

MEMO# 18286

December 2, 2004

SEC DELAYS REGULATION SHO PILOT PERIOD

[18286] December 2, 2004 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 49-04 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 45-04 SEC RULES COMMITTEE No. 94-04 RE: SEC DELAYS REGULATION SHO PILOT PERIOD The SEC has issued an order delaying the pilot period for suspension of the operation of short sale price provisions pursuant to SEC Regulation SHO.1 The pilot suspends the provisions of Rule 10a-1(a) under the Securities Exchange Act of 1934 and any short sale price test of any exchange or national securities association for short sales of certain pilot securities. The order states that the SEC is delaying the pilot in order to provide an opportunity for trading systems to be modified in a manner that will help achieve the purposes of the pilot. The pilot, which was established by the SEC on July 28, 2004, was set to commence on January 3, 2005. Under the SEC's order, the pilot will now commence on May 2, 2005 and end on April 28, 2006. The order notes that the compliance date for all other provisions of Regulation SHO remains January 3, 2005. Ari Burstein Associate Counsel 1 The SEC order can be found on its website at <http://www.sec.gov/rules/other/34-50747.htm>.

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