

MEMO# 22084

December 28, 2007

Nasdaq Extends Trading Hours for ETFs

[22084]

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TO: ETF ADVISORY COMMITTEE No. 37-07
EQUITY MARKETS ADVISORY COMMITTEE No. 65-07 RE: NASDAQ EXTENDS TRADING HOURS FOR ETFS

A proposed rule change filed by The Nasdaq Stock Market to permit trading of ETFs during Nasdaq's pre- and post-market sessions has been approved on an accelerated basis by the Securities and Exchange Commission. [\[1\]](#)

Specifically, the proposal will permit trading of ETFs during all Exchange market sessions provided that Nasdaq members provide non-member customers certain disclosures prior to accepting non-member customer orders for execution in the pre- and post-market sessions. The proposal states that the disclosures are designed to highlight the risks to non-professional traders of trading outside of regular business hours. They will include statements regarding the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and the absence of the applicable updated index value and the intraday indicative value for ETFs during such sessions. The proposal also states that the Exchange will distribute a "Regulatory Alert" that discusses these same risks. The proposal includes a list of the ETFs eligible for extended hours trading.

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endnotes

[\[1\]](#) See SEC Release No. 34-56985 (December 18, 2007), 72 FR 73388 (December 27, 2007). The proposal can be found on the SEC's website at

<http://www.sec.gov/rules/sro/nasdaq/2007/34-56985.pdf>. Comments on the proposal are due to the SEC no later than January 17, 2008.

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