

MEMO# 17314

March 30, 2004

SEC APPROVES NASDAQ CLOSING CROSS

[17314] March 30, 2004 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 11-04 RE: SEC APPROVES NASDAQ CLOSING CROSS The SEC has issued a release (a copy of which is attached) approving a proposed rule change filed by the Nasdaq Stock Market establishing a "Closing Cross" for certain Nasdaq national market securities.¹ The Nasdaq Closing Cross is intended to provide a centralized order facility that determines a single price for the Nasdaq close. There are three components of the Nasdaq Closing Cross: (1) the creation of "on close" and "imbalance only" order types that will be executable only during the Closing Cross; (2) the dissemination of an order imbalance indicator in the last ten minutes leading up to the close that will provide information about any order imbalance that exists among on-close orders as well as indicative closing prices; and (3) closing cross processing in SuperMontage at 4:00:00 p.m. that will execute the maximum number of shares at a single, representative price ("Nasdaq Official Closing Price"). The Nasdaq Closing Cross is scheduled to launch on March 29, 2004, with two test securities, followed by the phase-in of ten Nasdaq securities on April 5, 2004. Subsequent groups of securities would be phased in at a later date. Ari Burstein Associate Counsel Attachment (in .pdf format) 1 Securities Exchange Act Release No. 49406 (March 11, 2004), 69 FR 12879 (March 18, 2004).

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