

**MEMO# 16215**

June 19, 2003

## **INSTITUTE LETTER ON SEC CONCEPT RELEASE REGARDING THE REGULATION OF NASDAQ-LISTED SECURITIES**

[16215] June 19, 2003 TO: SEC RULES MEMBERS No. 76-03 EQUITY MARKETS ADVISORY COMMITTEE No. 17-03 RE: INSTITUTE LETTER ON SEC CONCEPT RELEASE REGARDING THE REGULATION OF NASDAQ-LISTED SECURITIES The Institute has filed a comment letter with the Securities and Exchange Commission on a concept release relating to the regulation of Nasdaq-listed securities. The most significant aspects of the comment letter are summarized below. The comment letter states that given the short time frame to address the complex issues raised by the concept release, the letter focuses on the issue most directly impacting institutional investors - the debate over uniform trading rules. In particular, the comment letter states that uniform trading rules governing certain issues can prove beneficial to the securities markets and investors. The letter adds that, if the lack of uniformity in these areas is hindering the detection of securities law violations, the SEC should reexamine these issues and determine if uniform rules would best protect investors. The comment letter states, however, that uniform trading rules for all aspects of trading could hinder competition and act to the detriment of investors. It notes that the ITS trade-through rule is one example of such a rule. The letter therefore states that allowing automatic execution participants to trade through manual participants for a de minimis amount is an idea worthy of consideration. Finally, in response to a request by the SEC on what may be the best self-regulatory model for the markets, the comment letter states that while the Institute does not have a definitive view at this time as to the best approach, we believe there should be at least a strict separation of the self-regulatory role from the marketplace it oversees. Ari Burstein Associate Counsel Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 16215, or call the ICI Library at (202) 326-8304 and request the attachment for memo 16215.