

**MEMO# 15099**

September 4, 2002

## **SEC APPROVES IMPLEMENTATION OF NASDAQ SUPERMONTAGE**

[15099] September 4, 2002 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 21-02 SEC RULES COMMITTEE No. 70-02 RE: SEC APPROVES IMPLEMENTATION OF NASDAQ SUPERMONTAGE The SEC has issued an order<sup>1</sup> approving the implementation and operation of Nasdaq's SuperMontage. In particular, when the SEC conditionally approved the SuperMontage system in January 2001, to address concerns expressed by several market participants that certain SEC rules would effectively make their participation in SuperMontage mandatory, the SEC conditioned its approval on the implementation of an alternative display facility ("ADF") by the NASD. The SEC subsequently approved the ADF, which permits registered market makers and registered ECNs to display their best-priced quotes or customer limit orders in Nasdaq-listed securities through the NASD, which, in turn, will allow them to satisfy their order display and execution access obligations under the Order Handling Rules and Regulation ATS. Recently, however, several market participants indicated that although they are firmly committed to using the ADF as their order collection and display facility, they require further time to adapt and test their systems to participate through the ADF. Therefore, to establish SuperMontage's start date, the SEC has ordered ATSs to certify, under oath, that they are actively preparing to use the ADF as an alternative to SuperMontage.<sup>2</sup> In particular, ATSs must certify that, at the time of the oath, they intend to use the ADF as their primary order collection and display facility for a significant portion of its business in Nasdaq securities, and provide a list of the Nasdaq securities for which it currently intends to post quotes on the ADF. If the Commission does not receive any such certifications by the close of business on September 6, SuperMontage may begin operation immediately thereafter. If the Commission receives certifications by September 6, SuperMontage may be implemented on October 11, 2002. Ari Burstein Associate Counsel 1 Securities Exchange Act Release No. 46429 (August 29, 2002). The order can be found on the SEC's website at <http://www.sec.gov/rules/sro/34-46429.htm> 2 Securities and Exchange Commission File No. 4-464 (August 29, 2002). The certification can be found on the SEC's website at <http://www.sec.gov/rules/other/4-464.htm>

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