

MEMO# 24710

November 15, 2010

SEC Extends Compliance Date for Rules Under Regulation SHO

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TO: SEC RULES MEMBERS No. 122-10
EQUITY MARKETS ADVISORY COMMITTEE No. 45-10
CLOSED-END INVESTMENT COMPANY MEMBERS No. 60-10
ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 32-10
ETF ADVISORY COMMITTEE No. 50-10 RE: SEC EXTENDS COMPLIANCE DATE FOR RULES UNDER REGULATION SHO

The SEC has extended the compliance date for the amendments to Rule 201 and Rule 200(g) of Regulation SHO under the Securities Exchange Act of 1934 from November 10, 2010 to February 28, 2011. [\[1\]](#) Rule 201 adopts a short sale-related circuit breaker that, if triggered, will impose a restriction on the prices at which securities may be sold short. The amendments to Rule 200(g) provide that a broker-dealer may mark certain qualifying short sale orders "short exempt."

The Release states that SEC staff has been working with the securities markets and other market participants since Rule 201 was adopted to resolve operational issues relating to implementation of the Rule. Specifically, the SEC is extending the compliance date for the amendments to Rule 201 and Rule 200(g) to give certain exchanges additional time to modify their current procedures for conducting single-priced opening, reopening, and closing transactions for covered securities that have triggered Rule 201's circuit breaker. The Release also states that the extended compliance period will give industry participants additional time for programming and testing for compliance with the requirements of Rule 201.

Ari Burstein
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endnotes

[1] Securities Exchange Act Release No. 63247 (November 4, 2010), 75 FR 68702 (November 9, 2010) (“Release”). The Release can be found on the SEC’s website at <http://www.sec.gov/rules/final/2010/34-63247.pdf>.

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