

MEMO# 21051

April 16, 2007

Proposals Relating to Securities "Ticker" Symbols

[21051]

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TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 25-07
EQUITY MARKETS ADVISORY COMMITTEE No. 20-07
SEC RULES MEMBERS No. 45-07
UNIT INVESTMENT TRUST MEMBERS No. 9-07 RE: PROPOSALS RELATING TO SECURITIES
"TICKER" SYMBOLS

The Securities and Exchange Commission has received two proposed national market system plans from separate groups of stock exchanges relating to securities "ticker" symbols. [\[1\]](#) In addition, Nasdaq has filed with the SEC a separate proposal to permit a company in certain circumstances to retain its three-character symbol when transferring its listing to Nasdaq from another stock exchange. [\[2\]](#) The SEC has announced that after publishing these plans and proposal for comment, it will resolve the conflicts over the allocation of stock symbols "as fairly and expeditiously as possible." [\[3\]](#)

National Market System Plans

In response to dissatisfaction expressed by several exchanges regarding the current allocation system for securities symbols, [\[4\]](#) the SEC staff asked the exchanges to work together to develop a national market system plan for the process of reserving, selecting, and allocating securities symbols. Following discussion among the exchanges, several exchanges submitted two competing proposals relating to symbols.

The AMEX, NYSE, and NYSE Arca submitted a proposed plan that limits the use of one-, two-, and three-character symbols to those listing markets included on "Network A" or "Network

B.” [5] The proposed plan does not address the use of four- and five-character symbols. The Nasdaq, NASD, National Stock Exchange and Philadelphia Stock Exchange submitted a proposed plan that would permit any listing market to use one-, two-, three-, four- or five-character symbols.

Nasdaq Portability Proposal

In 2005, Nasdaq announced its intention to begin listing companies with one-, two-, and three-character symbols. Since that time, Nasdaq has made a series of announcements detailing its plans, and has worked with market participants to test trading systems to ensure proper readiness to support the new character symbols.

Nasdaq now proposes to allow any company with a three-character symbol that transfers its securities to Nasdaq from another domestic market to continue using the existing three-character symbol that identifies the company’s securities. Nasdaq believes that the proposal will promote competition among exchanges, reduce investor confusion, and be consistent with the historical practice of companies that have switched among national securities exchanges. Nasdaq notes that since 2001, approximately 200 issues have transferred their listing between AMEX, NYSE, and NYSE Arca, while maintaining their original ticker symbol upon transfer. Now that Nasdaq is a national securities exchange, it believes that allowing companies to maintain their symbol when transferring to Nasdaq would be consistent with the current practices of other exchanges.

Jane G. Heinrichs
Associate Counsel

endnotes

[1] The two proposed plans are currently available on the Commission’s website at www.sec.gov/rules/sro/4-533.pdf and www.sec.gov/rules/sro/4-534.pdf.

[2] See Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change Relating to Trading Three-Character Symbols, SEC Release No. 34-55563 (March 30, 2007), 72 FR 16391 (April 4, 2007). Comments on the proposal are due to the SEC no later than April 25, 2007.

[3] See *SEC Announces Process for Proposals on Securities ‘Ticker’ Symbols* (press release issued by the SEC, April 5, 2007), available at <http://sec.gov/news/press/2007/2007-63.htm>.

[4] Historically, security symbols have been assigned under an informal understanding among the listing markets. It has been the practice of the NYSE to list companies using one-, two- and three-character symbols. Other exchanges, including the AMEX, and regional exchanges, have listed companies using three-character symbols. Nasdaq has always listed companies using four- and five-character symbols.

[5] The NYSE is the administrator of Network A, which includes NYSE-listed securities and the AMEX is the administrator of Network B, which includes AMEX-listed securities.

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