

NASDAQ Trader Enhancements For Regulation SHO Scheduled for January 3, 2005



Attention: Head of NASDAQ Trading; Technical Contacts; Compliance Officers

What you need to know:

- Symbol Directory Web Display Changes
- Symbol Directory Download File and FTP Files
- Regulation SHO-Threshold Security List
- Testing Information for Regulation SHO-Threshold List

Who Should You Contact: [NASDAQ Market Sales](#) at 800.846.0477

What modifications is NASDAQ making for Regulation SHO?

In support of the upcoming implementation of Securities and Exchange Commission (SEC) Regulation SHO, NASDAQ will make modifications and enhancements to the [Symbol Directory](#) section of the NASDAQ Trader website.

In July 2004, the SEC adopted Regulation SHO. As noted in [Head Trader Alert #2004-108](#), Rule 203 of Regulation SHO creates new uniform restrictions for short sales, including:

- a uniform "locate" requirement for short sales in all equity securities, and
- a mandatory close-out requirement for securities with significant settlement failures.

When Regulation SHO goes into effect on January 3, 2005, it will supplant NASD Rule 11830. For more information on Regulation SHO, please refer to [SEC Release No. 34-50103](#). Or, view the [Frequently Asked Questions](#) recently issued by the SEC.

What changes will be made to the Symbol Directory?

Since Regulation SHO will supplant NASD Rule 11830, effective January 3, 2005, NASDAQ will make the following change:

- Remove the "UPC 11830 Only" filter check box available on the Advanced Symbol Directory page.

Firms that currently process the Symbol Directory File will need to change their processing prior to January 3, 2004.

The web version of the new Regulation SHO-Threshold List will be available on www.nasdaqtrader.com/asp/regsho.asp and contain the following fields:

Threshold List Fields

Column Heading	Definition
Symbol	The four or five character identifier for each security
Security Name	The firm name for the security
Market Category	The market category of the issue. The allowed values for the Market Category are as follows: Q - NASDAQ National Market (NNM) S - Small Cap NASDAQ

	U - OTCBB u - Other OTC
Restricted Flag	<p>Provided when the number of a security's shares represented in short positions is 10,000 shares or more and 0.5% or greater of the Total Shares Outstanding (TSO), for 5 consecutive settlement days or more.</p> <p>When this occurs, the security becomes subject to mandatory close-out requirements for short sales as outlined in the SEC's Regulation SHO.</p> <p>The allowed value will always be:</p> <p>Y = Yes, the issue is subject to mandatory close-out requirements.</p>

What changes will be made to the Download File and FTP Files?

The following modifications will be made to the current NASDAQ Issues download file and download file via the FTP directory:

- Prior to start of the trading day on January 3, 2005, the existing "**UPC11830**" field name in the NASDAQ Issue downloadable [text file](#), and [FTP file](#), will be renamed to "**Reserved**" and the value will be **NULL**.
- A separate download file and file via FTP will be provided specifically for the Regulation SHO-Threshold Security List.

When will the Threshold Security List be available?

Reg SHO defines "threshold security" as one that exceeds a level of "fails to deliver" for five consecutive settlement days. Since the new rule takes effect on January 3, 2005, the first date that a security can meet this definition will be five settlement days after the effective date, or after the close of trading on January 7, 2005. Therefore, the first Threshold Security List will be published before midnight on January 7, 2005.

NASDAQ will publish a new Threshold Security List on each subsequent settlement day prior to midnight, Eastern Time. If the List is posted on the NASDAQ Trader website late (i.e., after midnight), firms may use the previous settlement day's List to comply with Reg SHO. However, firms are still obligated to analyze the current day's data when it becomes available to determine compliance with Reg SHO's close-out requirement. NASDAQ's Threshold Security List will contain information for NASDAQ Issues (NNM and SmallCap), OTCBB Issues and other OTC Issues.

What are my options for dissemination?

Firms will be obligated to ensure they have the correct file for each day's data. Two dissemination options are provided: website and FTP. The file directory and name for both download files will be as follows:

Website Text File:

<http://www.nasdaqtrader.com/dynamic/SymDir/regsho/nasdaqthyyymdd.txt>

FTP site Text File:

<ftp://ftp.nasdaqtrader.com/symboldirectory/regsho/nasdaqthyyymdd.txt>

- The yyymdd in the file name reflects the Trade Date that the data is based on.
- The format of both the download file and the FTP file will be as follows:

Symbol|Security Name|Market Category|Reg SHO Threshold Flag|Filler|Filler
 For example: ABCD|ABCD Inc,|S|Y||

- The end of the data file will contain a Timestamp row in the following format: YYYYMMDDHHMMSS. This timestamp will indicate that the file is complete. Firms will be obligated to parse the Timestamp row to ensure the file is complete.

The downloadable file contains the following fields:

Column Heading	Definition
Symbol	The four or five character identifier for each security
Security Name	The firm name for the security.
Market Category	The market category of the issue. The allowed values for the Market Category are as follows: Q - NASDAQ National Market (NNM) S - Small Cap NASDAQ U - OTCBB u - Other OTC
Reg SHO Threshold Flag	Provided when the number of a security's shares represented in short positions is 10,000 shares or more and 0.5% or greater of the Total Shares Outstanding (TSO), for 5 consecutive settlement days or more. When this occurs, the security becomes subject to mandatory close-out requirements for short sales as outlined in the SEC's Regulation SHO. The allowed value will always be: Y = Yes, the issue is subject to mandatory close-out requirements.
Filler	Reserved field will normally be empty.
Filler	Reserved field will normally be empty.
Time Stamp Row at end of the file	The end of the data file will contain a time stamp row in the following format: YYYYMMDDHHMMSS

Where can I find testing information for Regulation SHO?

Firms can test the retrieval of a sample file via the [FTP](ftp://ftp.nasdaqtrader.com/symboldirectory/regsho) site.
<ftp://ftp.nasdaqtrader.com/symboldirectory/regsho>

Where can I go for more information on Regulation SHO?

- Please refer to [Head Trader Alert #2004-108](#), [Head Trader Alert #2004-155](#), and [Head Trader Alert #2004-166](#), or,
- Visit www.sec.gov, or,

Who can I contact for more information?

- Questions regarding these changes can be directed to traderreports@nasdaq.com, or,
- Contact [NASDAQ Market Sales](#) at 800.846.0477.

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