

MEMO# 11828

April 20, 2000

SEC SUSPENDS DEADLINES FOR DECIMAL PRICING IMPLEMENTATION AND REQUESTS COMMENT ON REVISED IMPLEMENTATION SCHEDULES

1 See Memorandum to Equity Markets Advisory Committee No. 4-00 and SEC Rules Committee No. 15-00, dated January 31, 2000. 2 See SEC Release No. 34-42685 (April 13, 2000). [11828] April 20, 2000 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 27-00 SEC RULES COMMITTEE No. 62-00 RE: SEC SUSPENDS DEADLINES FOR DECIMAL PRICING IMPLEMENTATION AND REQUESTS COMMENT ON REVISED IMPLEMENTATION SCHEDULES

As we previously informed you, in January 2000 the SEC issued an order directing the exchanges and the NASD to implement decimal pricing beginning no later than July 3, 2000.¹ Due to the NASD's recently announced inability to meet the originally planned implementation schedule, the SEC has issued an order suspending the deadlines for such implementation.² In its order, the SEC reaffirmed its commitment to implementing decimal pricing as expeditiously as possible. Towards this goal, the Commission has requested comment on two alternatives for initiating decimal trading in exchange-listed equity securities this year. These alternatives are: ! First, commence trading in all exchange-listed securities in decimals (in nickel or penny increments) by September 4, 2000; or ! Second, if commenters do not believe that the first alternative is feasible, phase in decimal pricing in certain exchange-listed securities on a pilot basis ("Decimals Pilot"). The Decimals Pilot could begin by September 4, 2000, and would initially include a small number of exchange-listed securities, which could be quoted in penny increments. The Decimals Pilot would expand to include all listed stocks by March 31, 2001. (Nasdaq is expected to be ready to implement decimal pricing by the termination of the Decimals Pilot on March 31, 2001.) Comments on the two alternatives should be filed with the SEC no later than May 10, 2000. A copy of the SEC's order, which includes its request for comments on the above alternatives is attached. Amy B.R. Lancellotta Senior Counsel Attachment