M. Farooq Kathwari, Chairman, President and CEO, Ethan Allen Interiors, Inc., dated May 9, 2007 (“Ethan Allen Letter”); Carol Kaufman, Sr. VP Legal Affairs, The Cooper Companies, Inc., dated May 14, 2007 (“Cooper Letter”); Jack R. Hartung, Chief Finance and Development Officer, Chipotle Mexican Grill, Inc., dated May 15, 2007 (“Chipotle Letter”); Larry A. Mizel, Chairman of the Board and Chief Executive Officer, M.D.C. Holdings, Inc., dated May 17, 2007 (“MDC Letter”); Will Matthews, dated May 21, 2007 (“Matthews Letter”); Stephen M. Klein, J.D., Chairman and Chief Executive Officer, Omni National Bank, dated May 21, 2007 (“Omni Letter”); Edward J. Resch, Executive Vice President, Chief Financial Officer and Treasurer, State Street Corporation, dated May 21, 2007 (“State Street Letter”); Faith Pomeroy-Ward, Manager, Investor Relations, Adams Respiratory Therapeutics, dated May 22, 2007 (“Adams Letter”); Shayn Carlson, Director of Investor Relations, G&K Services, dated May 22, 2007 (“G&K Letter”); Alan R. Spachman, dated May 22, 2007 (“Spachman Letter”); Mark L. Heimbouch, Chief Financial Officer and EVP, Jackson Hewitt Tax Service Inc., dated July 10, 2007 (“Jackson Hewitt Letter”); Daniel R. Coker, President & CEO, Amerigon Incorporated, dated July 31, 2007 (“Amerigon Letter”); Betsy Atkins, dated August 2, 2007 (“Atkins Letter”); Eric A. Blanchard, Senior Vice President, General Counsel and Secretary, United Stationers Supply Company, dated August 3, 2007 (“United Stationers Letter”); Albert A. Pimentel, Executive Vice President and Chief Financial Officer, Glu Mobile Inc., dated August 3, 2007 (“Glu Letter”); Ryan Ellis, Executive Director, American Shareholders Association, dated August 3, 2007 (“ASA Letter”); Rick Stewart, CEO, Amarin Corporation plc, dated August 9, 2007 (“Amarin Letter”); Steve Bene, Senior Vice President and General Counsel, Electronic Arts Inc., dated August 9, 2007 (“Electronic Arts Letter”); Bing Yeh, President & CEO, Silicon Storage Technology, Inc., dated August 10, 2007 (“Silicon Storage Letter”); Kathy Lanterman, Senior Vice President and Chief Financial Officer, Silicon Graphics, Inc., dated August 9, 2007 (“SGI Letter”); Paul Jennings, President and CEO, Innospec Inc., dated August 10, 2007 (“Innospec Letter”); Harry W. Kellogg, Jr., Vice Chairman, SVB Financial Group, dated August 10, 2007 (“SVB Letter”); Arlen W. Gelbard, Chief Administrative Officer and General Counsel, E\*Trade, dated August 10, 2007 (“E\*Trade Letter”); MDS Office, Sobha Developers Ltd, dated August 10, 2007 (“Sobha Letter”); John Ritchie, Chief Financial Officer, Electronics For Imaging, dated August 10, 2007 (“EFI Letter”); Adi Bar-Lev, Director of IR, Top Image Systems Ltd., dated August 13, 2007 (“Top Image Letter”); Lonnie R. Brock, CFO, Double Eagle Petroleum Co., dated August 13, 2007 (“Double Eagle Letter”); Joe Ovsenek, Senior Vice President, Corporate, Silver Standard Resources Inc., dated August 15, 2007 (“Silver Standard Letter”); James J. Angel, Ph.D., CFA, Associate Professor of Finance, McDonough School of Business, Georgetown University, dated August 16, 2007 (“Angel Letter II”); Manisha Kimmel, Executive Director, Financial Information Forum, dated August 23, 2007 (“FIF Letter I”); Patrick J. Healy, Issuer Advisory Group, dated September 6, 2007 (“Issuer Advisory Letter”); S. Lee Clifford, President and CEO, SFB Market Systems, dated September 25, 2007 (“SFB Letter”); Joan C. Conley, Senior Vice President and Corporate Secretary, The NASDAQ Stock Market LLC, dated November 2, 2007 (“Nasdaq Letter I”); Barbara

commenters generally supported the Three-Characters Plan or aspects thereof,<sup>8</sup> while 22 commenters generally supported the Five-Characters Plan or aspects thereof.<sup>9</sup> The remaining 12 commenters did not expressly support one plan or another.<sup>10</sup>

This order approves the Five-Characters Plan, with changes and subject to conditions as the Commission deems necessary or appropriate, thus authorizing CHX, FINRA, Nasdaq, NSX, and Phlx to act jointly to implement the Five-Characters Plan, as modified herein, as a means of facilitating a national market system in accordance with the requirements of Section 11A of the Act.<sup>11</sup> This order also requires, within 60 days of this approval order, that any SRO that chooses to list securities or to designate securities for quoting on a quotation medium to join the Five-Characters Plan, as modified herein, and to act jointly with CHX,

Sweeney, Senior Vice President and Corporate Secretary, The Financial Industry Regulatory Authority, Inc., dated November 27, 2007 (“FINRA Letter”); Mary Yeager, Assistant Secretary, New York Stock Exchange, LLC, dated January 15, 2008 (“NYSE Letter”); James J. Angel, Ph.D., CFA, Associate Professor of Finance, McDonough School of Business, Georgetown University, dated February 13, 2008 (“Angel Letter III”); Manisha Kimmel, Executive Director, Financial Information Forum, dated February 14, 2008 (“FIF Letter II”); Marianne Brown, Chief Executive Officer, Omgeo, LLC, dated February 15, 2008 (“Omgeo Letter”); Joan Conley, Senior Vice President & Corporate Secretary, The NASDAQ Stock Market LLC, dated February 26, 2008 (“Nasdaq Letter II”); John Panchery, Managing Director, Art Trager, Vice President, and Ann Vlcek, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, dated February 28, 2008 (“SIFMA Letter”); Julian Rainero, Partner, Bracewell & Giuliani LLP, dated March 10, 2008 (“Bracewell & Giuliani Letter”); Jamie Shay, Head of SWIFT Standards, Society for Worldwide Interbank Financial Telecommunication, dated March 18, 2008 (“SWIFT Letter”); Scott Atwell, FPL Global Steering Committee Co-Chair, FIX Protocol, dated March 24, 2008 (“FIX Letter”); and Thomas P. Moran, Associate Vice President & Associate General Counsel, Nasdaq, dated March 26, 2008 (“Nasdaq Letter III”).

<sup>8</sup> See FPL Letter, TCF Letter, Wolverine Letter, Getty Letter, Kinetic Concepts Letter, AmeriCredit Letter, Entertainment Properties Letter, Big Lots Letter, Allstate Letter, Cantel Letter, Webster Letter, Strategic Technologies Letter, U.S. Steel Letter, Ward Letter, Darwin Letter, Ethan Allen Letter, Cooper Letter, Chipotle Letter, MDC Letter, State Street Letter, Jackson Hewitt Letter, and NYSE Letter.

<sup>9</sup> See Matthews Letter, Omni Letter, Adams Letter, G&K Letter, Amerigon Letter, Atkins Letter, United Stationers Letter, Glu Letter, ASA Letter, Amarin Letter, Electronic Arts Letter, Silicon Storage Letter, SGI Letter, Innospec Letter, SVB Letter, E\*Trade Letter, Sobha Letter, EFI Letter, Top Image Letter, Double Eagle Letter, Silver Standard Letter, Nasdaq Letter I, and Nasdaq Letter II.

<sup>10</sup> See RPM Letter, Angel Letter I, Angel Letter II, Angel Letter III, Spachman Letter, FIF Letter I, FIF Letter II, Issuer Advisory Letter, SFB Letter, FINRA Letter, Omgeo Letter, SIFMA Letter, Bracewell & Giuliani Letter, SWIFT Letter, and FIX Letter.

<sup>11</sup> 15 U.S.C. 78k-1. See also 17 CFR 242.608(b)(2).

FINRA, Nasdaq, NSX, and Phlx to implement the approved plan.<sup>12</sup> The approved Five-Characters Plan is attached here as *Appendix A*.

## II. Background

### A. Section 11A of the Act

In 1975, Congress directed the Commission, through the enactment of Section 11A of the Act,<sup>13</sup> to facilitate the establishment of a national market system to link together the individual markets that trade securities. Congress found the development of a national market system to be in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure fair competition among the exchange markets.<sup>14</sup> Section 11A(a)(3)(B) of the Act directs the Commission, “by rule or order, to authorize or require self-regulatory organizations to act jointly with respect to matters as to which they share authority under this title in planning, developing, operating, or regulating a national market system (or a subsystem thereof) or one or more facilities.”<sup>15</sup> The Commission’s approval of a national market system plan is conditioned upon a finding that the proposed plan is “necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of, a national market system, or otherwise in furtherance of the purposes of the Act.”<sup>16</sup>

### B. Limited Symbol Supply

Pursuant to Rule 601 of Regulation NMS under the Act,<sup>17</sup> all SROs are required to report every trade in listed equity securities<sup>18</sup> and Nasdaq securities<sup>19</sup> made through their facilities, and to make such information public. Each SRO reports every transaction to the ticker tape using the ticker symbol for that security, the volume of the trade, and the price of the trade. Currently, there are three ticker tapes: Tape A reports the stocks that are listed on NYSE, Tape B reports the

<sup>12</sup> 15 U.S.C. 78k-1(a)(3)(B).

<sup>13</sup> 15 U.S.C. 78k-1.

<sup>14</sup> 15 U.S.C. 78k-1(a)(1)(C).

<sup>15</sup> 15 U.S.C. 78k-1(a)(3)(B).

<sup>16</sup> 17 CFR 242.608(b)(2). See also 15 U.S.C. 78k-1(a).

<sup>17</sup> 17 CFR 242.601.

<sup>18</sup> 17 CFR 242.600(b)(34) defines “listed equity security” as “any equity security listed and registered, or admitted to unlisted trading privileges, on a national securities exchange.”

<sup>19</sup> 17 CFR 242.600(b)(41) defines “Nasdaq security” as “any registered security listed on The Nasdaq Stock Market, Inc.”

stocks that are listed on Amex, as well as securities listed on any other national securities exchange (except securities also listed on NYSE and Nasdaq), and Tape C reports the stocks that are listed on Nasdaq. Tapes A and B disseminate market information pursuant to the Consolidated Tape Association Plan ("CTA Plan"), while Tape C disseminates market information pursuant to the Nasdaq Unlisted Trading Privileges Plan.

Securities symbols are a key element in the operation of a national market system and essential to the dissemination of trade information in a common format. The term "ticker symbol" originates from the ticker tape.<sup>20</sup> Prior to the introduction of the ticker, it was customary for messengers to manually disseminate quotations.<sup>21</sup> In 1867, an employee of the NYSE developed the stock ticker.<sup>22</sup> A system of symbols and abbreviations developed as the only practical method for reporting transactions, because the full description of the issuer, security, number of shares sold, the price, and other market data would slow the dissemination of trade information so that the ticker would fall behind the market.<sup>23</sup> In December 1966, the ticker tape was fully automated.<sup>24</sup>

Recently, concerns about the scarcity of available symbols have highlighted the need for a symbol reservation national market system plan to efficiently and fairly manage symbol supply. As the securities markets have grown over the years, the availability of one-, two-, and three-character symbols has diminished.<sup>25</sup> Several factors have been increasing the demand for one-, two-, and three-character symbols. In recent years, exchanges have begun listing new and innovative products, such as exchange-traded funds, that are

now competing with listed companies for symbols.

In addition, Nasdaq, which when operated as a facility of NASD (n/k/a FINRA)<sup>26</sup> only listed securities with four- and five-character symbols, has begun using two- and three-character symbols and has expressed its desire to use one-character symbols as well for Nasdaq-listed issuers. It has been the practice of the NYSE to list companies using one-, two-, and three-character symbols and of other exchanges (including Amex and regional exchanges) to list companies using two- and three-character symbols. Until recently, Nasdaq was the only listing market that did not assign securities one-, two-, or three-character symbols; instead, Nasdaq had assigned securities it listed four- and five-character symbols. In November 2005, however, Nasdaq announced its intention to begin listing companies with one-, two-, and three-character symbols.<sup>27</sup> Since that time, Nasdaq has made a series of announcements detailing its plans, and has worked with the industry to test trading systems to ensure the proper functionality for such symbols.<sup>28</sup> In March 2007, Nasdaq filed with the Commission a proposed rule change to allow companies transferring their listings to Nasdaq to retain their three-character symbols.<sup>29</sup> And, in April 2008, Nasdaq filed with the Commission an immediately effective proposed rule change to allow an issuer with a two-character symbol to transfer its listing to Nasdaq and retain its two-character symbol.<sup>30</sup>

<sup>26</sup> Nasdaq began operations as a national securities exchange in Nasdaq-listed securities on August 1, 2006, and in non-Nasdaq-listed securities on February 12, 2007. See <http://www.nasdaq.com/about/FAQsExchange.stm>. See also Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006) (File No. 10-131).

<sup>27</sup> See Head Trader Alert 2005-133 (November 14, 2005), available at <http://www.nasdaqtrader.com>.

<sup>28</sup> See e.g., Nasdaq Head Trader Alerts 2006-144 (September 29, 2006), 2006-193 (November 16, 2006), 2006-201 (December 6, 2006), and 2007-008 (January 25, 2007), each available at <http://www.nasdaqtrader.com>.

<sup>29</sup> See Securities Exchange Act Release No. 55563 (March 30, 2007), 72 FR 16391 (April 4, 2007) (SR-NASDAQ-2007-031) (notice for the proposal to allow three-character symbol portability for companies transferring their listings to Nasdaq). The Commission approved this proposal in July 2007. See Securities Exchange Act Release No. 56028 (July 9, 2007), 72 FR 38639 (July 13, 2007) ("Nasdaq Three-Character Portability Order"). See also Securities Exchange Act Release No. 55519 (March 26, 2007), 72 FR 15737 (April 2, 2007) (SR-NASDAQ-2007-025) (allowing a single company, Delta Financial Corp., to retain its three-character symbol upon transferring its listing from Amex to Nasdaq).

<sup>30</sup> See Securities Exchange Act Release No. 57696 (April 22, 2008), 73 FR 22987 (April 28, 2008) (SR-NASDAQ-2008-034). The Commission notes that its approval of the Five-Characters Plan, as

Finally, the proliferation of standardized options has decreased the availability of three-character symbols.<sup>31</sup> Developing a formal process to reserve, select, and allocate symbols fairly and efficiently among the listing markets should help promote a fair and orderly national market system and protect investors.

### C. Weaknesses in the Existing Reservation System

Currently, the listing markets assign securities symbols under an informal understanding among the markets. Under this system, each SRO keeps its own records of reserved symbols. If an SRO wishes to reserve a particular symbol, the SRO will consult its own list of reserved symbols and then, if it believes that the symbol is available, will notify the other SROs that it is reserving that symbol. If no other SRO objects, then the listing SRO has successfully reserved that symbol and each SRO would be responsible for updating its own records of reserved symbols accordingly.

There are several weaknesses in the current informal system. The absence of universal reservation records may lead to confusion about the availability of certain symbols and may result in disputes between listing markets about the availability of particular symbols. Any such confusion or disagreement between the listing markets could disrupt the listing process or raise the potential for symbol duplication and investor confusion.

In addition, under the existing system, listing markets may reserve an excess amount of symbols indefinitely, which could exacerbate the strain on symbol supply. Market fears about supply constraints and competition for listings could drive listing markets to reserve an excess amount of symbols, either to protect their interests in the event of needing such symbols in the future or to give themselves advantages over their competitors in securing future listings. For example, a listing market could use the existing symbol reservation system to withhold unused symbols from their competitors, trade reserved symbols only with certain, allied exchanges, or use their power to

modified herein, is consistent with this change and with its approval of the Nasdaq Three-Character Portability Order. See *id.* As discussed further below, see *infra* notes 105-117 and accompanying text, the approved plan would allow the automatic portability of all one-, two-, three-, four-, and five-character symbols of issuers transferring their listing from one exchange to another.

<sup>31</sup> The options exchanges have expressed their intention to shift to a different symbology. See <http://www.theocc.com/initiatives/symbology/default.jsp>.

<sup>20</sup> The ticker tape started in 1867, when all trades made on an exchange were sent out by telegraph and printed on a piece of paper. Although the process is now automated, the securities industry participants continue to refer to the electronic reporting of information as the "tape." See Hal McIntyre, *How the US Securities Industry Works*, 194-95 (The Summit Group Press) (2000).

<sup>21</sup> See S. S. Huebner, Ph.D., Sc.D., *The Stock Market*, 218 (Appleton-Century-Crofts, Inc.) (1934).

<sup>22</sup> E. A. Calahan. See George L. Leffler, Ph.D., *The Stock Market*, 162 (The Ronald Press Company) (1951).

<sup>23</sup> See note 21 *supra* at 222. The first ticker was very slow and not practical, until Thomas A. Edison, another employee of the NYSE, improved its speed and efficiency. See note 22 *supra* at 162.

<sup>24</sup> See Richard J. Teweles and Edward S. Bradley, *The Stock Market*, 148 (John Wiley & Sons, Inc.) (1998).

<sup>25</sup> There are 26 combinations for one-character symbols, 676 combinations for two-character symbols, and 17,576 combinations for three-character symbols, for a total of 18,278 one-, two-, and three-character symbols.

withhold desired symbols to compel other listing markets not to trade symbols with their direct competitors.

Finally, the existing system does not universally permit issuers transferring their listing to a new exchange to keep their ticker symbols. Thus, the original listing market and the new listing market for a transferred listing could become embroiled in a dispute over the right to use the issuer's ticker symbol, which could disrupt trading in that security, and such uncertainty could affect an issuer's decision in selecting a listing venue or moving from one venue to another.

Disagreements over the use of securities symbols have arisen in the past. For example, in 1999, NYSE, Amex, and Nasdaq were involved in a dispute regarding the symbol "Q," which Amex and Nasdaq planned to use for the Nasdaq 100 Trust. However, NYSE claimed that it had reserved that symbol and sued to enjoin the use of that symbol. Amex and Nasdaq eventually agreed to use a different symbol for the Nasdaq 100 Trust.<sup>32</sup>

These weaknesses in the existing informal symbol reservation system could potentially have significant market consequences as exchanges compete more aggressively for listings and the supply of available symbols becomes more restricted over time. For this reason, the Commission believes that it is necessary to adopt a national market system plan for reserving and allocating symbols among the SROs to maintain fair and orderly markets. Consistent with the principles of Section 11A of the Act, in February 2005, Commission staff requested the listing markets to commence joint discussions to develop such a national market system plan.<sup>33</sup> A national market system plan for symbology should mitigate confusion or disagreement about the rights to particular securities symbols and should allow symbols to be used in a manner that is efficient and promotes competition between the listing markets.

### III. Discussion

In the notice publishing for comment both the Three-Characters Plan and the Five-Characters Plan, the Commission asked for comments on whether it should approve one or two plans. Four

commenters provided feedback on this issue and each supported the approval of a single symbology plan.<sup>34</sup> One of these commenters stated that having two different plans for short and long tickers adds needless complexity to an already complex market structure and that the additional complexity of two plans would create increased costs for SROs as well as additional costs to the Commission to regulate two plans, which would be borne ultimately by taxpayers and investors.<sup>35</sup> The Commission agrees with these commenters that approving two plans for the reservation of symbols would place undue costs and burdens on listing SROs, including new entrants. The Commission also notes that, currently, the proposed plans both establish a process for the selection and reservation of one-, two-, and three-character securities symbols. Therefore, approval of both plans would establish two competing, inconsistent systems for selecting and reserving one-, two-, and three-character symbols, which the Commission believes would not be in furtherance of the purposes of the Act. The Commission finds that approving a single plan, rather than both plans, is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of a national market system and is in furtherance of the purposes of the Act because a single plan would promote the smooth and orderly operation of the marketplace.

After carefully considering the proposed plans and the issues raised by the comment letters, the Commission has determined to approve, pursuant to Section 11A(a)(3)(B) of the Act<sup>36</sup> and Rule 608,<sup>37</sup> the Five-Characters Plan, with changes and subject to conditions set forth herein as the Commission has deemed necessary or appropriate.<sup>38</sup> As

<sup>34</sup> See FIF Letter I, FIF Letter II at 1, Angel Letter II at 3, Angel Letter III at 1, Omgeo Letter at 1, and SWIFT Letter.

<sup>35</sup> See Angel Letter II at 3 and Angel Letter III at 2.

<sup>36</sup> 15 U.S.C. 78k-1(a)(3)(B).

<sup>37</sup> 17 CFR 242.608.

<sup>38</sup> The Commission has modified the proposed Five-Characters Plan to make the following changes: (i) To modify the plan to state that, 90 days following the Commission's approval, it will be the exclusive means of allocating and using symbols of one-, two-, three-, four-, and five-character in length and to specify that there is no difference between capital and lowercase letters (*see infra* note 41 and accompanying text); (ii) to modify the start date for the initial reservation process from upon Commission approval of the plan to 60 days following the Commission's approval (*see infra* notes 141-143 and 190-191 and accompanying text); (iii) to limit the use of one-, two-, and three-character symbols for securities listed on a national securities exchange and to restrict securities trading over-the-

discussed in detail below, in approving the Five-Characters Plan, the Commission finds that the Five-Characters Plan is necessary and appropriate in the public interest and in furtherance of the purposes of the Act. The Five-Characters Plan is more comprehensive than the Three-Characters Plan because it covers one-, two-, three-, four-, and five-character symbols. The Commission also believes it would better promote fair competition among exchanges that list securities because it does not constrain the portability of symbols (as the Three-Characters Plan does), but instead makes all symbols automatically portable when a listed issuer transfers its listing to another exchange. This portability would enable issuers to make listing decisions based on factors that relate to the quality of the listing markets such as trading quality, costs, and branding, rather than on considerations of symbol portability. In summary, the Five-Characters Plan provides a system for reserving and allocating securities symbols that should provide clarity and order to the symbol reservation process, mitigate the current constraints on symbol supply, and promote fair competition between the various SROs.

This order authorizes CHX, FINRA, Nasdaq, NSX, and Phlx to act jointly to implement the Five-Characters Plan, as modified herein, as a means of facilitating a national market system in accordance with the requirements of Section 11A of the Act.<sup>39</sup> This order also requires any SRO that chooses to list securities on its market or to designate securities for quoting on a quotation medium to join the Five-Characters Plan and to act jointly with other parties to the plan to implement the approved plan.<sup>40</sup>

In connection with requiring SROs that list, or designate for quoting, securities, the Commission is also modifying the plan to provide that, 90 days from the date of this Order, the Five-Characters Plan shall be the exclusive means of allocating and using symbols of one-, two-, three-, four-, or five-character in length. In addition, for clarity, the Commission is specifying that there will be no difference between capital letters and lowercase letters,

counter to using only four- or five-character symbols (*see infra* notes 85-89 and accompanying text); and (iv) to clarify that securities that de-list and trade on the over-the-counter market would not have portability rights for the original listing symbol (*see infra* notes 168-172 and accompanying text).

<sup>39</sup> 15 U.S.C. 78k-1.

<sup>40</sup> 15 U.S.C. 78k-1(a)(3)(B). The Commission did not receive any comments regarding whether it should require SROs to join an approved plan.

<sup>32</sup> See, e.g., *Big Board Drops its Lawsuit Against Amex*, The New York Times, March 10, 1999, Section C, p. 10.

<sup>33</sup> See Letters from Annette L. Nazareth, then Director of the Division of Market Regulation, Commission, to Amex, Boston Stock Exchange ("BSE"), CBOE, CHX, ISE, Nasdaq, NASD, NSX, NYSE, Pacific Exchange (the predecessor to NYSE Arca) and Phlx, dated February 7, 2005 ("February 2005 Letters").

thus limiting the choices of letters to 26. The Commission believes these changes are necessary and appropriate for the dissemination of trade information in a common format.<sup>41</sup>

#### A. Five-Characters Plan's Consistency With Section 11A of the Act

Many of the provisions of the proposed Five-Characters Plan are similar or identical to parallel provisions in the proposed Three-Characters Plan. Particularly, the plans would establish the Intermarket Symbol Reservation Authority ("ISRA") composed of plan participants and set forth how it would be administered. Both plans also have the same provisions regarding the use of a third-party processor and a symbol reservation database, the general process of reserving perpetual and limited-time reservations, the use of a waiting list, the right to reuse a symbol, the ability to request the release of a symbol, the terms of confidentiality, the non-transferability of rights under the plan, and the process of amending the plan.<sup>42</sup> Despite these significant areas of consensus, however, there are several important differences between the proposed plans.

Many of the commenters that favored the proposed Five-Characters Plan asserted that it would enhance competition among markets by putting all exchanges on a fair and level playing field and would reduce the potential for investor confusion by allowing a fair framework for symbol portability.<sup>43</sup> Several commenters stated that the proposed Five-Characters Plan would give all exchanges equal rights under the proposal.<sup>44</sup> Some of these commenters also stated that the proposed Five-Characters Plan would provide greater choice for public companies and cause less confusion for investors.<sup>45</sup> One commenter asserted that the proposed Five-Characters Plan

<sup>41</sup> The Commission notes that, while the proposed plans were silent on these points, this clarification is necessary to avoid the possibility of confusion regarding the scope of the approved plan.

<sup>42</sup> See discussion *infra* Part III(B) for a discussion of these provisions.

<sup>43</sup> See Amerigon Letter, United Stationers Letter, Glu Letter, Electronic Arts Letter, Silicon Storage Letter, Silicon Graphics Letter, Innospec Letter, SVB Letter, E\*Trade Letter, EFI Letter, Top Image Letter, Double Eagle Letter, and Silver Standard Letter.

<sup>44</sup> See Adams Letter, Atkins Letter, and Sobha Letter. See also ASA Letter, which stated that fair and equal competition is the core of the Five-Characters Plan.

<sup>45</sup> See Amerigon Letter, United Stationers Letter, Glu Letter, Amarin Letter, Electronic Arts Letter, Silicon Graphics Letter, SVB Letter, E\*Trade Letter, Top Image Letter, Double Eagle Letter, and Silver Standard Letter.

is inherently more fair and reasonable than the proposed Three-Characters Plan.<sup>46</sup>

The Commission agrees with the commenters supporting the Five-Characters Plan and finds that, as discussed in greater detail below, the Five-Characters Plan, as modified herein, is consistent with Section 11A of the Act, and is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets.

#### 1. Scope of Plan

One primary difference between the two proposed plans relates to scope: the proposed Three-Characters Plan would only cover one-, two-, and three-character symbols; the Five-Characters Plan, on the other hand, would cover the reservation and allocation of all one-, two-, three-, four-, and five-character symbols. Both of the proposed plans would cover only root symbols, without any suffix or special conditional identifier.<sup>47</sup>

The Commission believes that the Five-Characters Plan, which would establish a uniform system for the selection and reservation of symbols ("Symbol Reservation System") of one-, two-, three-, four-, or five-character securities symbols,<sup>48</sup> is more comprehensive, and therefore offers a more efficient and effective mechanism for allocating symbols than the Three-Characters Plan.<sup>49</sup> The Three-Characters Plan would leave unanswered the appropriate methodology for allocating four- and five-character symbols.

Although Nasdaq is currently the primary listing exchange for issuers using four- and five-character symbols,<sup>50</sup> the Commission believes

<sup>46</sup> See Matthews Letter.

<sup>47</sup> See Section IV(a) of the proposed plans.

<sup>48</sup> See Section I(b) of the Five-Characters Plan. The Five-Characters Plan would cover only root symbols (*i.e.*, without any suffix or special conditional identifier) that are NMS securities as currently defined in Rule 600(a)(46) of Regulation NMS under Act and any other equity securities quoted, traded, and/or trade reported through an SRO facility. See Preamble and Sections I(b) and IV(a) of the Five-Characters Plan. The Three-Characters Plan would cover only root symbols of one-, two- or three-characters for Network A and Network B Eligible Securities (as defined in the CTA Plan) and listed options reported to OPRA. The Three-Characters Plan states that, for listed equity securities, no such symbols would be allocated or used other than for Network A or Network B Eligible Securities. See Sections I(b) and IV(a) of the Three-Characters Plan.

<sup>49</sup> As discussed below, one commenter suggested expanding the length of securities symbols to 10 or 12 characters. See Angel Letter III at 3. Currently, the markets only use root symbols of one- through five-characters in length.

<sup>50</sup> The Commission notes that NYSE Arca currently lists an issuer with a four-character

that it will further the purposes of the Act to approve a plan for the reservation and allocation of symbols with one-, two-, three-, four-, and five-character symbols in order to permit all exchanges to begin utilizing such symbols, particularly in light of the limited availability of one-, two-, and three-character symbols. Indeed, the Commission believes that allowing all exchanges to list four- and five-character securities symbols should help ensure that the supply of available securities symbols does not become constrained.

Some commenters urged a broader scope than that proposed in either plan. Seven commenters advocated the adoption of a national market system plan that provides a single suffix symbology across all SROs.<sup>51</sup> In response, Nasdaq had initially commented that the plan should only cover root symbols because the use of symbol suffixes is unique to individual markets.<sup>52</sup> Subsequently, however, Nasdaq urged that the Commission commence a process for adopting a uniform inter-market equity symbol suffix plan.<sup>53</sup> The Commission is supportive of considering such an initiative. To avoid a delay in the implementation of a symbology national market system plan for root symbols, however, the Commission believes it is appropriate to consider any such initiative separately following the approval of the Five-Characters Plan. Accordingly, the Commission finds the scope of the Five-Characters Plan in its focus on root symbols is appropriate in the public interest and that it will further the purposes of the Act.

#### 2. Parties to the Plan

The proposed plans have different criteria for determining the eligibility for parties to join their plan. The

security symbol, namely Golden Cycle Gold Corporation (ticker symbol: GCGC).

<sup>51</sup> See FIF Letter I, FIF Letter II at 1, Angel Letter II at 3, Angel Letter III at 1, Omgeo Letter at 1, SIFMA Letter, Bracewell & Guiliani Letter, SWIFT Letter, and FIX Letter. One commenter also noted that current inconsistencies in suffix symbology and condition identifiers make it difficult for data vendors to pass through accurate data, which can cause confusion and loss for investors. See Angel Letter I at 8 and Angel Letter III at 1. This commenter also believed that the plan should cover, in addition to equity securities, options, futures, securities futures, mutual funds, and indices and that it should incorporate representation from the derivatives exchanges, issuers, investors, and brokers. See Angel Letter I at 10, Angel Letter II at 4, and Angel Letter III at 1. In addition, this commenter urged the development of a new symbology plan in what he anticipates will be a global trading environment. See Angel Letter III at 2.

<sup>52</sup> See Nasdaq Letter II at 3.

<sup>53</sup> See Nasdaq Letter III. See also Head Trader Alert 2008-36 (March 27, 2008), available at <http://www.nasdaqtrader.com>.

proposed Three-Characters Plan would only allow an SRO to join the plan if it maintains a market for the listing and trading of securities that are identified by one-, two-, or three-character symbols and if their listed equity securities are also "Network A" or "Network B" "Eligible Securities" as those terms are defined in the CTA Plan.<sup>54</sup>

The Five-Characters Plan, on the other hand, would allow any SRO to join the plan as long as it maintains a market for the listing and trading of securities that are identified by one-, two-, three-, four-, or five-character symbols.<sup>55</sup> A party would also be required to have the actual technical and physical capability through its facilities to immediately quote and report trades in securities either using one-, two-, or three-character symbols, if it seeks to reserve symbols of one-, two-, or three-characters in length, or using four-or five-character symbols, if it seeks to reserve symbols of four-or five-characters in length.<sup>56</sup> In addition, this plan would require, as conditions to becoming a new participant, that an SRO pay a proportionate share of the aggregate development costs and sign a current copy of the plan.<sup>57</sup>

Many commenters argued that Nasdaq should not be allowed to list one-, two-, and three-character symbols because such symbols are indicative of an NYSE listing.<sup>58</sup> Some of these commenters argued that an issuer's use of a one-, two-, or three-character symbol signaled the NYSE brand and "companies listed on NYSE meet the highest corporate governance and financial standards in the world;"<sup>59</sup>

consequently, some stated, the Nasdaq issuers' use of such symbols could lead to investor confusion.<sup>60</sup> One such commenter, a trustee and portfolio manager of a small pension fund, stated that it relies on the use of one-, two-, and three-character symbols to identify NYSE securities and makes investment decisions based on such reliance, citing the financial reporting requirements and stability of earnings of NYSE securities; this commenter further stated that it generally performs "an extra level of scrutiny in view of the longevity of firms that have been listed in the over the counter market" because it presumes that those securities are not NYSE-listed securities.<sup>61</sup> NYSE also argued that Nasdaq's attempt to use three-character symbols exacerbates the existing supply problems without justification.<sup>62</sup>

Many other commenters, however, challenged these assertions and argued that Nasdaq should have the same rights to list one-, two-, or three-character symbols as NYSE and any other exchange.<sup>63</sup> One commenter noted that one-, two-, and three-character ticker symbols have previously been used by Amex and other regional exchanges and that commenters implying that one-, two-, and three-character symbols are associated only with NYSE ignore current practice and the historical record.<sup>64</sup> Another commenter stated that, due to the fact that markets can no longer claim a majority share of the trading in their listed securities, the correlation of the number of letters in a ticker symbol and its listing on a particular exchange is an increasingly obsolete consideration.<sup>65</sup> One commenter also noted that NYSE and

Amex issuers, similarly, should have the flexibility to use longer ticker symbols that may be more readily identifiable with their company.<sup>66</sup>

The Commission believes that any SRO with the capacity to maintain a market for the listing of securities that are identified by one-, two-, three-, four-, or five-character symbols should be able to reserve those symbols.<sup>67</sup> As noted above, the Five-Characters Plan would permit any SRO that maintains a market for the listing and trading of plan securities to become a party to the plan.<sup>68</sup> The Commission believes that SROs that have listing standards for plan securities, though they may not be actively listing such securities, and that maintain a market for the trading of plan securities would satisfy this requirement and would be permitted, though not required, to become parties to the plan. Joining the plan would enable such SROs to reserve symbols in anticipation of beginning a listings business.<sup>69</sup> In addition, the Commission is requiring any SRO that chooses to list securities on its market or to designate securities for quoting on a quotation medium to join the approved plan.<sup>70</sup>

The Commission does not agree with commenters who believe that the use of one-, two-or three-character symbols by Nasdaq issuers will "blur and diminish the financial and other significant achievements commonly associated with NYSE listed companies"<sup>71</sup> or confuse investors who today purportedly identify such symbols as associated with NYSE. Many issuers not listed on NYSE utilize such symbols and have for a significant period of time and, therefore, any automatic association of such symbols with NYSE's listing standards or brand is mistaken.<sup>72</sup> Therefore, the Commission finds that the provision on eligible parties in the proposed Five-Characters Plan is preferable and is necessary and appropriate in the public interest, for the protection of investors and the

<sup>54</sup> The CTA Plan defines "Network A Eligible Securities" to mean Eligible Securities listed on NYSE and "Network B Eligible Securities" to mean, in relevant part, Eligible Securities listed on the Amex, BSE, CBOE, CHX, ISE, NSX, NYSE Arca, Phlx or on any other exchange other than Nasdaq, but not also listed on NYSE.

<sup>55</sup> See also *supra* note 48.

<sup>56</sup> See Section I(b) of the Five-Characters Plan.

<sup>57</sup> See Section I(c) of the Five-Characters Plan. For additional discussion regarding the plan's provision relating to costs, see discussion *infra* notes 118–124 and accompanying text.

<sup>58</sup> See FPL Letter, TCF Letter, Wolverine Letter, Getty Letter, KCI Letter, AmeriCredit Letter, Entertainment Properties Letter, Big Lots Letter, Allstate Letter, Cantel Letter, Webster Letter, Strategic Technologies Letter, U.S. Steel Letter, Ward Letter, Darwin Letter, Ethan Allen Letter, Cooper Letter, Chipotle Letter, State Street Letter, and Jackson Hewitt Letter. See also NYSE Letter at 2.

<sup>59</sup> See Allstate Letter; see also, e.g., FPL Letter, TCF Letter, Wolverine Letter, Getty Letter, KCI Letter, AmeriCredit Letter, Entertainment Properties Letter, Big Lots Letter, Cantel Letter, Webster Letter, Strategic Technologies Letter, U.S. Steel Letter, Darwin Letter, Ethan Allen Letter, Cooper Letter, Chipotle Letter, State Street Letter, and Jackson Hewitt Letter. See also NYSE Letter at 4.

<sup>60</sup> See TCF Letter, Wolverine Letter, Big Lots Letter, Ward Letter. See also NYSE Letter at 3.

<sup>61</sup> See Strategic Technologies Letter. The NYSE Letter also argued that investors, securities issuers, and the public rely on the different symbol lengths to distinguish NYSE and Nasdaq securities. See NYSE Letter at 2.

<sup>62</sup> See NYSE Letter at 5.

<sup>63</sup> See G&K Letter, Amerigon Letter, United Stationers Letter, Glu Letter, Electronic Arts Letter, Silicon Graphics Letter, E\*Trade Letter, Silicon Storage Letter, Innospec Letter, EFI Letter, and Nasdaq Letter I. See also SVB Letter, Top Image Letter, and Double Eagle Letter, which state that all exchanges and issuers should be able to list three-or fewer character symbols.

<sup>64</sup> This commenter stated that Amex, BSE, and other regional exchanges have used one- or two-character ticker symbols in the past. See Angel Letter I at 6, Angel Letter II at 2, and Angel Letter III at 2. This commenter also argued that shorter ticker symbols should go to the most actively-traded stocks, some of which are Nasdaq-listed, because the reduced typing and remembering effort required for such symbols would make it a more economically efficient solution. See Angel Letter I at 5.

<sup>65</sup> See Issuer Advisory Letter at 2. See also Angel Letter I at 4.

<sup>66</sup> See Angel Letter II at 3.

<sup>67</sup> The Commission notes that Nasdaq is no longer a facility of a national securities association and is now a national securities exchange. See *supra* note 26.

<sup>68</sup> See Section I(c) of the Five-Characters Plan.

<sup>69</sup> Parties to the plan are entitled to place up to 20 symbols on each of its perpetual reservation lists for one-, two-, or three-character symbols and four- or five-character symbols, respectively. See *infra* notes 90 and 93–95 and accompanying text. The Commission notes that, for limited-time reservations, the plan requires a party to have a reasonable basis for using a limited-time reservation within a 24-month period. See *infra* notes 91–92 and accompanying text.

<sup>70</sup> See *infra* notes 192 and 197–198 and accompanying text.

<sup>71</sup> See Big Lots Letter.

<sup>72</sup> See *supra* note 64 and accompanying text.

maintenance of fair and orderly markets, and that it assures fair competition among exchange markets, consistent with Section 11A(a)(1)(C)(ii) of the Act.<sup>73</sup>

The Commission also believes that the Five-Characters Plan will further the purposes of the Act because it promotes competition among listing markets, including potential new listing markets. As described in further detail below, and unlike the Three-Characters Plan, the Five-Characters Plan provides each party to the plan with an equal allotment of perpetual and limited-time reservations.<sup>74</sup> The Five-Characters Plan also permits the portability of an issuer's symbol from one SRO to another, allowing competing listing venues to attract transferred listings without requiring issuers to change their ticker symbol.<sup>75</sup> In addition, the Five-Characters Plan would allocate to any new party joining the plan a pro-rata portion of the initial development costs based upon the number of symbols initially reserved by such new party during its first twelve months as a party to the plan.<sup>76</sup>

### 3. Reservation and Use of Symbols

Both proposed plans have provisions allowing parties to the plan to reserve symbols in perpetuity ("perpetual reservations") and for a limited time ("limited-time reservations"). Specifically, both proposed plans provide that, within 30 days of Commission approval of the plan (unless such time is extended by the Policy Committee),<sup>77</sup> parties may

submit to the Processor<sup>78</sup> requests for initial reservation of symbols.<sup>79</sup> The proposed plans' differ as follows: (1) How reservation rights are allocated among the individual parties; (2) the number of symbols that may be reserved on the perpetual reservation and limited-time reservation lists, respectively; and (3) how limited-time reservations may be secured. These differences and the reasons the Commission finds that the Five-Characters Plan's provisions on reservation rights, as modified herein, are appropriate in the public interest for the maintenance of fair and orderly markets and fair competition between the markets, consistent with the Section 11A(a)(1)(C) of the Act,<sup>80</sup> are discussed below.

#### a. Allocation of Reservation Rights Among Parties

The proposed Three-Characters Plan awards greater reservation rights to NYSE and Amex than to the other parties to the plan. Specifically, the proposed Three-Characters Plan would allow NYSE and Amex each to reserve 200 symbols as perpetual reservations and 1,500 symbols as limited-time reservations, while other parties to the plan could only reserve 40 symbols as perpetual reservations and up to 500 limited-time reservations.<sup>81</sup> The Five-Characters Plan, on the other hand, awards equal reservation rights among all the parties—any eligible party to the plan could reserve 20 perpetual reservations and 1,500 limited-time reservations of one-, two-, and three-character symbols and 20 perpetual reservations and 1,500 limited-time reservations of four- and five-character symbols.<sup>82</sup> The Five-Characters Plan also requires a party intending to

to the corresponding provision of the Five-Characters Plan.

<sup>78</sup> The Processor will be an independent third party to which ISRA will delegate the operation of the Symbol Reservation System. See Section III of the Five-Characters Plan. See also Section III of the Three-Characters Plan, which is identical to the Five-Characters Plan.

<sup>79</sup> The Commission is modifying the Five-Characters Plan's provision on the timing for the initial reservation process. See *infra* notes 77–104 and accompanying text for the discussion of this modification.

<sup>80</sup> 15 U.S.C. 78k–1(a)(1)(C).

<sup>81</sup> The proposed Three-Characters Plan, as amended, provided that NYSE Arca and CBOE each may have 500 limited-time reservations and that ISE may have 200 limited-time reservations. The plan would leave the precise number of limited-time reservations for other SROs to be decided when such SROs join the proposed plan.

<sup>82</sup> See Section IV(b)(1)(A) and (B) of the Five-Characters Plan. The Commission notes that the reservation lists do not apply to securities symbols already in use, but rather relate to unused ticker symbols.

include a symbol on its limited-time reservations lists to have a reasonable basis for using such symbol within 24 months.

With respect to these provisions on reservation rights, the Commission finds that the Five-Characters Plan will further the purposes of the Act. The Five-Characters Plan allocates all reservation rights equally among all parties to the plan, consistent with fair competition principles. NYSE argued that the proposed Three-Characters Plan reservation provisions reflect the reality of its own likelihood to list a greater number of securities than the other markets.<sup>83</sup> Nasdaq, however, disputed this assertion and stated that the allocation of reservations in this provision of the Three-Characters Plan is out of proportion to historic symbol usage.<sup>84</sup> Nasdaq also argued that this provision would be discriminatory and that such discrimination is not compelled by market needs and is inconsistent with the equal regulation and pro-competition mandates of the Act. While the Commission recognizes that currently NYSE and Amex markets encompass the overwhelming majority of primary listings for issuers with one-, two-, and three-character symbols, the Commission does not believe that the dominance of any particular market should be enshrined in a national market system plan. Moreover, the Commission believes that the Five-Characters Plan's proposed allotments would permit active listing markets to reserve more than enough securities symbols for their listing business. The Five-Characters Plan, in contrast to the proposed Three-Characters Plan, would promote fair competition among the markets by providing all participants with the same number of reservations. Such equal reservation rights make it easier for an existing SRO or new entrant to compete on an equal basis with primary listing markets.

One commenter stated that OTC Bulletin Board ("OTCBB")<sup>85</sup> and Pink Sheet<sup>86</sup> issuers should not have the same rights to use securities symbols as issuers listed on national securities exchanges.<sup>87</sup> The commenter noted that,

<sup>83</sup> See NYSE Letter at 6.

<sup>84</sup> See Nasdaq Letter II at 2.

<sup>85</sup> The OTCBB is a quotation service for over-the-counter equity securities run by FINRA, a national securities association.

<sup>86</sup> Pink Sheets is an interdealer electronic quotation system that displays quotes from market makers for many over-the-counter securities. To be quoted on the Pink Sheets, an issuer need only find one market maker to quote its shares, and Pink Sheets-traded issuers need not have audited financial statements. See <http://www.pinksheets.com>.

<sup>87</sup> See Angel Letter I at 10.

<sup>73</sup> See 15 U.S.C. 78k–1(a)(1)(C)(ii).

One commenter also argued that rights to ticker symbols should be allocated directly to issuers, rather than to the SROs. See Issuer Advisory Letter at 3. See also Angel Letter I at 3 and Angel Letter III at 4, arguing that issuers have stronger claims to symbols than their exchanges. The Commission believes, however, that developing a symbol reservation plan directly among the issuers would present significant challenges—including implementation and administrative challenges, and believes that continuing to allow listing markets to reserve and then allocate those symbols to qualified issuers is more workable and efficient.

Because the Five-Characters Plan, as filed, listed the name of all SROs, including those that were not signatories to the plan, the Commission has deleted the names of SROs listed in Section I(a) of the Five-Characters Plan who are not signatories to the plan at this time.

<sup>74</sup> See discussion *infra* notes 77–104 and accompanying text.

<sup>75</sup> See discussion *infra* notes 105–117 and accompanying text.

<sup>76</sup> See discussion *infra* notes 118–124 and accompanying text.

<sup>77</sup> ISRA will be administered by a Policy Committee, which will consist of one voting member and one alternate voting member representing each party. See Section II(a) and (c) of the Five-Characters Plan. See also Section II(a) and (c) of the Three-Characters Plan, which is identical

in the past, if a Nasdaq-listed firm desired to use a ticker symbol that was in use by an OTCBB or Pink Sheet issuer, it could usually get such a symbol. In addition, the commenter noted that such issuers have not paid any listing fees to be traded on those markets and that many of them are shell companies with no operations or defunct companies. The commenter believed that only "legitimate" SEC registrants that meet the listing standards of the exchanges should be able to establish rights to ticker symbols.

The Commission agrees and believes that significant investor confusion and harm could occur if such securities, which currently trade using four- or five-character symbols, were to begin trading with one-, two-, or three-character symbols. The Commission believes that it is important to distinguish between securities trading only on over-the-counter trading venues and those listed on national securities exchanges. Exchange listing standards are approved by the Commission and must include corporate governance requirements that comply with Rule 10A-3 under the Act.<sup>88</sup> Issuers traded on over-the-counter equity venues (including the OTCBB and Pink Sheets) are not subject to such listing standards. Therefore, such securities can be substantially different from those listed on a national securities exchange. The Commission does not believe any similar distinction exists among the national securities exchanges. Accordingly, the Commission believes that it is appropriate to limit securities not listed on a national securities exchange to using four- or five-character symbols, whereas it is not appropriate to similarly distinguish between exchange-listed securities. The Commission believes that issuers trading solely on the OTCBB, Pink Sheets, and any other over-the-counter venue should be limited to using four- and five-character symbols, as they do today, as any change from this current practice would unnecessarily confuse investors and could lead to investor harm. The Commission finds that it is necessary and appropriate in the public interest, and for the protection of investors and the maintenance of fair and orderly markets, that only issuers listed on a national securities exchange be allowed to use one-, two-, and three-character symbols.<sup>89</sup> Therefore, the Commission is modifying the Five-Characters Plan to prohibit an SRO from reserving or using one-, two-, and three-character symbols

for any issuer not listed on a national securities exchange.

#### b. Number of Perpetual and Limited-Time Reservations

The Three-Characters Plan contemplates allocating some SROs as many as 200 perpetual reservations. In contrast, the Five-Characters Plan would allow no more than 40 perpetual reservations for each party.<sup>90</sup> The Commission believes that, because the Five-Characters Plan allows the overwhelming majority of unused symbols remain available for future use, exchanges would not be able to hold securities symbols in a manner that stifles or burdens competition. In this regard, the Commission believes that the perpetual reservation provisions of the Five-Characters Plan are more favorable to new entrants. The Commission also believes that the Five-Characters Plan's allotment of 1,500 limited-time reservations for one-, two-, and three-character symbols and 1,500 limited-time reservations for four- and five-character symbols should adequately offset the low number of permitted perpetual reservations, and allow SROs to reserve a sufficient number of symbols in the short-term for any pending use.

Both proposed plans permit limited-time reservations for a period of 24 months, after which time the Processor would release such symbols to be available for reservation by parties on the waiting list for a given symbol or, in the absence of a waiting list, for general availability.<sup>91</sup> The Five-Characters Plan requires a party to have a reasonable basis for using a limited-time reservation within such 24-month period while the Three-Characters Plan has no such comparable requirement.<sup>92</sup> Under the Five-Characters Plan, if a party does not use a limited-time reservation within the 24-month reservation period and no party reserves

the symbol after the Processor releases it, then the original party would be able to subsequently reserve the symbol for an additional 24-month period, once again subject to the requirement that it has a reasonable basis for doing so. The Commission does not view the "reasonable basis" requirement in the Five-Characters Plan as mandating the usage of a symbol within 24 months, but believes that this requirement should help prevent the arbitrary reservation of symbols, particularly in an anti-competitive manner.

One commenter argued that there should be no perpetual reservations because having a perpetual reservation would allow an exchange to exclude others from ever using a symbol.<sup>93</sup> The Commission notes that, though they disagreed on the precise number of perpetual reservations each party should be able to reserve, the signatory SROs to both proposed plans agreed to the availability of perpetual reservations,<sup>94</sup> and believes that perpetual reservations are not inconsistent with Rule 608 under the Act, which requires that the plan be necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Act. Nonetheless, the Commission believes that the number of such perpetual reservations should be kept to a minimum and believes that the Five-Characters Plan's allocation of 40 perpetual reservations to each party is appropriate. The Commission acknowledges that new entrants that join the plan after the initial reservation process would have fewer options for selecting their perpetual reservations, as compared to the parties participating in the initial reservation process. But the Commission believes that, given the relatively low number of perpetual reservations allowed under the Five-Characters Plan (particularly as compared to the Three-Characters Plan), such new entrants would still have access to an adequate number of symbols and notes that they would also have the same right to have 40 perpetual reservations each. In addition, the Commission notes that, once an SRO assigns a symbol from its perpetual reservation list to an issuer, that symbol becomes portable to other listing markets if the issuer using the symbol were to transfer its listing to another

<sup>90</sup> The Five-Characters Plan would allow each party to place 20 symbols on each of its perpetual reservation lists for one-, two-, or three-character symbols and four- or five-character symbols, respectively.

<sup>91</sup> See Sections IV(b)(1)(B) and IV(b)(5) of the proposed plans.

<sup>92</sup> Because "reasonable basis" was not defined in the Five-Characters Plan, the Commission requested comment about it in the Symbology Notice. No commenters specifically responded to this request. The Commission believes that it is necessary and appropriate in the public interest to have the Policy Committee determine the appropriate interpretation and application of terms used in the plan, such as the term "reasonable basis." To the extent that any of the parties to the plan are aggrieved by the determination of the Policy Committee in this regard, the Commission notes that it has the authority to hear appeals by such parties. See Rule 608(d), 17 CFR 242.608(d); see also *supra* notes 133-137 and accompanying text.

<sup>93</sup> See Angel Letter I at 6, 9 and Angel Letter II at 3, and Angel Letter III at 4.

<sup>94</sup> See Section IV(b)(1)(A) of the proposed plans.

<sup>88</sup> 17 CFR 240.10A-3.

<sup>89</sup> 17 CFR 242.608.

SRO.<sup>95</sup> Because the Five-Characters Plan would limit each party to no more than 40 perpetual reservations and because an issuer using such a symbol could transfer its listing to another SRO if it chose to do so, the Commission finds that the Five-Characters Plan's provisions with respect to perpetual reservations are not anticompetitive and are appropriate in the public interest.

Finally, one commenter also stated that symbols should be allocated on a "first-come, first-served" basis with a "use it or lose it" feature.<sup>96</sup> The Commission believes that the Five-Characters Plan's provisions relating to processing symbol requests for limited-time reservations incorporate this very principle.

#### c. Legacy Reservations

Under both proposed plans, during the initial reservation process, a party in reserving a symbol that it claims was properly reserved under the current informal system prior to the effective date of the plan would have priority over other parties also reserving such symbol.<sup>97</sup> Under the Five-Characters Plan, however, such party would have priority over other SROs to retain reservation of that symbol (a "legacy reservation") only if the party represents that it has a reasonable basis<sup>98</sup> to believe that it would utilize such symbol within the next six months. Moreover, such reservation would not count towards the party's perpetual reservations or limited-time reservations, but instead be reserved as a separate, additional legacy reservation.<sup>99</sup> If the party does not use such symbol within the allotted six-month period, it would lose the reservation unless the party requests an extension for an additional six-month period. In requesting such an extension, the party would have to have a reasonable basis to believe that it would utilize such symbol within the additional six-month period. If the symbol has not been used within the additional six-month period, the symbol would be released by the Processor.<sup>100</sup> The Three-Characters Plan also assigns priority for symbol reservations to parties that claim to have properly reserved such symbols under the current informal system prior to the effective date of the plan, but it does not place such reservations on a separate "legacy reservation" list nor does it

establish a separate process for using such symbols.<sup>101</sup>

One commenter suggested establishing a 90-day remaining life to all symbols currently reserved by the exchanges, after which all symbol reservations by exchanges will cease to exist.<sup>102</sup> Another commenter endorsed an approach similar to that in the Five-Characters Plan, proposing a transitional provision allowing for an exchange to assert a legacy reservation for up to 12 months for a pending use.<sup>103</sup> The Commission finds that the legacy reservation provision in the Five-Characters Plan is in the public interest, consistent with Section 11A(a)(1)(C) of the Act, because it provides an appropriate transition period for symbol reservations held prior to the Commission's approval of the Five-Characters Plan.<sup>104</sup>

#### 4. Portability of Symbols

Another key difference between the two proposed plans relates to the portability of symbols. In Amendment No. 1 to the proposed Three-Characters Plan, that plan was amended to allow for the automatic portability of three-character symbols (*i.e.*, allowing an issuer with a three-character ticker symbol to automatically continue to use that symbol upon transferring its listing to another SRO).<sup>105</sup> Nonetheless, the proposed Three-Characters Plan maintains that one- and two-character symbols would not be automatically portable if a listed issuer moves to another exchange. Under that proposed plan, the rights to a one- or two-character symbol of the issuer transferring to another exchange would remain with the former SRO unless the former SRO consents to the transfer of the symbol to the new SRO. The only exception would be, in the case of two-character symbols, if the new SRO demonstrates that it has a compelling business need that substantially outweighs the business needs of the former SRO. This

determination would be made by the Processor and would be final. Under the proposed Three-Characters Plan, this exception would not apply to one-character symbols, which could not be transferred to a new SRO without the consent of the former SRO, even if the new SRO was able to demonstrate a compelling business need that substantially outweighs the business needs of the former SRO. In contrast, the Five-Characters Plan would provide the automatic portability of any symbol in the event that an issuer transfers its listing to another exchange (*i.e.*, without requiring the consent of the former SRO).<sup>106</sup>

Many commenters have supported the portability provision of the Five-Characters Plan.<sup>107</sup> Some commenters argued that the portability provision of the proposed Three-Characters Plan would create artificial restrictions on symbol use and portability that would not benefit listed companies or the investing public.<sup>108</sup> One commenter stated that disallowing symbol portability is an anti-competitive and unfair practice.<sup>109</sup> Another commenter argued that the inconvenience and transition costs involved with requiring a company to change its ticker symbol upon transferring from the NYSE to another exchange amount to an unfair restraint of trade.<sup>110</sup> Two commenters also likened securities symbols to telephone numbers and argued that they should belong to the issuer and be fully portable.<sup>111</sup>

One commenter noted that issuers expend more effort and resources to associate a particular symbol with their company than anyone else, and therefore should be allowed to take their symbol with them when they move to another exchange.<sup>112</sup> This commenter also stated that, over time, investors tend to associate a particular ticker symbol far more with a company than with a particular exchange and that, therefore, in terms of reducing investors' search and transaction costs, it makes

<sup>101</sup> See Section IV(b)(2)(A) of the Three-Characters Plan.

<sup>102</sup> See Issuer Advisory Letter at 3.

<sup>103</sup> See Sobha Letter.

<sup>104</sup> 15 U.S.C. 78k-1(a)(1)(C).

<sup>105</sup> Two commenters expressed concerns that an earlier proposed rule change of Nasdaq to allow the transfer of issuers with three-character symbols to Nasdaq (SR-NASDAQ-2007-031) could circumvent efforts to develop a national market system plan for symbology. See RPM Letter and MDC Letter. In the Nasdaq Three-Character Portability Order, *see supra* note 29, the Commission addressed this concern and noted that its approval of that proposed rule change was independent of its consideration of the proposed NMS plans. As the Commission stated then, "[p]articipants in any such plan would be required to comply with its requirements, which could necessitate changes to SRO rules." See Nasdaq Three-Character Portability Order at 38641.

<sup>106</sup> See Section IV(f) of the Five-Characters Plan.

<sup>107</sup> See Omni Letter, Adams Letter, Amerigon Letter, Atkins Letter, United Stationers Letter, Glu Letter, ASA Letter, Electronic Arts Letter, Silicon Storage Letter, Silicon Graphics Letter, E\*Trade Letter, Innospec Letter, SVB Letter, EFI Letter, Top Image Letter, and Double Eagle Letter, and Nasdaq Letter II at 3.

<sup>108</sup> See Amerigon Letter, United Stationers Letter, Glu Letter, Electronic Arts Letter, Silicon Storage Letter, Silicon Graphics Letter, Innospec Letter, E\*Trade Letter, EFI Letter, Top Image Letter, Double Eagle Letter.

<sup>109</sup> See Issuer Advisory Letter at 2.

<sup>110</sup> See ASA Letter.

<sup>111</sup> See Spachman Letter, Angel Letter I at 5-6, Angel Letter II at 2, and Angel Letter III at 3 and 4.

<sup>112</sup> See Angel Letter I at 4.

<sup>95</sup> See Section IV(f) of the Five-Characters Plan.

<sup>96</sup> See Angel Letter I at 9 and Angel Letter III at 4.

<sup>97</sup> See Section IV(b)(2)(A) of the proposed plans.

<sup>98</sup> See *supra* note 92.

<sup>99</sup> See Section IV(b)(2)(A) of the proposed plans.

<sup>100</sup> See *id.*

sense to award the rights to a particular ticker symbol to the issuer that has been using the ticker symbol, rather than the exchange where it originally listed.<sup>113</sup> Furthermore, this commenter stated that changing an issuer's ticker symbol can result in confusion for investors and researchers and be the source of costly investment mistakes, noting that data vendors often do not catch a symbol change on time.<sup>114</sup> One issuer cited its own experience with transferring its listing from NYSE to Nasdaq and consequently changing its symbol; though it ultimately decided to switch listing venues, the issuer stated the need to change its ticker symbol was a negative factor because of the time and resources it had to expend to make sure its investors were aware of the symbol change.<sup>115</sup> Finally, one commenter also noted that allowing symbol portability would strengthen competition between markets.<sup>116</sup>

The Commission finds that allowing the automatic portability of a symbol in the event that an issuer transfers its listing to another exchange will further the purposes of the Act and should reduce investor confusion by allowing the symbol already associated with the issuer to continue to be used by the issuer on the new exchange. The Commission also finds that allowing automatic symbol portability would remove a burden on competition among markets not necessary or appropriate in furtherance of the purposes of the Act by making it easier for listed issuers to transfer their listings to another exchange, thereby enhancing competition among exchanges in the business of providing a listing venue. Eliminating the costs and administrative efforts associated with acquiring a new symbol for transferred listings should allow listed issuers to make decisions about listing based on factors such as listing costs and the quality of markets. The Commission believes that automatic symbol portability is preferable to allowing an issuer's former listing exchange to retain the rights to a symbol once a listed issuer has transferred to another market, particularly as the former market likely would not reuse the symbol in the near term without causing undue investor confusion. Therefore, the Commission finds that the automatic symbol portability provision in the Five-Characters Plan is in the public interest, appropriate for

the protection of investors and the maintenance of fair and orderly markets, and assures fair competition among exchange markets, consistent with the Section 11A(a)(1)(C) of the Act.<sup>117</sup>

#### 5. Allocation of Plan Costs

The two proposed plans also differ with respect to the allocation of the initial development costs and ongoing costs of the plan. The proposed Three-Characters Plan would have all initial and ongoing costs shared equally among all the parties.

The Five-Characters Plan provides that the parties would share the initial development costs pro-rata based on the number of symbols initially reserved by each party. Any new party that joins the plan would also be responsible for a pro-rata portion of the initial development costs based upon the number of symbols initially reserved by such new party during the first twelve months of the new party's membership in the plan.<sup>118</sup> The Five-Characters Plan also provides that the continuing costs and expenses of ISRA would be shared among the parties pro-rata based on the number of additional symbols reserved in each calendar year, estimated quarterly.<sup>119</sup> In addition, under the Five-Characters Plan, the Policy Committee<sup>120</sup> may develop alternative cost-allocation methodologies for special development projects outside the initial development period. One commenter expressed support for this provision in the Five-Characters Plan as it would require exchanges to bear the costs of the system only to the extent they reserve and use symbols.<sup>121</sup>

The Commission finds that the Five-Characters Plan's provision for the allocation of costs will further the purposes of the Act in that it establishes an equitable means of allocating costs among the plan parties.<sup>122</sup> The SROs supportive of the Three-Characters Plan anticipate that certain SROs, such as NYSE and Amex, would likely use the reservation system more than other SROs.<sup>123</sup> It is the proposed Five-

Characters Plan, however, that recognized this likelihood by allocating costs based on an SRO's use of the reservation system. Moreover, the parties' usage of the system will likely vary as markets compete for listings. Under the Five-Characters Plan, the cost allocation will similarly vary with any changes in use of the reservations. Therefore, the Commission finds that the cost allocation provision of the Five-Characters Plan is in the public interest, appropriate for the protection of investors and the maintenance of fair and orderly markets, and assures fair competition among exchange markets, consistent with Section 11A(a)(1)(C) of the Act.<sup>124</sup>

#### B. Similar Provisions Among the Proposed Plans

Other than the areas of substantive differences between the proposed plans discussed above, the remaining provisions of the Five-Characters Plan are substantially similar or identical to parallel provisions in the proposed Three-Characters Plan. The Commission believes that such similarities evidence a broad consensus among the SROs as to the overall framework and most of the main provisions of the Five-Characters Plan, a result of the collaboration by and negotiations between the SROs following the issuance of the February 2005 Letters to discuss the terms of an appropriate national market system plan for the reservation and allocation of securities symbols. Therefore, the Commission believes that these aspects of the Five-Characters Plan represent a fair and workable symbol reservation system for the prospective parties to the plan.

The following section discusses the remaining provisions of the Five-Characters Plan, which are substantially similar or identical to provisions in the proposed Three-Characters Plan.

#### 1. Administration of ISRA

The Five-Characters Plan would establish a body composed of the signatory SROs called the Intermarket Symbols Reservation Authority.<sup>125</sup> A Policy Committee, consisting of representatives of each of the signatory SROs, would administer the ISRA and, unless expressly provided otherwise in the plan, would make all policy decisions on behalf of the ISRA in furtherance of the functions and objectives of the ISRA under the Act and the plan. Specifically, the Policy

to NYSE and Amex than the other SROs. See NYSE Letter at 6.

<sup>124</sup> 15 U.S.C. 78k-1(a)(1)(C).

<sup>125</sup> See Section II(a) of the Five-Characters Plan.

<sup>117</sup> 15 U.S.C. 78k-1(a)(1)(C).

<sup>118</sup> See Section V(a) of the Five-Characters Plan.

<sup>119</sup> See Section V(b) of the Five-Characters Plan.

<sup>120</sup> See *infra* notes 125-137 and accompanying text.

<sup>121</sup> See Adams Letter.

<sup>122</sup> One commenter argued, based on its belief that the issuers have rights to the symbols, that issuers should pay for the plan in accordance with the Regulation NMS market data revenue formula. See Angel Letter II at 3. The Commission notes, however, that the listing markets charge initial and ongoing listing fees to issuers listed on their markets, and therefore issuers are likely to pay indirectly.

<sup>123</sup> This expectation is the basis for the proposed Three-Characters Plan providing more reservations

<sup>113</sup> *Id.*

<sup>114</sup> See Angel Letter I at 5. See also Nasdaq Letter II at 3.

<sup>115</sup> See E\*Trade Letter. See also Nasdaq Letter II at 3.

<sup>116</sup> See Angel Letter II at 2.

Committee would: (1) Oversee the operation of the Symbol Reservation System; (2) make all determinations pertaining to contracts with parties to the plan and persons who provide goods or services to the ISRA; and (3) determine all other questions pertaining to the planning, developing, and operating of the ISRA, including those pertaining to budgetary or financial matters.<sup>126</sup>

One voting member and one alternate voting member representing each party would compose the Policy Committee.<sup>127</sup> Each party would have one vote on all matters voted upon by the Policy Committee and actions of the ISRA under each plan would be authorized by a majority vote of the Policy Committee members, subject to Commission approval when required by applicable securities law.<sup>128</sup> Authorized actions under the plan would be binding upon all the parties. However, an aggrieved party may present contrary views to any regulatory body or in any other appropriate forum.<sup>129</sup> A meeting of the Policy Committee would be held at least annually and other meetings would be held as determined by the Policy Committee, subject to the notice provisions for regular and special meetings and the organization of the meetings.<sup>130</sup>

The Commission finds that the provisions of the Five-Characters Plan relating to the establishment of the ISRA and the administration of the ISRA by the Policy Committee will further the purposes of the Act and should assure fair competition between exchange markets, consistent with Section 11A(a)(1)(C) of the Act.<sup>131</sup> The Commission believes that, because the Policy Committee is composed of one voting member representing each party, that each party would be limited in its ability to act in an anti-competitive manner.<sup>132</sup>

Two commenters have recommended the adoption of a formal dispute resolution mechanism for the plan.<sup>133</sup> The Commission notes that Section 11A of the Act and Rule 608 require national market system plans to describe, to the extent applicable, the method by which disputes in connection with the operation of the plan will be resolved.<sup>134</sup> The Five-Characters Plan

specifies a dispute resolution mechanism with respect to the initial reservation of securities symbols, where disagreements are most likely to arise.<sup>135</sup> With regard to the operation of the plan following the initial reservation period, the Commission believes that the likelihood of disputes among the parties arising under the plan is minimal because the plan specifies the methods relating to submitting reservation requests, requesting releases of symbols, the operation of waiting lists, the reuse of symbols, and all other aspects of reserving and allocating symbols.<sup>136</sup> To the extent that disputes nonetheless arise and the parties are not able to resolve them, the Commission notes that under Rule 608(d) of the Act, the Commission has broad discretion to review, either on its own motion or upon the application of any person aggrieved thereby, actions taken (or failures to act) by any person in connection with an effective national market system plan.<sup>137</sup> Therefore, the Commission finds that the Five-Characters Plan's provision on dispute resolution is appropriate in the public interest.

## 2. The Processor for the Symbol Reservation System

Under the Five-Characters Plan, the ISRA would delegate the operation of the Symbol Reservation System to an independent third party (the "Processor") and would enter into contracts with the Processor relating to the operation of the Symbol Reservation System.<sup>138</sup> The Processor would receive reservation requests from the parties and reserve and allocate symbols among the parties in accordance with the terms of the plan.<sup>139</sup> To this end, the Processor would create and maintain a symbol reservation database.<sup>140</sup> Parties to the Five-Characters Plan would determine the method and frequency of the evaluation of the Processor at a later time.

The Commission finds that provisions of the Five-Characters Plan relating to the Processor promote the maintenance

of fair and orderly markets by ensuring that a symbol is used for only one security. The capacity and capability of the Processor to completely maintain processes and systems for the reservation and allocation of symbols under the plan is integral to this plan's effective implementation. Accordingly, the Commission expects the parties to the Five-Characters Plan to regularly evaluate the Processor's performance.

## 3. Symbol Reservation System

The Five-Characters Plan provides that, within 30 days of the Commission's approval of the Five-Characters Plan (unless such time is extended by the Policy Committee), a participant in the plan may submit to the Processor requests for the initial reservation of symbols.<sup>141</sup> A party may reserve symbols for: (i) The listing of common stock or any other security, including options; (ii) with respect to four- and five-character symbols,<sup>142</sup> the trading of any over-the-counter security; (iii) the dissemination of a securities index or other index information; or (iv) any other purpose authorized by a majority vote.

To provide sufficient time for SROs to join the plan and for the plan participants and the Processor to implement the Symbol Reservation System, the Commission is modifying Section IV(b)(1) of the plan to provide that the initial symbol reservation process will begin 60 days after the Commission's approval of the plan and will ensue for a 30-day period.<sup>143</sup>

### a. Perpetual and Limited-Time Reservations

As noted earlier, under the Five-Characters Plan, a party may reserve a limited number of symbols in perpetuity.<sup>144</sup> There would be two perpetual reservation lists for each party—one list for one-, two-, and three-character symbols and one list for four- and five-character symbols. Each party could reserve up to 20 one-, two-, or three-character symbols as perpetual reservations, and up to 20 four- or five-

<sup>135</sup> See Section IV(b)(2) of the Five-Characters Plan.

<sup>136</sup> See Sections IV(b)(6), IV(c), and IV(d), respectively, of the Five-Characters Plan.

<sup>137</sup> See Rule 608(d)(1).

<sup>138</sup> See Section III of the Five-Characters Plan.

<sup>139</sup> One commenter suggested that the Commission could assign the rights to unused ticker symbols directly to issuers by auction. See Angel Letter III at 4–5. The Commission believes that the proposed allocation of symbol reservation rights using the Processor under the Five-Characters Plan is in furtherance of the purposes of the Act.

<sup>140</sup> See *infra* notes 175–178 and accompanying text for further discussion of the plan provisions on the database.

<sup>141</sup> See Section IV(b)(1) of the Five-Characters Plan.

<sup>142</sup> See discussion *supra* notes 85–89 and accompanying text relating to limiting the use of securities symbols by issuers traded other than on national securities exchanges to four- and five-character symbols.

<sup>143</sup> To conform to the Commission's modification of the initial reservation process, the Commission is also modifying Section IV(c)(1) of the Five-Characters Plan to clarify that the waiting list procedure applies during the initial reservation period rather than within 30 days of the effective date of the plan.

<sup>144</sup> See Section IV(b)(1)(A) of the Five-Characters Plan.

<sup>126</sup> See Section II(b) of the Five-Characters Plan.

<sup>127</sup> See Section II(c) of the Five-Characters Plan.

<sup>128</sup> See Section II(d) of the Five-Characters Plan.

<sup>129</sup> *Id.*

<sup>130</sup> See Section II(e) of the Five-Characters Plan.

<sup>131</sup> 15 U.S.C. 78k–1(a)(1)(C).

<sup>132</sup> See Section II(c) of the Five-Characters Plan.

<sup>133</sup> See Angel Letter I at 11. See also Issuer Advisory Letter at 3.

<sup>134</sup> See 17 CFR 242.608(a)(5)(iv).

character symbols as perpetual reservations.

A party that requests perpetual reservations for more symbols than permitted would be required to place its symbols requests in priority ranking. A party could not add symbols to its perpetual reservation list after the initial reservation process, except when reserving a symbol for reuse.<sup>145</sup>

Symbols could also be reserved for a limited-time period of 24 months.<sup>146</sup> Each party would have two limited-time reservation lists—one list for one-, two-, and three-character symbols and one list for four- and five-character symbols. Each party could reserve up to 1,500 symbols under the one-, two-, or three-character limited-time reservations list and up to 1,500 symbols under the four- or five-character limited-time reservations list. A party may not make a limited-time reservation with respect to a particular symbol unless the party has a reasonable basis to utilize the symbol within the next 24 months.

As with perpetual reservation requests, a party that requests limited-time reservations for more symbols than permitted would be required to place its symbols requests in priority ranking.

#### b. Processing Reservation Requests

If there is only one party that claims a legacy reservation, such party would have priority over other SROs to retain its reservation of that symbol.<sup>147</sup> If more than one party lays claim to a single legacy reservation, the Five-Characters Plan provides a process for resolving such claims.<sup>148</sup> This process is as follows: First, the Processor would notify all such parties of the conflicting claims. Then the parties would have five business days to reach a mutually acceptable agreement as to which party would be permitted to reserve the symbol. In the absence of an agreement, the Policy Committee would resolve the issue by a majority vote of the parties not claiming the symbol. Where there is no agreement but the Policy Committee is able to determine which party has the earliest proper claim to such symbol, the plan would require it to resolve the disagreement in favor of such party. In the event of a tie vote, the Policy Committee would establish a random order of the parties to determine which

<sup>145</sup> See *infra* notes 166–174 and accompanying text for discussion of the plan provision on reusing a symbol.

<sup>146</sup> See Section IV(b)(1)(B) of the Five-Characters Plan.

<sup>147</sup> See *supra* notes 97–104 and accompanying text for a discussion of the legacy reservation process.

<sup>148</sup> See Section IV(b)(2)(B) of the Five-Characters Plan.

party may reserve the symbol.<sup>149</sup> The Commission believes that the plan provisions with respect to resolving legacy reservation claims are consistent with Rule 608 under the Act which requires the plan be necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Act.

For the reservation of symbols other than legacy reservations, if only one party seeks to reserve a symbol, then the Processor would reserve such symbol for that party.<sup>150</sup> If multiple parties seek to reserve a symbol, the Processor would reserve the symbol based on a random ordering established by the Policy Committee.<sup>151</sup> If a symbol is not available for reservation, the Processor would place the requesting party on a wait list.<sup>152</sup> The Processor would process a party's symbol reservation requests by first reserving symbols up to the party's limit for its perpetual reservations list and then reserving the remaining requested symbols up to the limit for its limited-time reservations.<sup>153</sup>

After the initial reservation process, if a party submits to the Processor a request for a limited-time reservation and the symbol is available, the Processor would reserve such symbol, provided that the party has not already reached its maximum number of allowed limited-time reservations.<sup>154</sup> If a symbol requested is not available, the Processor would place the requesting

<sup>149</sup> See *id.* Because the “random order” process was not described in the proposed plans, the Commission requested comment about it in the Symbology Notice. No commenters specifically responded to this request. The Commission believes that it is necessary and appropriate in the public interest to have the Policy Committee determine the appropriate interpretation and application of the plan provisions relating to the “random order” process. However, the Commission believes that the Policy Committee must establish a random order process that will not be susceptible to gaming by parties to the plan. For example, the Policy Committee should not use a system which would allow SROs to know ahead of time if they are the party next in line to reserve a given symbol. To the extent that any of the parties to the plan are aggrieved by the determination of the Policy Committee in this regard, the Commission notes that it has the authority to hear appeals by such parties. See Rule 608(d), 17 CFR 242.608(d); see also *supra* notes 133–137 and accompanying text.

<sup>150</sup> See Section IV(b)(2)(C) of the Five-Characters Plan.

<sup>151</sup> See Section IV(b)(2)(D) of the Five-Characters Plan. See also *supra* note 149.

<sup>152</sup> See Section IV(b)(2)(E) of the Five-Characters Plan. See also *infra* notes 162–165 and accompanying text for a discussion on the waiting list plan provision.

<sup>153</sup> See Section IV(b)(2)(F) of the Five-Characters Plan.

<sup>154</sup> See Section IV(b)(3)(A) of the Five-Characters Plan.

party on the waiting list for such symbol.<sup>155</sup>

#### c. Non-Use or Release of Symbols Within Time Period

The Processor would release any limited-time reservation symbols not used within the 24-month time period.<sup>156</sup> A party could also voluntarily release a reserved symbol. In either case, upon the release of a symbol, the Processor would notify the parties on the waiting list, if any, of the symbol's availability. If there is no waiting list or if no party on the waiting list elects to reserve such symbol, the Processor would notify all parties to the plan of the availability of the symbol. Then, if more than one party requests the reservation of such symbol within two business days of the notice, the Processor would assign the symbol to one party and place the other parties on the waiting list pursuant to a random order of priority established by the Policy Committee.<sup>157</sup>

#### d. Request for Release of a Symbol

If a party has an immediate need to use a symbol that another party has reserved, the requesting party would ask the party that reserved the symbol and any other parties on the waiting list whether such parties would be willing to release the reserved symbol.<sup>158</sup> If the parties do not agree to release the symbol, the requesting party would not obtain the reserved symbol. If the parties do agree to release the symbol, the requesting party could include such symbol as one of its limited-time reservations. If the requesting party does not use a released symbol within the 24-month period, absent the consent of all parties initially required to be contacted, the reservation and waiting list priority in effect when the requesting party first made its request for the release of the symbol would again be in effect.<sup>159</sup>

#### e. Reserving Symbols after Reaching Maximum Number of Permitted Reservations

Paragraph (5) of Section IV(b) of the proposed plans states that a party may “redesignate” a security in certain

<sup>155</sup> See Section IV(b)(3)(B) of the Five-Characters Plan.

<sup>156</sup> See Section IV(b)(5) of the Five-Characters Plan.

<sup>157</sup> See *supra* note 149.

<sup>158</sup> See Section IV(b)(6) of the Five-Characters Plan.

<sup>159</sup> See *infra* notes 160–161 and accompanying text for a discussion of “redesignation” relating to requests for release of symbols under Section IV(b)(6) of the Five-Characters Plan, which the Commission is modifying.

situations. Specifically, following the initial reservation process, if a party wishes to add a symbol to its limited-time reservations and such party already has the maximum number of reservations permitted, such party “must voluntarily release or redesignate a symbol, as described in subparagraph (3)(A) above, before it can reserve the assigned symbol.”<sup>160</sup> Similarly, if a party has an immediate need to use a symbol that another party has reserved, the requesting party would ask the party that reserved the symbol, and any other parties on the waiting list, whether such parties would be willing to release the reserved symbol.<sup>161</sup> Then, under paragraph (6) of Section IV(b) of the Five-Characters Plan, if the requesting party is already at the maximum number of limited-time reservations, the party could either surrender or redesignate a symbol as described in subparagraph (3)(A) of the Plan, before it can reserve the assigned symbol.

The Commission requested comment as to the meaning of “redesignating” a symbol when a party is at the maximum number of limited-time reservations, but did not receive any comments. Because subparagraph (3)(A) of Section IV(b) of either plan does not discuss redesignating symbols, the Commission finds it is necessary and appropriate in the public interest to remove the reference to “redesignate” in paragraphs (5) and (6) of Section IV(b) of the Five-Characters Plan. Thus, if a requesting party is already at the maximum number of limited-time reservations when reserving a requested symbol, such party would have to surrender another symbol in order to reserve the requested symbol.

#### f. Waiting Lists

When one or more parties request to reserve a symbol that another party has reserved, the Processor would place such parties on the waiting list for that symbol.<sup>162</sup> The waiting list would be based on time priority—that is, the earliest request would have precedence. However, as proposed, the Five-Characters Plans states that, if more than one party seeks to use a symbol already in use within either 30 days of the effective date of the plan or two business days of notice of a symbol’s availability, the Policy Committee would establish a random order of such

parties to determine priority on the waiting list.<sup>163</sup>

When a symbol becomes available, the Processor would notify the party with priority on the waiting list.<sup>164</sup> Such party would then have two business days to reserve that symbol; otherwise, the Processor would repeat the process as necessary with all parties on the waiting list, in order of priority. The maximum number of symbols for which a party may be on the waiting list at any time would be 100 symbols.<sup>165</sup>

#### g. Reuse of a Symbol and Portability of Symbols in Use

If a party ceases to use a symbol, such party automatically reserves that symbol, notwithstanding any other limits on the number of reserved symbols under the plan.<sup>166</sup>

However, there is an exception to this automatic reservation right when an issuer transfers its listing from one SRO to another. In this case, the SRO to which a listing is transferred would have the rights to that issuer’s symbol.<sup>167</sup> One commenter, FINRA, noted that Section (IV)(f) of the Five-Characters Plan allows the portability of a symbol only when an issuer “lists” on a new SRO.<sup>168</sup> FINRA noted that this language may create some ambiguity in the case when a security delists from an exchange and is traded on an SRO’s OTC equity market. A strict interpretation of the text of Section (IV)(f) of the Five-Characters, as proposed, could lead to the conclusion that an issuer that delists from an exchange and trades on an OTC market would lose its rights to its original symbol. FINRA asked that this provision of the Five-Characters Plan be amended to explicitly provide that the portability rights for an issuer transferring its listing to another exchange also be extended to issuers that delist from an exchange and trade on an OTC equity market.

NYSE, however, argued that securities have always lost their listed symbols after delisting for failure to meet continue listing standards, and that this practice is desirable because it alerts investors as to the failure of the issuer

<sup>163</sup> To ensure consistency with the Commission’s modification of the initial reservation process timeline (see discussion *supra* notes 141–143 and accompanying text), the Commission is also modifying Section IV(c)(1) of the Five-Characters Plan to clarify that the waiting list procedure applies during the initial reservation process.

<sup>164</sup> See Section IV(c)(2) of the Five-Characters Plan.

<sup>165</sup> See Section IV(c)(3) of the Five-Characters Plan.

<sup>166</sup> See Section IV(d) of the Five-Characters Plan.

<sup>167</sup> See Section IV(f) of the Five-Characters Plan.

<sup>168</sup> See FINRA Letter at 2.

to meet those standards.<sup>169</sup> NYSE noted that, otherwise, investors might mistake the delisted security for a security that continues to meet exchange listing standards. The Commission agrees with NYSE’s comments with respect to the potential for investor confusion and hereby clarifies that issuers that delist from an exchange and trade on an OTC equity market shall not have portability rights for their original symbol.<sup>170</sup> In such cases, Section IV(d) of the Five-Characters Plan would apply and the SRO from which the issuer delisted would automatically have such symbol reserved. At the same time, the Commission believes that the near-term reuse of a delisted security’s original symbol while the delisted security trades on an OTC equity market could cause investor confusion.<sup>171</sup> A symbol could not be reused by a party to identify a new security unless the party reasonably determines that such use would not cause investor confusion.<sup>172</sup>

A symbol being reused pursuant to this provision could be reserved as a perpetual reservation if the party has not yet reserved the full number of perpetual reservations available to it.<sup>173</sup> Otherwise, such symbol would be

<sup>169</sup> See NYSE Letter at 7.

<sup>170</sup> As discussed above, see *supra* notes 85–89 and accompanying text, securities that trade solely over-the-counter, which are not subject to listing standards approved by the Commission, should be clearly distinguished from exchange-listed securities. The Commission believes that a change to an issuer’s symbol following delisting is desirable to inform investors of the change in status of the issuer. Therefore, the Commission believes that it is appropriate to prohibit symbol portability rights for delisted issuers that trade on an OTC equity market with security symbols of any length, including symbols with four- or five-characters.

<sup>171</sup> See Section IV(d) of the Five-Characters Plan (providing that a symbol may not be reused by a party to the plan to identify a new security, other than the security that has been trading under such symbol, unless the party reasonably determines that such use would not cause investor confusion).

<sup>172</sup> See Section IV(d) of the Five-Characters Plan. One commenter stated that symbols should not be reassigned until six months after an issuer ceases to use such symbol in order to avoid customer confusion. See Angel Letter I at 9. The Commission notes that this plan provision, without providing a specific timeframe, prohibits an exchange from assigning a reused symbol at any time if doing so would cause investor confusion. The Commission does not believe that specifying a six-month timeframe to be appropriate as such a time period may, in some cases, be too short and the reuse of a security symbol in such cases may still cause investor confusion. Although the passage of time is one key factor, other factors may need to be considered as well. For example, whether the original issuer’s securities are traded over-the-counter or have ceased trading altogether is another factor in evaluating the potential for confusion with regards to the original listing symbol.

<sup>173</sup> Section IV(d) of the Five-Characters Plan also provides that a party could move a symbol from its perpetual reservations list to its limited-time reservations list in order to place the symbol being reused on its perpetual reservations list.

<sup>160</sup> See Section IV(b)(5) of the proposed plans.

<sup>161</sup> See Section IV(b)(6) of the Five-Characters Plan.

<sup>162</sup> See Section IV(c)(1) of the Five-Characters Plan.

reserved as a limited-time reservation and the additional symbol could exceed the limit of the maximum number of limited-time reservations permitted to a party under the plan.

The Commission finds that the foregoing symbol reservation system provisions of the Five-Characters Plan will further the purposes of the Act and that, in particular, they should maintain fair and orderly markets to assure fair competition between exchange markets, consistent with Section 11A(a)(1)(C) of the Act.<sup>174</sup>

#### 4. Database

Under the Five-Characters Plan, the Processor would create and maintain a symbol reservation database.<sup>175</sup> The database would show all symbols currently in use and the party using such symbols.<sup>176</sup> A party would be required to notify the Processor when the party begins using a reserved symbol. In addition, the database would show all symbols reserved on the perpetual reservations and limited-time reservations lists, including the reserving party and the expiration date for limited-time reservations.<sup>177</sup> The database would also show the waiting list and the priority order of the waiting list for each symbol.<sup>178</sup>

The Commission finds that the provisions of the Five-Characters Plan relating to the symbols database will further the purposes of the Act because the database of symbols is essential to ensure that a symbol is used to identify only one security and therefore will help in the maintenance of fair and orderly markets.

#### 5. Confidentiality

The Processor would maintain all information received from the parties in strictest confidence and the only information that the Processor would make available to the parties is the symbol reservation database.<sup>179</sup> The Processor would not make the symbol reservation database available to any person except the Commission or the parties, unless otherwise required by applicable law.

One commenter questioned the need for confidentiality of the information in

this database, arguing that issuers may want to know if a symbol is available to reserve it in advance.<sup>180</sup> The Commission does not believe that the Act imposes any requirement to make this information available publicly.<sup>181</sup> Therefore, the Commission finds that the confidentiality provisions of the Five-Characters Plan are appropriate in the public interest.

#### 6. Term of Plan Withdrawal—Non-Transferability of Rights under the Plan

A party wishing to withdraw from the plan would be required to provide at least six months prior written notice to the other parties.<sup>182</sup> The withdrawing party would remain liable for its proportionate share of costs and expenses during the time it was a party to the plan, but would have no further obligations after the withdrawal.

In addition, an SRO would cease to be a party to the plan when it ceases to maintain a facility for the quoting and trade reporting of securities transactions or ceases to use symbols subject to the plan, except upon the agreement of the remaining parties.<sup>183</sup> To be approved as a continuing party, the plan would require a majority vote of the remaining parties.

The right of a party to participate in the Symbol Reservation System under the plan is not transferable without the consent of the other parties.<sup>184</sup>

However, if a party is subject to a merger, combination, or other reorganization or the sale of all or substantially all of its assets, including its registration as an SRO, the surviving entity would automatically become subject to the plan and could use the Symbol Reservation System.

The Commission finds that the provisions of the Five-Characters Plan relating to a party withdrawing from the plan will further the purposes of the Act because, by specifying a party's terms of withdrawal, the plan helps to ensure a fair and orderly market.

#### 7. Amendments to the Plan

The plan may be amended from time to time when authorized by the affirmative vote of all the parties, subject to any required approval of the Commission.<sup>185</sup> One commenter

questioned the efficacy of requiring unanimous approval for plan changes.<sup>186</sup> Although the Commission agrees that the plan's unanimity provision with respect to amendments may, in some cases, not be the most efficient method, the Commission notes that the signatory SROs to both proposed plans agreed to this required voting methodology and the Commission is reluctant to require a different voting methodology for plan amendments at this time.

The Commission finds that the provision of the Five-Characters Plan relating to amendments to the plan is in furtherance of the purposes of the Act in that it specifies the method by which the plan may be amended. The Commission will monitor this process to determine whether the unanimity provision is used for anti-competitive purposes or for any other purpose not consistent with the Act. The Commission notes that SROs proposing an amendment to a national market system plan must file such amendment with the Commission pursuant to Rule 608 under the Act.<sup>187</sup> The Commission also notes that it has the authority to amend any effective national market system plan under Rule 608 under the Act.<sup>188</sup>

#### 8. Development and Implementation Phases of the Plan

The Five-Characters Plan states that it would be implemented upon the Commission's approval. Although the letters accompanying both proposed plans state that the parties will determine the development and implementation phase later or in accordance to a timetable to which the parties and the Processor will agree,<sup>189</sup> the plans as submitted to the Commission both provided that the parties would commence the initial reservation process upon Commission approval.<sup>190</sup> As discussed above, however, the Commission has modified the Five-Characters Plan to commence the initial reservation process 60 days from the Commission's approval of the plan.<sup>191</sup> The Commission has made this modification in order to give the SROs that are not signatories to the Five-Characters Plan time to obtain the

<sup>174</sup> 15 U.S.C. 78k-1(a)(1)(C).

<sup>175</sup> See Section IV(e) of the Five-Characters Plan. One commenter has expressed an interest in acting as the Processor for the adopted plan. See SFB Letter. Another commenter suggested that FINRA be the Processor. See Issuer Advisory Letter at 3.

<sup>176</sup> See Section IV(e)(1) of the Five-Characters Plan.

<sup>177</sup> See Section IV(e)(2) of the Five-Characters Plan.

<sup>178</sup> See Section IV(e)(3) of the Five-Characters Plan.

<sup>179</sup> See Section VI of the Five-Characters Plan.

<sup>180</sup> See Angel Letter II at 5.

<sup>181</sup> The Commission also notes that the confidentiality requirement under the plan applies only to the Processor, and that nothing under the plan requires confidentiality on the part of the parties. Therefore, to the extent an issuer wants to know if a symbol is available, it could request such information from one of the parties.

<sup>182</sup> See Section VII of the Five-Characters Plan.

<sup>183</sup> See Section I(d) of the Five-Characters Plan.

<sup>184</sup> See Section VII of the Five-Characters Plan.

<sup>185</sup> See Section VIII of the Five-Characters Plan.

<sup>186</sup> See Angel Letter II at 4. The Commission notes, however, that other national market system plans have similar provisions (see, e.g., the Options Linkage Plan at <http://www.optionsclearing.com/initiatives/ola/ola.jsp>).

<sup>187</sup> See 17 CFR 242.608(a).

<sup>188</sup> See 17 CFR 242.608(a)(2) and (b)(2).

<sup>189</sup> See Paragraph 4 of the letters accompanying each proposed plan.

<sup>190</sup> See Sections IV(b)(1) of both proposed plans.

<sup>191</sup> See discussion *supra* notes 141–143 and accompanying text.

necessary approvals to join the approved plan. The Commission believes 60 days is a reasonable period of time to obtain such approval. The Commission notes that this approval order only requires SROs that choose to list securities or designate securities for quoting on a quotation medium to join the plan (and all such SROs were party to one of the two submitted plans); those SROs that do not intend to list or designate securities for quoting are not required to join the plan.<sup>192</sup>

The Commission finds that the modified implementation provision of the Five-Characters Plan will further the purposes of the Act because it allots additional time for non-signatory SROs to join the approved plan.

#### 9. Terms and Conditions of Access

Any SRO that meets the eligibility standards of the plan may become a party thereto by signing a current copy of the plan and paying to the other parties a share of the aggregate development costs previously paid by such parties to the Processor.

The Commission finds that this provision of the Five-Characters Plan will further the purposes of the Act in that it should assure fair competition among exchange markets, in particular new SROs, consistent with Section 11A(a)(1)(C)(ii) of the Act.<sup>193</sup>

#### IV. Conclusion

It is hereby ordered, that pursuant to Section 11A(a)(3)(B) of the Act<sup>194</sup> and Rule 608,<sup>195</sup> that the Five-Characters Plan submitted by CHX, FINRA, Nasdaq, NSX, and Phlx, as modified herein, is approved and declared effective,<sup>196</sup> and that CHX, FINRA, Nasdaq, NSX, and Phlx are authorized to act jointly to implement the Five-Characters Plan as a means of facilitating a national market system.

*It is hereby further ordered*, that, within 60 days from the date of this approval order, any SRO that chooses to list securities on its market or to designate securities for quoting on a quotation medium must join the Five-Characters Plan, as modified herein,<sup>197</sup> and act jointly with other parties to the plan to implement the approved Five-Characters Plan.<sup>198</sup>

By the Commission.

**Florence E. Harmon,**

*Acting Secretary.*

#### Appendix A—National Market System Plan for the Selection and Reservation of Securities Symbols

The self-regulatory organizations (“SROs”) named below as the parties to this Plan (as defined below), and any other SROs that may subsequently become parties to this Plan, maintain facilities for the quoting and trade reporting of securities that: (i) Are NMS securities as currently defined in Rule 600(a)(46) under the Securities Exchange Act of 1934; and (ii) any other equity securities quoted, traded and/or trade reported through an SRO facility (collectively, “Plan Securities”). These SROs have determined that in order to enhance the effectiveness and efficiency of the national market system and to provide for the fair competition between the SROs, they should establish a uniform system for the selection and reservation of securities symbols (the “Symbol Reservation System”). These SROs therefore have jointly developed and agreed upon the following Plan for this purpose, and have agreed to file it with the Securities and Exchange Commission (“Commission”) as a national market system plan in accordance with and subject to Rule 608 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The term “Plan” as used herein shall mean this plan as from time to time amended in accordance with the provisions hereof. As of 90 days from the Commission’s approval of this Plan, this Plan will be the exclusive means of allocating and using symbols of 1, 2, 3, 4, or 5 characters in length, and there will be no difference between capital and lowercase letters under this Plan.

The Intermarket Symbols Reservation Authority (“ISRA”) shall mean the parties to the Plan acting jointly pursuant to the terms of the Plan. Pursuant to Section 11A(a)(3)(B) of the Exchange Act, the Commission’s approval of the Plan and any amendments thereto shall authorize and require the parties to the Plan to act jointly with respect to matters as to which they share authority hereunder in planning, developing and operating the systems and facilities used for this purpose, provided that such joint action shall be limited to circumstances in which it is necessary in order to fulfill the purposes and objectives as stated in the Plan.

##### I. Parties

(a) The parties to the Plan are the following SROs:

Chicago Stock Exchange, Inc. (“CHX”), registered as a national securities exchange under the Exchange Act and having its principal place of business at 440 South LaSalle Street, Chicago, IL 60605.

Financial Industry Regulatory Authority, Inc., registered as a national securities association under the Exchange Act and having its principal place of business at 1735 K Street, NW., Washington, DC 20006.

The Nasdaq Stock Market LLC (“NASDAQ”) registered as a national securities exchange under the Exchange Act

and having its principal place of business at One Liberty Plaza, New York, NY, 10006.

National Stock Exchange, Inc. (“NSX”), registered as a national securities exchange under the Exchange Act and having its principal place of business at 440 South LaSalle Street, Suite 2600, Chicago, IL 60605.

Philadelphia Stock Exchange, Inc. (“PHLX”), registered as a national securities exchange under the Exchange Act and having its principal place of business at 1900 Market Street, Philadelphia, Pennsylvania 19103.

(b) Each of the parties represents to the other parties that (i) at any time it seeks to reserve symbols using 1, 2 or 3 characters, it will have the actual technical and physical capability through its facilities to immediately quote and trade report in Plan Securities using 1, 2 or 3 characters, and (ii) at any time it seeks to reserve symbols using 4 or 5 letter characters, it will have the actual technical and physical capability through its facilities to immediately quote and trade report trades in Plan Securities using 4 or 5 characters. This Plan shall not apply in any respect to any suffix or special conditional identifier that may follow a “root” symbol of 1, 2, 3, 4 or 5 characters in length.

(c) Any other SRO that maintains a market for the listing or trading of Plan Securities, in accordance with rules approved by the Commission, which securities are identified by one, two or three character symbols, on the one hand, or four or five character symbols, on the other hand, in each case prior to any suffix or special conditional identifier (“Applicant”), may become a party to the Plan. An Applicant may become a party to the Plan by signing a current copy of the Plan and paying to the other parties a proportionate share of the aggregate development costs previously paid by such parties to the Processor (as defined in Section III below), which aggregate development costs totaled \$[amount to be determined after Plan effectiveness and implementation, and filed with the Commission as an amendment to the Plan].

(d) Subject to Section VII below concerning the continuing liability of former parties for certain obligations under the Plan, an SRO that is a party to the Plan shall cease to be a party at such time as it ceases to maintain a facility for the quoting and trade reporting of securities transactions or ceases to use symbols subject to the Plan, unless such SRO asks to continue as a party and the other parties to the Plan, by a majority vote, approve such SRO to continue as a party.

##### II. Administration of ISRA

(a) *ISRA Policy Committee.* ISRA shall be administered by a Policy Committee, which shall be constituted as provided in paragraph II(c), below.

(b) *Authority of Policy Committee.* Except as otherwise expressly provided in the Plan, the ISRA Policy Committee shall make all policy decisions on behalf of ISRA in furtherance of the functions and objectives of ISRA under the Exchange Act and under the Plan, including but not limited to the following:

(1) Overseeing the operation of the Symbol Reservation System and making all administrative decisions necessary with

<sup>192</sup> See *supra* notes 68–70 and accompanying text.

<sup>193</sup> 15 U.S.C. 78k–l(a)(1)(C)(ii).

<sup>194</sup> 15 U.S.C. 78k–l(a)(3)(B).

<sup>195</sup> 17 CFR 242.608.

<sup>196</sup> The approved plan is attached here as Appendix A.

<sup>197</sup> *Id.*

<sup>198</sup> See 17 CFR 242.608(b)(2).

respect to the operation of the system in accordance with the Plan;

(2) Making all determinations pertaining to contracts with parties to the Plan or with other persons who provide goods or services to ISRA;

(3) Determining all other questions pertaining to the planning, developing and operating of ISRA, including those pertaining to budgetary or financial matters.

(c) *Composition and Selection of Policy Committee.* The Policy Committee shall consist of one voting member representing each party and one alternate voting member representing each party, with each alternate having a right to vote only in the absence of that party's voting member. Each of the voting and alternate voting members of the Policy Committee shall be appointed by the party that he or she represents, and shall serve at the will of the party appointing such member.

(d) *Action of Policy Committee.* Each of the parties shall have one vote on all matters voted upon by the Policy Committee and, except as otherwise provided herein, action of ISRA under the Plan shall be authorized by the affirmative vote of a majority of the members of the Policy Committee, subject to the approval of the Commission whenever such approval is required under applicable provisions of the Exchange Act and the rules of the Commission thereunder. Action authorized in accordance with the Plan shall be binding upon all of the parties, without prejudice to the rights of any party to present contrary views to any regulatory body or in any other appropriate forum.

(e) *Meetings of the Policy Committee.* Regular meetings of the Policy Committee may be attended by each party's voting representative or alternate voting representative, by one or more nonvoting representatives of the parties, and by such other persons that the Committee may invite to attend. Meetings of the Policy Committee shall be held at least annually and at such other times as shall from time to time be determined by the Policy Committee, on not less than ten (10) business days' notice. Special meetings of the Policy Committee may be called upon the request of two or more parties on not less than two (2) business days' notice. At each meeting of the Policy Committee, the Committee shall designate one of the representatives of the parties to preside as Chairman of the meeting and shall designate a person in attendance to act as Secretary to record the minutes thereof. The location of the regular and special meetings of the Policy Committee shall be determined by the Committee. Members of the Policy Committee may be present at a meeting by conference telephone or other electronic means that enables each of them to hear and be heard by all others present at the meeting, and action may be taken without a meeting if all of the members entitled to vote consent thereto in writing.

### III. Performance of Functions

As determined by its Policy Committee, ISRA will delegate the operation of the Symbol Reservation System to an independent third party (the "Processor"), and will enter into contracts with such party

describing the functions to be performed by it and the service levels and other terms related thereto. The Processor shall be required to agree that any nonpublic information that becomes known to it shall be held in confidence, except as it may be shared with the Commission or other appropriate governmental regulatory authorities or as otherwise required by applicable law.

### IV. The Symbol Reservation System

(a) *Scope of the Symbol Reservation System.* The Symbol Reservation System shall cover the allocation of all symbols used to identify Plan Securities. This Plan covers only the "root" symbol to be disseminated, which is the one through five character symbol, in each case prior to any suffix or special conditional identifier.

(b) *Reservation and Use of Symbols.*

(1) *Submission of Initial Reservation Requests.* Beginning 60 days after the Commission's approval of this Plan, for a period of 30 days, with respect to symbols for which a party meets the requirements of Section I.(b) at the time of approval, and within 45 days after a party meets the requirements of Section I.(b) with respect to other symbols (unless such time is extended by the Policy Committee), such party may submit to the Processor requests for the initial reservation of symbols as follows. A party may request a symbol for: (i) The listing of common stock or any other security, including options; (ii) with respect to four- and five-character symbols, the trading of any security over-the-counter; (iii) the dissemination of a securities index or other index information; or (iv) any other purpose authorized by a majority vote of the parties. However, no party may reserve or use a 1, 2 or 3 character symbol for a security not listed on a national securities exchange. All initial symbol requests must specify whether the party believes that it had "reserved" a requested symbol in the system in use prior to the Commission's approval of this Plan. Initial requests may be for perpetual as well as limited-time reservations as specified below.

(A) *Perpetual Reservations.* A requesting party may request to reserve a limited number of symbols without any time or other limitations or restrictions. A perpetual reservation is a "List A reservation." A separate List A shall be maintained for symbols using one, two or three characters, on the one hand, and symbols using four or five characters, on the other hand, and this Plan shall be applied separately to each List A. For the avoidance of doubt, symbols under the List A for one, two or three characters and symbols under the List A for four or five characters are not interchangeable with one another for any purpose under this Plan. Subject to paragraph (d) below, a party may not add symbols to a given List A after the initial reservation process for that given list A. With respect to symbols using one, two or three characters, a party may not have more than 20 List A reservations. With respect to symbols using four or five characters, a party may not have more than 20 List A reservations. A party requesting to reserve more symbols than permitted pursuant to

this paragraph must place its List A reservation requests in priority ranking.

(B) *Limited-Time Reservations.* In addition to List A reservations, a party may submit requests to reserve symbols for a limited time period ("List B reservations"). A separate List B shall be maintained for symbols using one, two or three characters, on the one hand, and symbols using four or five characters, on the other hand, and this Plan shall be applied separately to each List B. Symbols under the two lists are not interchangeable for any purpose under this Plan. With respect to symbols using one, two or three characters each party may have a total of up to 1,500 List B reservations at any given time. With respect to symbols using four or five characters, each party may have up to a total of 1,500 List B reservations. A party's permitted List B reservations shall be for 24 months. A party requesting to reserve more symbols than permitted pursuant to this paragraph must place its List B reservation requests in priority ranking. Notwithstanding anything else herein this sub-paragraph (B), no party shall make a List B reservation request with respect to a particular symbol unless said party has a reasonable basis to believe it will utilize such symbol within the next 24 months.

(2) *The Processing of Initial Reservation Requests.*

(A) If only one party claims that it had a symbol properly "reserved" prior to the effective date of this Plan (A "Legacy Reservation"), the Processor shall reserve such symbol for that party, provided that party represents it has a reasonable basis to believe it will utilize such symbol within the next six (6) months. Legacy Reservations shall not be counted as List A or List B reservations for the purposes of sub-paragraphs (1)(A) and (1)(B) of this Section. Should the relevant party not use a symbol that is the subject of a Legacy Reservation within the six (6) month period, said symbol shall be released by the Processor pursuant to paragraph 5 below, provided that a party may request an extension of a Legacy Reservation for an additional six (6) month period provided said party has a reasonable basis to believe it will utilize such symbol within that period. If not so used within that period, said symbol shall be released by the Processor pursuant to paragraph 5 below.

(B) If multiple parties meeting the requirements of sub-paragraph (A) above claim to have properly reserved a symbol prior to the Commission's approval of this Plan, the Processor shall notify all parties making such claims of that fact, whereupon such parties shall have five business days in which to reach a mutually acceptable agreement as to which party shall be permitted to reserve such symbol. If the parties fail to reach agreement during such period, then the Policy Committee shall resolve such conflicting claims (in favor of the party with the earliest proper claim to such symbol, if that fact can be determined) by a majority vote of the parties not claiming such symbol, it being understood that proper reservation of a symbol includes reservation under the reservation system in effect prior to the adoption of this Plan. The Policy Committee shall provide each such party the

opportunity to provide evidence of how and when it reserved such symbol, and the members of the Policy Committee who vote in these matters shall in good faith consider such evidence in reaching their decision. In the event of a tie vote, the Policy Committee shall establish a random order of the parties to determine which party may reserve the symbol.

(C) If only one party seeks to reserve a symbol that no party has properly reserved prior to the Commission's approval of this Plan, then the Processor shall reserve that symbol for that party.

(D) If multiple parties seek to reserve a symbol, but no such party claims to have properly reserved the symbol prior to the Commission's approval of this Plan, then the Processor shall reserve such symbol pursuant to a random ordering of the parties that the Policy Committee shall establish.

(E) If a party requests a symbol that is not available because the symbol is in use or has properly been reserved by another party, the Processor will place all such parties on a waiting list for the symbol pursuant to paragraph (c) below.

(F) Using this methodology, the Processor will reserve for a party all requested symbols up to the limits specified above for List A and List B based on the requesting party's priority ranking. Once a party has reached its limit on the number of permitted List A reservations, the Processor will process all such party's remaining requests for List A symbols as List B requests before processing that party's requests for List B reservations.

(3) *Subsequent Reservations.* At any time following the initial allocation of symbols pursuant to paragraphs (1) and (2) above, a party may submit to the Processor a request for a List B reservation of one or more symbols as follows:

(A) If a requested symbol is available the Processor will reserve the symbol for the requesting party if at that time it does not hold the maximum number of List B reservations available to it. If necessary to stay within the maximum number of reservations permitted under subparagraph (1)(B) above, the party must provide the Processor with a List B symbol to release upon reservation of the new symbol.

(B) If a requested symbol is not available either because it is in use or because another party has reserved the symbol, the Processor will place the party on the waiting list pursuant to paragraph (c) below.

(4) *Notice of Use of Reserved Symbols.* A party shall notify the Processor when it begins to use a reserved symbol.

(5) *Non-Use or Release of Symbols Within Time Period.* If a symbol reserved on List B is not used within the specified 24-month time limit, the Processor shall release the symbol. In addition, a party at any time may voluntarily release a reserved symbol by so notifying the Processor. In either case, the Processor shall make the symbol available for reservation to those parties on the waiting list pursuant to subparagraph (c)(2) below. If there is no waiting list for the symbol, or if no party on such list decides to reserve the symbol, the Processor shall give reasonable notice to all parties of the availability of the symbol, and any party may request the

reservation of such symbol. If more than one party requests the reservation of such symbol within two business days of such notice, the Processor shall assign the symbol to one such party and shall place the other parties on the waiting list pursuant to a random order of priority that the Policy Committee shall establish. If necessary to stay within the maximum number of reservations permitted under subparagraph (1)(B) above, the requesting party must voluntarily release a symbol, as described in subparagraph (3)(A) above, before it can reserve the assigned symbol.

(6) *Request for Release of a Symbol.* If a party has an immediate need to use a symbol that another party reserved, it can ask (i) the party that has the symbol reserved and (ii) any other parties on the waiting list with priority over the requesting party whether such parties are willing to release such symbols. If any such party does not agree to the release, the then-current reservation and waiting list priority shall remain unchanged. If all such parties agree to the release, then the requesting party may include such symbol as one of its List B reservations for 24 months. If necessary to stay within the maximum number of reservations permitted under subparagraph (1)(B) above, the requesting party must voluntarily release a symbol, as detailed in subparagraph (3)(A) above, before it can reserve the requested symbol. If the requesting party does not use the symbol within 24 months, absent the consent of all the parties initially required to be contacted, the reservation and waiting list priority in effect when the requesting party first made its request shall again be in force.

(c) *Waiting List.*

(1) *Placing a Party on a Waiting List.* Pursuant to subparagraphs (2)(D) and (3)(B) above, if one or more parties request to reserve a symbol that another party has under reservation, the Processor shall place such parties on a waiting list for such symbol. The Processor shall prioritize parties on the waiting list based on the earliest time that each requested the reservation from the Processor; provided, however, that if more than one party seeks to use a symbol already in use either (A) during the initial reservation period or (B) within two business days of notice of a symbol's availability under subparagraph (b)(5) above, the Policy Committee shall establish a random order of those parties to determine priority on the waiting list.

(2) *Availability of Symbols.* Subject to paragraph (d) below, if a symbol becomes available for any reason, the Processor shall provide the party with time priority on the waiting list as to that symbol with notice of such availability. Such party shall have two business days to reserve the symbol. If the party with priority does not reserve the symbol, the Processor shall repeat this process as needed with all parties on the waiting list in the order of their priority. If necessary to stay within the maximum number of reservations permitted under subparagraph (b)(1)(B) above, the reserving party must voluntarily release or redesignate a symbol, as detailed in subparagraph (b)(3)(A) above, before it can reserve the requested symbol.

(3) *Waiting List Limits.* No party may be on the waiting list for more than 100 symbols at any given time.

(d) *Reuse of a Symbol.* Subject to paragraph (f) below, if a party ceases to use a symbol (due, for example, but not limited to, the delisting of a security through merger or otherwise), such party automatically shall have that symbol reserved for a period of 24 months, notwithstanding any other limits on the number of reserved symbols specified in this Plan. If at the time it ceases to use a symbol that party does not then have reserved on List A the full number of symbols initially available to it pursuant to subparagraph (b)(1)(A) above, the party may place such symbol on List A. If the party has reserved on List A the full number of symbols available to it, that party may move a List A symbol to List B in order to place the symbol to be reused on List A, notwithstanding the fact that the party may then have the maximum number of symbols reserved on List B. If the party does not place the symbol on List A, and if the party does not use the symbol within 24 months, the symbol shall be released for use pursuant to subparagraph (b)(5) above. A symbol may not be reused by a party to identify a new security (other than the security that has been trading under such symbol), unless the party reasonably determines that such use would not cause investor confusion.

(e) *Database.* The Processor shall create and maintain a symbol reservation database ("Database"). All parties and the Commission (but no other person) shall have access to the Database except to the extent required by applicable law. The Database shall show:

(1) All symbols that are currently in use, identifying the party using a symbol;

(2) All symbols that are reserved on Lists A and B (separately for symbols using one, two or three characters on the one hand, and four or five characters on the other hand), including the party reserving each symbol and the date on which List B reservations will lapse if the symbol is not used; and

(3) Whether there is a waiting list for a symbol, and if so, the identities and priorities of the parties on the waiting list.

(f) *Portability of Symbols in Use.* If an SRO (a "New SRO") lists a security or product that previously was listed on another SRO (a "Former SRO"), the New SRO shall have the rights to that symbol unless, in its discretion, it consents to the symbol being retained by the Former SRO.

#### V. Financial Matters.

(a) *Initial Development Costs.* The parties will share the initial development costs pro-rata based on the number of symbols initially reserved by each party pursuant to Section IV, paragraph B(1) hereof. Any new party that joins the plan shall be liable for a pro-rata portion of the initial development costs based upon the number of symbols reserved by said party during the first twelve (12) months of such party's membership.

(b) *Continuing Costs.* Costs and expenses of ISRA (other than development costs) will be shared among the parties pro-rata based on the number of additional symbols reserved in each calendar year, estimated quarterly. Notwithstanding the foregoing, the Policy

Committee may devise alternative cost-allocation methodology with respect to special non-initial development projects.

#### VI. Confidentiality

The Processor will maintain in the strictest confidence all of the information it receives from the parties. The only information the Processor will make available to the parties is the Database. The Processor will not make the Database available to any person other than the parties or the Commission, except to the extent required by applicable law.

#### VII. Term of Plan Withdrawal; Non-Transferability of Rights Under the Plan

The Plan shall remain in effect so long as there are two or more parties to the Plan. Any party may withdraw from the Plan at any time on not less than six months prior written notice to each of the other parties. Any party withdrawing from the Plan shall remain liable for its proportionate share of costs and expenses allocated to it pursuant to Section V above for the period during which it was a party, but it shall have no further obligations under the Plan or to any of the other parties with respect to the period following the effectiveness of its withdrawal. The right of a party to participate in the Symbol Reservation System under the Plan shall not be transferable without the consent of the other parties, provided, however, that if a party is subject to a merger, combination or other reorganization or the sale of all or substantially all of its assets, including its registration as an SRO, the surviving or acquiring entity shall automatically become subject to the Plan and may use the Symbol Reservation System instead of the prior party and with its rights and subject to its liabilities under the Plan.

#### VIII. Amendments to the Plan

The Plan may be amended from time to time when authorized by the affirmative vote of all of the parties subject to any required approval of the Commission.

#### IX. Applicability of Exchange Act

The rights and obligations of the parties to the Plan shall at all times be subject to any applicable provisions of the Exchange Act and any rules and regulations promulgated hereunder.

#### X. Notices

Any notice given to any of the parties or to ISRA for purposes of the Plan shall be via electronic mail. All notices shall be deemed given immediately, unless the sender receives notification of a failure to deliver the electronic mail. Alternatively, a party may give notice in writing, and shall be deemed given 48 hours after being sent if sent by prepaid registered or certified United States mail, return receipt requested (if available), or by overnight mail with a nationally recognized overnight mail courier, addressed to the party at its address indicated below in the case of notice to one or more parties, or addressed to all of the parties at their addresses listed in Section I above.

#### XI. Counterparts and Signatures

The Plan may be executed in any number of counterparts, no one of which need

contain all signatures of all Participants, and as many of such counterparts as shall together contain all such signatures shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Plan has been executed as of the \_\_\_ day of \_\_\_ by each of the parties hereto.

CHICAGO STOCK EXCHANGE, INC.

By: \_\_\_\_\_  
FINANCIAL INDUSTRY REGULATORY  
AUTHORITY, INC.

By: \_\_\_\_\_  
THE NASDAQ STOCK MARKET, LLC

By: \_\_\_\_\_  
NATIONAL STOCK EXCHANGE, INC.

By: \_\_\_\_\_  
PHILADELPHIA STOCK EXCHANGE, INC.

By: \_\_\_\_\_  
[FR Doc. E8-26880 Filed 11-12-08; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58902; File No. SR-CBOE-2008-112]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Temporary Membership Status and Interim Trading Permit Access Fees

November 5, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 31, 2008, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

CBOE proposes to adjust (1) the monthly access fee for persons granted temporary CBOE membership status ("Temporary Members") pursuant to Interpretation and Policy .02 under CBOE Rule 3.19 ("Rule 3.19.02") and (2) the monthly access fee for Interim Trading Permit ("ITP") holders under CBOE Rule 3.27. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.org/Legal/>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CBOE included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

##### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The current access fee for Temporary Members under Rule 3.19.02<sup>2</sup> and the current access fee for ITP holders under Rule 3.27<sup>3</sup> are both \$10,118 per month. Both access fees are currently set at the indicative lease rate (as defined below) for October 2008. The Exchange proposes to adjust both access fees effective at the beginning of November 2008 to be equal to the indicative lease rate for November 2008 (which is \$9,937). Specifically, the Exchange proposes to revise both the Temporary Member access fee and the ITP access fee to be \$9,937 per month commencing on November 1, 2008.

The indicative lease rate is defined under Rule 3.27(b) as the highest clearing firm floating monthly rate<sup>4</sup> of the CBOE Clearing Members that assist in facilitating at least 10% of the CBOE transferable membership leases.<sup>5</sup> The Exchange determined the indicative lease rate for November 2008 by polling each of these Clearing Members and obtaining the clearing firm floating monthly rate designated by each of these Clearing Members for that month.

The Exchange used the same process to set the proposed Temporary Member

<sup>2</sup> See Securities Exchange Act Release No. 56458 (September 18, 2007), 72 FR 54309 (September 24, 2007) (SR-CBOE-2007-107) for a description of the Temporary Membership status under Rule 3.19.02.

<sup>3</sup> See Securities Exchange Act Release No. 58178 (July 17, 2008), 73 FR 42634 (July 22, 2008) (SR-CBOE-2008-40) for a description of the Interim Trading Permits under Rule 3.27.

<sup>4</sup> Rule 3.27(b) defines the clearing firm floating monthly rate as the floating monthly rate that a Clearing Member designates, in connection with transferable membership leases that the Clearing Member assisted in facilitating, for leases that utilize that monthly rate.

<sup>5</sup> The concepts of an indicative lease rate and of a clearing firm floating month rate were previously utilized in the CBOE rule filings that set and adjusted the Temporary Member access fee. Both concepts are also codified in Rule 3.27(b) in relation to ITPs.