

# FINANCIAL INFORMATION FORUM

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March 03, 2010

Elizabeth Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File No. 4-533

Dear Ms. Murphy,

At the February 16, 2010 meeting of the Financial Information Forum (FIF) Symbology Working Group<sup>1</sup>, there was strong concern expressed over the lack of industry standardization and coordination with respect to the implementation of 5 character roots and associated suffixes. Although the approved Exchange Symbology Plan covering 5 character roots became effective in April 2009, open questions and concerns remain as to how best to minimize the impact of a 5 character root.

## **Background**

The SEC approved its symbology initiative in November 2008, with effectiveness as of April 2009, and Exchanges being eligible to begin trading 5 character symbols since that time. At the end of October 2009, the FIF Symbology Working Group met with the Intermarket Symbols Reservation Authority (ISRA) Plan participants and the SEC to discuss the findings of its survey<sup>2</sup> on the implementation of 5 character roots. Key findings included:

- **Investor confusion** is anticipated by roughly half of survey respondents. The adoption of a uniform suffix convention in conjunction with investor education should reduce any confusion
- **Order Routing System Impact:** Of the 43% of firms that use NASDAQ's proprietary order routing protocols, implementation time required varies with 40% of those firms needing less than 3 months and 60% needing anywhere from 3 –over 12 months.
- **Market Data System Impact:** 63% of firms use a proprietary data feed with a 6 char symbol field limit. Of these, 8 firms (36%) require over 6 months of implementation time.
- **Importance of Establishing an NMS Suffix Plan:** 74% of survey respondents indicated that it was very important for the SROs to adopt a uniform suffix convention.
- **Feasibility of Interim Plan:** 20 firms (57%) believe an interim solution will result in wasted effort.
- **Consistent Themes:**
  - Standardization offers significant benefits in terms of reducing confusion and implementation and ongoing operational efforts

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<sup>1</sup> FIF ([www.fif.com](http://www.fif.com)) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the financial technology industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

<sup>2</sup> See October 29, 2009 FIF Survey at <http://www.fif.com/docs/fif5thcharrootplussuffixsurvey29oct2009.pdf>

- The adopted uniform suffix plan should contain no special characters. Maintaining a field size limitation of 6 chars for root plus suffix would be desirable.
- Rather than an interim solution, the SROs should work with the industry to develop a uniform suffix convention that will achieve the benefits of standardization.

There was broad agreement among meeting participants that a uniform suffix plan *developed in advance of any 5 character root listing* would ease implementation costs and reduce investor confusion.

### **Current Status**

It is our understanding that in November and December 2009, ISRA attempted to address these concerns but did not achieve consensus on a coordinated approach to the implementation of 5 character root symbols or discuss a common suffix convention. NYSE has been flexible and worked collectively with other exchanges on an implementation plan for 5 character symbols and has issued multiple Trader Alerts about 4/5 character tickers to inform the industry of their plans, beginning in December 2008.

SRO actions to date include the following:

- BATS Implementation Timeline: BATS will implement expanded messages (Multicast/TCP/FAST PITCH and TOP) in production starting Monday, April 5, 2010. The hard cut of DROP to the long format will be effective April 5, 2010. (Source: [BATS Alert](#), Jan 12, 2010)
- NASDAQ Timeline:
  - NASDAQ OMX expects to release the new version of the NASDAQ and BX data feeds for equity symbology on or about March 1, 2010. NASDAQ OMX is advising distributors that process NYSE-listed data to transition to the new versions of the NASDAQ and BX data feed format on or before Monday, May 3, 2010. (Source: [NASDAQ Data Technical News #2010 – 3](#), February 1, 2010)
  - NASDAQ OMX will introduce new suffix symbology plan for all new and current NASDAQ listed securities effective September 1, 2010. (Source: [NASDAQ Equity Trader Alert #2010-11](#), March 1, 2010)
- Direct Edge Timeline: The next generation EDGA EDGX platform will support 5 character root symbols when launched during the 2<sup>nd</sup> quarter of 2010.

### **Industry Impact**

Despite industry requests to avoid an interim plan, it appears that the exchanges will follow a phased approach to addressing 5 character root issues:

1. April 2010: NYSE may list a 5 character root symbol; BATS symbol field expands to 8 characters
2. May 2010: NASDAQ feeds with 8 character symbol field lengths in production
3. September 2010: NASDAQ to revise suffix symbol convention for current 5 character symbols in order to establish a consistent methodology for the listing of 4 and 5 char root symbols on NASDAQ and other exchanges.
4. TBD, Not Being Addressed: The SROs have not committed to establishing a uniform suffix plan. While indicating that such a plan makes sense there is a belief, that implementation will be time-consuming.

The outcome of ISRA discussions and SRO activities to date raises a number of concerning implications:

- Expanded field size as an initial step represents a significant implementation effort.

- Over 20 NASDAQ feeds are changing. Downstream impact of expanded field size necessitates review and remediation of affected systems including feed handlers, data processing systems and display devices.
- Resources currently focused on OSI consolidation and Cost Basis project. Following the successful Feb 12 conversion, symbology-focused resources are still concentrating on implementing OSI consolidation events through May 2010 with planned resources of many broker/dealers moving to address the multiyear IRS cost basis project.
- Separating suffix changes from field length changes will require the same code to be modified twice adding to the implementation time to complete the single objective of accommodating 5 character roots
- Current timeline affords little opportunity for standardization of suffix convention analysis and implementation:
  - Once a listing exchange offers a 5 character root symbol, all listing exchanges will seek to develop the same capability. In the case of NASDAQ, this will mean changes to existing 5 character symbols which follow the A-Z fifth character suffix convention. It is important to understand that as soon as a 5 character root is listed, other listing exchanges will work actively to accommodate 5 character roots as well.
  - Opportunities for a coordinated industry effort are unlikely to succeed given that NASDAQ will have limited time for planning and industry feedback and would likely develop a NASDAQ-specific convention.
  - While ongoing benefits remain, the benefits of implementation cost reduction will be lost if multiple suffix conventions are implemented first to address the immediate need of NASDAQ time to market and then to address the industry need for a uniform suffix plan.
  - As prior ISRA discussions have demonstrated, without a mandate for a uniform suffix convention, a uniform plan will be delayed indefinitely.
- Potential for increased investor confusion as there will be multiple changes to equity symbols. It is unclear whether ISRA has addressed open investor confusion issues including the expectation that a 5 character symbol ending in X is a mutual fund. With a phased approach, investors will need to adapt to multiple iterations of changes to display devices and symbol length followed by new suffix conventions for Nasdaq-listed securities and potentially further changes for a uniform suffix convention.
- Order Router/Liquidity issues may arise if a NYSE 5 character symbol is listed in April prior to the introduction of symbology-compliant feeds from other exchanges that are not scheduled to go into production until May. Trading of such a security may not be possible on all exchanges thus reducing access to liquidity.

### **Next Steps**

While we understand that a Plan amendment is not required to set implementation parameters for the listing of 5 character roots and the development of a common suffix platform, we do believe active SEC involvement in SRO discussions on these issues is required to achieve a timely resolution of open implementation issues and address industry concerns. It is our understanding that there is issuer interest in 5 character symbols and the plan has been available since April 2009. However, with FIF member firms actively trying to manage development resources, we question the urgency of introducing 5 char roots without first addressing valid implementation issues that would minimize cost and confusion while achieving the benefits of standardization.

While in-depth discussions with the industry are required, we respectfully request one of the following:

Plan A

The SEC strongly suggest to the ISRA participants to place a moratorium on listing 5 character roots until a consistent approach across listing exchanges can be established including an NMS-wide implementation date and common suffix convention.

OR

Plan B

The SEC urges ISRA participants to create a solution that is consistent and easier for the industry to adopt. Suggested below is a timeline for implementing a uniform suffix symbology obtained through input from FIF members:

- a. No listing of 5 character roots until 6/1/2010
- b. If suffix required for newly listed 5 character root securities, the combined root+suffix will be done in less than 6 characters
- c. ISRA participants agree to a common suffix symbology plan by 4/30/2010 with input from the industry
- d. If a common suffix symbology plan cannot be selected then any exchange can list a 5 character root after 5/3/2010
- e. Implementation of new symbology including suffixes by 11/1/2010

By linking the implementation of a uniform suffix plan with the introduction of 5 character root symbols, the development of a uniform suffix plan will move forward with active participation from all relevant stakeholders. As a neutral forum with exchange, broker-dealer and vendor participation, FIF stands ready to help drive this initiative forward in a timely manner including facilitation of industry meetings and coordination of industry feedback.

Sincerely,



Tom Jordan  
Advisory Committee Chair  
Financial Information Forum

CC: ISRA Committee Participants