

Regulation SHO FINRA/NASDAQ TRF Trade Reporting Changes Effective Friday, October 5, 2007



Please Route To: Head Traders; Technical Contacts; Compliance Officers

What you need to know:

- As announced in [Regulatory Alert #2007-096](#), there will be changes to Regulation SHO effective October 5, 2007.
- Beginning October 5, 2007, firms are no longer permitted to submit trades marked "short exempt" via the NASDAQ ACT System to the FINRA/NASDAQ Trade Reporting Facility (TRF) other than when applicable to "as of" trades with a trade date earlier than October 5, 2007.
- At a future date, the NASDAQ ACT system will be updated to reject trade date trades marked as "short exempt" and will notify firms when that change will occur.

Who you should contact: [NASDAQ Market Sales](#) at 800.846.0477

What is changing with the "short exempt" marking requirement?

As announced in [Regulatory Alert #2007-096](#), the Securities and Exchange Commission (SEC) adopted [amendments](#) on June 13, 2007 regarding short sales including eliminating the "short exempt" marking requirement contained in Rule 200(g) of Regulation SHO. On July 2, 2007, the SEC issued a [No-Action Letter](#) permitting firms to continue to mark a short sale order "short exempt" rather than "short" until October 5, 2007.

Effective October 5, 2007, firms are no longer permitted to submit trades marked "short exempt" via the NASDAQ[®] ACT system to the [FINRA/NASDAQ Trade Reporting Facility \(TRF\)](#)[™] other than when applicable to "as of" trades with a trade date earlier than October 5, 2007.

The NASDAQ ACT System currently will **NOT** reject any trades submitted as "short exempt" on trade date.

In the future, the NASDAQ ACT system will be updated to reject trade date trades marked as "short exempt" and NASDAQ will notify firms when that change will occur.

Where can I get additional information?

- View [Regulatory Alert #2007-096](#) and [FINRA Notice to Members 07-31](#).
- Visit the [Regulation SHO page](#) on the NASDAQ Trader[®] website.
- Contact [NASDAQ Market Sales](#) at 800.846.0477.

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