

INFORMATIONAL

Decimalization

**Decimalization
Implementation Plan****SUGGESTED ROUTING**

The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.

- Legal & Compliance
- Operations
- Options
- Registered Representatives
- Senior Management
- Technology
- Trading & Market Making

KEY TOPICS

- Decimalization

Executive Summary

In response to the request¹ from the Securities and Exchange Commission (SEC) for a plan on the implementation of decimals trading, the National Association of Securities Dealers, Inc. (NASD[®]) and the exchanges submitted a plan on July 24, 2000. A summary of the critical dates is provided in this *Notice to Members*.

Questions/Further Information

Questions regarding this *Notice to Members* may be directed to the NASD Decimalization Program Management Office (DPMO) toll free at: (888) 227-1330, or via e-mail at decimals@nasd.com.

For the most recent decimalization news and developments, visit the NASD Web Site (www.nasd.com) and click on the decimalization link. Additional decimalization information is available on the Securities Industry Association's (SIA) Web Site (www.sia.com).

First Phase Of Decimalization

Please note, on August 28, 2000, the securities industry successfully implemented the first phase in the move to decimalization by trading 13 issues and their related options in decimals. Initial reports have stated that the trading in these issues ran smoothly and volume and spreads on the issues were all within a normal range.

NASD Notice to Members 00-67

NASD & Exchanges' Decimalization Implementation Plan

On July 24, 2000, the NASD and the exchanges submitted a comprehensive phase-in plan for decimal pricing in equity securities and options. Details of the plan are shown in the table below:

<u>Checkpoint/Phase</u>	<u>Action</u>	<u>Date</u>
Checkpoint I	Pre-Implementation Evaluation	August 15, 2000
Phase I	Limited Exchange-Listed Issues and Options	August 28, 2000
Checkpoint II	Determine Readiness for Additional Exchange-Listed Issues and Options	September 19, 2000
Phase IIA	Additional Exchange-Listed Issues and Options	September 25, 2000
Checkpoint III	Determine Readiness for Full Implementation of Exchange-Listed Issues and/or All Options	November 1, 2000
Phase IIB	Full Conversion Exchange-Listed Issues and/or All Options	November 2000 – April 2001
Checkpoint IV	Limited Nasdaq Issues	March 5, 2001
Phase III	Limited Nasdaq Issues	On or before March 12, 2001
Checkpoint V	Determine Readiness for All Markets, Full Implementation	April 2, 2001
Phase IV	All Markets, Full Implementation	On or before April 9, 2001

To view the complete plan, visit the SEC Web Site (www.sec.gov/rules/other/decimalp.htm). The SEC has not given final approval to the plan.

Endnote

¹Release No. 34-42914 (June 8, 2000), 65 Fed. Reg. 38010 (June 19, 2000).

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