

**MEMO# 16622**

October 7, 2003

## **INSTITUTE LETTER REGARDING PRICING PROCEDURES FOR OPENING AND CLOSING PRICES ON S&P 500**

[16622] October 7, 2003 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 23-03 RE: INSTITUTE LETTER REGARDING PRICING PROCEDURES FOR OPENING AND CLOSING PRICES ON S&P 500 The Institute has filed a letter with Standard & Poor's on a proposal under consideration by S&P's Index Committee whether to base the opening and closing prices of certain Nasdaq-listed stocks on the trading of these stocks on the American Stock Exchange rather than on their trading on the Nasdaq Stock Market itself. The most significant aspects of the letter are summarized below. The letter states that S&P should continue to base the pricing of Nasdaq-listed securities on trading occurring in the Nasdaq Stock Market. Among other things, the letter states that Amex currently does not have sufficient volume in many Nasdaq-listed securities on which to base opening and closing prices of these stocks. While the letter supports continuing to use the Nasdaq opening and closing prices at this time, it also states that the Institute recognizes that there have been questions regarding the reliability and stability of these prices. The letter therefore is hopeful that Nasdaq will implement several possible changes to its opening and closing processes currently under consideration, which should alleviate many of the concerns of the Index Committee relating to the opening and closing prices of Nasdaq-listed securities. Ari Burstein Associate Counsel Attachment (in .pdf format)