

Notice to Members

MARCH 2006

SUGGESTED ROUTING

Legal & Compliance
Operations
Senior Management

KEY TOPICS

Blue Sheets

ACTION REQUESTED

Intermarket Surveillance Group¹

**Validation of Electronic Blue Sheet Systems:
Intermarket Surveillance Group Requires Validation
by March 31, 2006**

Executive Summary

This *Notice to Members* reminds member firms that by March 31, 2006, they must complete validation of certain data fields that firms submit to the Electronic Blue Sheet (EBS) System, as directed in *Notice to Members 05-58*. If firms find any inconsistencies with overall EBS standards, this Notice advises them of deadlines for remediation of these inconsistencies.

This Notice was prepared by the following self-regulatory organizations (SROs) acting jointly as members of the Intermarket Surveillance Group (ISG):

- ◆ American Stock Exchange LLC (Amex)
- ◆ Boston Stock Exchange, Inc. (BSE)
- ◆ Chicago Board Options Exchange, Inc. (CBOE)
- ◆ Chicago Stock Exchange, Inc. (CHX)
- ◆ International Securities Exchange (ISE)
- ◆ NASD Inc. (NASD)
- ◆ National Stock Exchange (NSX)
- ◆ New York Stock Exchange, LLC (NYSE)
- ◆ Pacific Exchange, Inc. (PCX)
- ◆ Philadelphia Stock Exchange, Inc. (PHLX)

Questions/Further Information

Questions concerning this *Notice* may be directed to any of the following SRO staff:

SRO	Individual	Telephone No.	E-Mail
AMEX	Robert Ulmer	(212) 306-1283	<i>robert.ulmer@nasd.com</i>
BOX	Bruce Goodhue	(617) 235-2022	<i>bruce.goodhue@bostonstock.com</i>
CBOE	Pat Sizemore	(312) 786-7752	<i>sizemore@cboe.com</i>
CHX	Marguerite Donovan	(312) 663-2548	<i>mdonovan@chx.com</i>
NSX	Nicole Guiffra	(312) 786-8809	<i>guiffra@nsx.com</i>
ISE	Willie Wong	(212) 897-8126	<i>wwong@iseoptions.com</i>
NASD	Rose Braisted	(240) 386-4987	<i>rose.braisted@nasd.com</i>
NYSE	John Kroog	(212) 656-6532	<i>jkroog@nyse.com</i>
PCX	John Chapin	(312) 442-7790	<i>jchapin@pacificex.com</i>
PHLX	Christopher Swisher	(215) 496-5680	<i>chris.swisher@phlx.com</i>

If you have questions concerning the interpretation of SEC Rule 17a-25 under Section 17 of the Securities Exchange Act of 1934, or if you need to report problems concerning EBS submissions to the SEC, please contact:

Individual	Telephone No.	E-Mail
Joseph Cella	(202) 551-4951	<i>cellaj@sec.gov</i>
Alton Harvey	(202) 551-5691	<i>harveya@sec.gov</i>

ISG Regulatory Memorandum, ISG 2006-01

On September 7, 2005, SROs, acting jointly as members of the Intermarket Surveillance Group, issued ISG Regulatory Memorandum 2005-01 (the ISG Notice) concerning the automated submission of trading information via the Electronic Blue Sheet System.² The ISG Notice reiterated requirements for accurate and timely EBS reporting. The ISG Notice also required that by no later than March 31, 2006, members and member organizations conduct and complete a validation of all required EBS data to ensure that EBS transmissions are consistent with current standards and accurately reflect members' books and records. Attachment A of the ISG Notice, *Record Layout for Submission of Trading Information*, specified those layout records that required validation.

On February 6, 2006, the Securities Industry Association (SIA), on behalf of its member firms, requested that the ISG extend the validation due date. The SROs and representatives of the SIA have been engaged in discussions with respect to the EBS requirements, the time needed to complete the validation process, and the time needed to remediate the fields not meeting the requirements. Based on these discussions, there is no need to extend the validation date beyond the March 31, 2006 deadline, and, therefore, no extension will be granted. As stated in the ISG Notice, members and member organizations are required to retain documentation confirming that the validation has occurred.

Members and member organizations that have reported inconsistencies as outlined in the ISG Notice will have until July 31, 2006 to complete remediation. Any member or member organization that believes it has a compelling and appropriate reason for further delay must provide its designated SRO with a detailed written explanation and request by April 17, 2006. These requests will be evaluated on a case-by-case basis in discussions with that SRO. Extensions will be granted in only the most extreme cases. All members and member organizations that are correcting inconsistencies shall provide written confirmation to their designated SRO that remediation has been completed on or before July 31, 2006.

Members and member organizations are reminded that, except as modified by this memorandum, the guidance of the ISG Notice remains in full force and effect.

Endnotes

- 1 This ISG Notice 2006-01 was prepared by the following self-regulatory organizations as members of the ISG: American Stock Exchange LLC (AMEX), Boston Stock Exchange, Inc. (BSE), Chicago Board Options Exchange, Inc. (CBOE), Chicago Stock Exchange, Inc. (CHX), International Securities Exchange (ISE), NASD Inc. (NASD), National Stock Exchange (NSX), New York Stock Exchange, Inc. (NYSE), Pacific Exchange, Inc. (PCX) and Philadelphia Stock Exchange, Inc. (PHLX).
- 2 The ISG Notice 2005-01 was published for NASD members in *Notice to Members 05-58*.

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