

Regulatory Notice

09-37

Trading in Motors Liquidation Company (Formerly Known as General Motors Corporation)

Executive Summary

On July 10, 2009, FINRA halted over-the-counter trading in Motors Liquidation Company (formerly known as General Motors Corporation) because it believed the trading volume in the security represented a potential widespread misunderstanding that this security may be related to interests in the new General Motors Company, as opposed to Motors Liquidation Company. Commencing July 15, 2009, trading in Motors Liquidation Company common stock will resume and the security will begin trading under the symbol MTLQO. The former common stock symbol, GMGMQ, will be deleted and should only be used for the limited purpose of reporting as-of reports, corrections or cancellations of trades effected on or prior to July 10, 2009, as described in this *Notice*.

Questions regarding this *Notice* should be directed to:

- FINRA Operations at (866) 776-0800; or
- FINRA Office of General Counsel at (202) 728-8071.

Background & Discussion

On July 10, 2009, pursuant to authority under Rule 6460(a)(3), FINRA halted over-the-counter trading in Motors Liquidation Company (formerly known as General Motors Corporation) because it believed the trading volume in the security represented a potential widespread misunderstanding that this security may be related to interests in the new General Motors Company post-bankruptcy (the new GM), as opposed to Motors Liquidation Company.¹ As stated on the Web sites of both Motors Liquidation Company and the new GM, the new GM currently has no publicly traded securities and none of Motors Liquidation Company's publicly owned stocks or bonds are or will become securities of new GM; Motors Liquidation Company is independent from, and unaffiliated with, the new GM.²

July 2009

Notice Type

- Alert

Suggested Routing

- Compliance
- Institutional
- Legal
- Operations
- Registered Representatives
- Senior Management
- Trading

Key Topic(s)

- Bankruptcy
- Suitability
- Symbol Change
- Trading Halt

Referenced Rules & Notices

- FINRA Rule 2114
- FINRA Rule 6460
- NASD Rule 2310

Further, management of Motors Liquidation Company has stated the following:

Management continues to remind investors of its strong belief that there will be no value for the common stockholders in the bankruptcy liquidation process, even under the most optimistic of scenarios. Stockholders of a company in chapter 11 generally receive value only if all claims of the company's secured and unsecured creditors are fully satisfied. In this case, management strongly believes all such claims will not be fully satisfied, leading to its conclusion that the common stock will have no value.³

Commencing July 15, 2009, trading in Motors Liquidation Company will resume and the security will begin trading under the new symbol, MTLQQ.⁴ The former common stock symbol, GMGMQ, will be deleted and should only be used for the limited purpose of reporting of as-of transactions, corrections or cancellations of trades effected on or prior to July 10, 2009.

Member firms are reminded that the suitability requirements of NASD Rule 2310 (Recommendations to Customers (Suitability)) apply to the recommendation of any security and that firms must have reasonable grounds for believing that a security recommended to a customer is suitable for that customer. Further, FINRA Rule 2114 (Recommendations to Customers in OTC Equity Securities) applies specifically to unlisted securities, such as Motors Liquidation Company,⁵ and supplements existing FINRA rules and the federal securities law, including suitability obligations, for these securities. The rule requires that firms, at a minimum, conduct a due diligence review of an issuer's current financial statements and material business information, and make a determination that such information, and any other information available, provides a reasonable basis under the circumstances for making the recommendation.

Firms and other interested parties that have operational questions concerning the FINRA trading halt or the symbol change should contact FINRA Operations at (866) 776-0800. Questions concerning Motors Liquidation Company or the new GM should be directed to those companies directly.

Endnotes

- 1 Rule 6460(a)(3) provides that FINRA may direct member firms to halt trading and quotations in OTC equity securities if FINRA determines, among other things, that an extraordinary event has occurred or is ongoing that has had a material effect on the market for the OTC equity security. As provided in Supplementary Material .02 to Rule 6460, FINRA considered among the factors in making its determination that questions from brokers and dealers and the trading volume in GMGMQ indicated a potential widespread misunderstanding that these securities represented interests in new GM, which in fact, is not the case.
- 2 See the Motors Liquidation Company Web site at www.motorsliquidation.com and the new GM at www.gm.com/corporate/investor_information.
- 3 See the Motors Liquidation Company Web site at www.motorsliquidation.com.
- 4 See the Uniform Practice Code Advisory at www.finra.org/upc/023-09.
- 5 Certain limited exemptions apply. See Rule 2114(e).