SEC Announces Agenda for Public Hearing on Proposed Regulation NMS, April 21, 2004, 9:00 a.m. - 5:30 p.m.

FOR IMMEDIATE RELEASE
2004-52

Washington, D.C., April 15, 2004 -- The Commission recently proposed Regulation NMS (http://www.sec.gov/rules/proposed/34-49325.htm) to enhance and modernize the regulatory structure of the U.S. equity markets. As previously announced, to obtain the benefit of public dialogue on Regulation NMS, the Commission has scheduled a public hearing on the proposals for Wednesday April 21, 2004. The hearing will be held at the InterContinental The Barclay New York at 111 East 48th Street, New York, N.Y. 10017.

The Commission has scheduled a series of subject matter panels for the April 21, 2004 hearing, based on requests to testify. In light of the degree of public interest in testifying, the Commission may schedule further hearings to obtain additional public discussion of these proposals.

The following is the agenda for the hearing:

9:00 a.m. Opening Remarks

Chairman William H. Donaldson

9:10 a.m. Introduction of Issues

Annette L. Nazareth, Director, Division of Market Regulation

9:20 a.m. Panel One — Trade-Through Proposal

- Are there any benefits from an intermarket trade-through rule beyond those produced by the duty of best execution and investor self-interest? Would an intermarket trade-through rule encourage display of limit orders? Would it make more likely that market orders receive the best price?
- Would an investor opt-out exception create such a gap in the operation of an intermarket trade-through rule that the rule itself would lose its effectiveness? If all markets offered automatic execution against their displayed quotes, is there any need for an investor opt-out exception to an intermarket trade-through rule?

Participants

1. Scott DeSano (Fidelity Investments)
2. Ivan K. Freeman (Morgan Stanley)
3. Robert Greifeld (Nasdaq Stock Market)
4. Edward J. Nicoll (Instinet Group)
5. George U. (Gus) Sauter (Vanguard Group)
6. Robert Steel (Securities Industry Association)
7. John A. Thain (New York Stock Exchange)

10:20 a.m. Break

10:30 a.m. Panel Two — Trade-Through Proposal

Participants

1. Kevin Cronin (AIM Capital Management)
2. David A. Herron (Chicago Stock Exchange)
3. Robert B. Fagenson (Van Der Moolen Specialists)
4. Bernard L. Madoff (Madoff Investment Securities)
5. Thomas Peterffy (Interactive Brokers Group)
6. Gerald D. Putnam (Archipelago)
7. John Wheeler (Investment Company Institute/American Century)

11:30 a.m. Panel Three — Market Structure: Combining Traditional Trading Floor with an Automatic Execution Facility

- How feasible is it for a market to combine an active trading floor with an automatic execution facility? Is it possible to achieve the twin goals of (1) preserving a trading floor's potential for improved prices and liquidity beyond the market's displayed quotes, and (2) operating an automatic execution facility that provides fast and efficient access to the market's displayed quotes?

Participants

1. William J. Brodsky (Chicago Board Options Exchange)
2. Robert B. Fagenson (Van Der Moolen Specialists)
3. Michael LaBranche (LaBranche & Co.)
4. Salvatore F. Sodano (American Stock Exchange)
5. John A. Thain (New York Stock Exchange)
6. Edward T. Tilly (Botta Capital Management)
7. Jennifer Williams (Griswold Company)

12:30 p.m. Lunch Break

1:30 p.m. Panel Four — Market Access Proposal (Linkage)

- Is access to markets through the members of an SRO and through the customers or subscribers of ECNs or market makers sufficient to assure fair and efficient access to their displayed quotes? Are there barriers to access that must be removed for this indirect access to be feasible?

Participants

1. Ivan K. Freeman (Morgan Stanley)
2. John C. Giesea (Security Traders Association)
3. Robert Greifeld (Nasdaq Stock Market)
4. Larry Leibowitz (Schwab Capital Markets)
5. Bernard L. Madoff (Madoff Investment Securities)
6. Thomas Peterffy (Interactive Brokers Group)

2:30 p.m. Panel Five — Market Access Proposal (Access Fees)

- At what level do fees associated with access to a market's quotes become a problem that hampers fair and efficient access to those quotes? Are competitive forces alone sufficient to address the level of access fees? What if there were a trade-through rule? Would it make a difference if all quoting market participants were authorized to charge access fees?

- Is the practice of locking or crossing markets a problem that should be addressed through regulation? Would limiting access fees reduce the incentive to lock and cross markets enough to make direct regulation unnecessary?

Participants

1. Robert G. Britz (New York Stock Exchange)
2. Thomas Joyce (Knight Trading Group)
3. Edward J. Nicoll (Instinet Group)
4. Matthew Lavicka (Goldman Sachs)
5. William O'Brien (Brut)
6. Gerald D. Putnam (Archipelago)

3:30 p.m. **Break**

3:45 p.m. **Panel Six — Sub-Penny Quoting Proposal**

- Are competitive forces alone sufficient to address the problems discussed in the Regulation NMS Release that have been associated with quoting and trading in sub-pennies?

Participants

1. John C. Giesea (Security Traders Association)
2. Robert Greifeld (Nasdaq Stock Market)
3. Thomas Joyce (Knight Trading Group)
4. Edward J. Nicoll (Instinet Group)
5. Daniel G. Weaver (Rutgers School of Business)

4:30 p.m. **Panel Seven — Market Data Proposal**

- Is a broad-based formula for allocating market data revenues that incorporates several measures of quoting and trading activity an appropriate means to address distortive incentives created by the current trade-based formulas, or should other regulatory tools be used to address such problems?

Participants

1. Robert G. Britz (New York Stock Exchange)
2. Jeff Brown (Schwab Capital Markets)
3. David Colker (National Stock Exchange)
4. Robert Greifeld (Nasdaq Stock Market)
5. Kurt D. Halvorson (Ameritrade)
6. Phil Lynch (Reuters America)
7. W. Leo McBlain (Financial Information Forum)

5:30 p.m. **Conclusion**

Last modified: 4/15/2004
