

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-95040; File No. 4-533)

June 3, 2022

Joint Industry Plan; Order Approving Amendment No. 4 to the National Market System Plan for the Selection and Reservation of Securities Symbols Submitted by The Nasdaq Stock Market LLC, BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., CBOE EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, Long-Term Stock Exchange, Inc., MEMX LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq PHLX LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc., and NYSE National, Inc.

I. Introduction

On February 11, 2021,¹ The Nasdaq Stock Market LLC (“Nasdaq”), on behalf of itself and the participants to the National Market System Plan for the Selection and Reservation of Securities Symbols (“Symbology Plan” or “Plan”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”)² and Rule 608 of Regulation National Market System (“NMS”) thereunder,³ a proposal to amend the Symbology Plan.⁴ The proposal represents the fourth substantive amendment to the Plan (“Amendment”) and reflects changes unanimously approved by the Plan participants (“Participants”).⁵ Amendment No. 4 was published for comment in the Federal Register on March

¹ See Letter from Jeffrey S. Davis, Senior Vice President and Senior Deputy General Counsel, Nasdaq, to Vanessa Countryman, Secretary, Commission (Feb. 11, 2022).

² 15 U.S.C 78k-1(a)(3).

³ 17 CFR 242.608.

⁴ The Plan was created to enhance the effectiveness and efficiency of the national market system and to provide for fair competition between the self-regulatory organizations that list equity securities by establishing a uniform system for the selection and reservation of securities symbols. The Plan, among other things, sets forth the process for securing perpetual and limited-time reservations, the use of a waiting list, the right to reuse a symbol and the ability to request the release of a symbol.

⁵ The Plan Participants are BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe EDGA

8, 2022.⁶ On April 13, 2022, Nasdaq submitted a letter to the Commission related to Amendment No. 4, which corrected an error in the Plan document included in the original filing.⁷ This Order approves Amendment No. 4 to the Plan as reflected in the Modification Letter.

II. Background and Description of the Proposal

A. Background

The Plan was created to establish a uniform system for the selection and reservation of securities symbols and sets forth, among other things, the process for securing symbol reservations, the use of a waiting list, the ability to request the release of a symbol, and the ability to reuse a symbol, provided that it does not create investor confusion. Currently, Section IV of the Plan outlines the procedures for the symbol reservation system, and provides Participants the ability to reserve 20 perpetual (“List A”) and 1,500 limited-time (“List B”) reservations, for 1-, 2-, and 3-character symbols, on the one hand, and also for 4- and 5- character symbols, on the other. For List B reservations, the Plan requires Plan Participants to have a reasonable basis to believe that it will

Exchange, Inc., CBOE EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, Long-Term Stock Exchange, Inc., MEMX LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, Nasdaq, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq PHLX LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc., and NYSE National, Inc.

⁶ See Securities Exchange Act Release No. 94351 (March 2, 2022), 87 FR 13027 (March 8, 2022) (“Amendment No. 4 Notice”). The Commission received comment letters that are not germane to the Amendment and are available on the Commission’s website at: <https://www.sec.gov/comments/4-533/4-533.htm>.

⁷ See Letter from Jeffrey S. Davis, Senior Vice President and Senior Deputy General Counsel, Nasdaq, to Vanessa Countryman, Secretary, Commission, dated April 13, 2022 (“Modification Letter”). In the Modification Letter, the Participants corrected the list of Participants that was submitted with the Amendment. The Plan submitted with the Amendment included two exchanges that are not currently Participants in the Plan. The Plan submitted with the Modification Letter reflects the current Participants in the Plan and made no other changes to the Amendment.

use the symbol within 24 months in order to reserve a symbol, but does not include a requirement that such basis be furnished or that a symbol be reserved for a specific issuer. There is also a process for reserving symbols under the Plan, which provides for the use of a third-party processor and a symbol reservation database. The Plan also includes, among other things, provisions for the use of a waiting list, the right to reuse a symbol, the ability to request the release of a symbol, the terms of confidentiality, and the process for becoming a new Plan participant.⁸

B. Description of Proposal

In Amendment No. 4, the Participants propose to modify the Plan in several aspects: (1) to require the release of all perpetual (List A) reservations, except for those used for test symbols; (2) to increase the number of List B symbols that can be reserved for 1-, 2-, and 3- character symbols and for 4- and 5- character symbols, respectively, from 1,500 to 2,500 symbols; (3) to require a party making a List B reservation to specify confidentially an issuer associated with that reservation and to maintain documentation supporting that request; (4) to require List B reservations for exchange-traded products to be made at the request of the issuer (or its agent); (5) to require Participants to release any symbol that it no longer has a reasonable basis for believing that the issuer will list a security using the symbol; (6) to require a reservation for an issuer to be transferred to another Participant, if it decides to list on that Participant; (7) to prohibit the reservation of more than one symbol for a potential listing that is not an exchange-traded product; (8) to allow Participants who have reserved a symbol for one issuer to be on the waitlist for that symbol for another issuer; and (9) to eliminate the costs of entry for new Participants to the Plan, consistent with existing practice. In addition, Amendment No. 4 also includes several

⁸ See Securities Exchange Act Release No. 58904, 73 FR 67218 at 67222-23 (November 13, 2008) (File No. 4-533) (“Symbology Plan Approval Order”)

technical and ministerial proposed changes to provide current information about the names and principal place of business of certain Participants to the Plan, and also makes changes to update outdated language in Sections IV(b)(1-3) and (c)(1) the Plan regarding reservations prior to the original effective date of the Symbology Plan.⁹

III. Discussion and Commission Findings

After careful review, the Commission is approving Amendment No. 4, as modified, for the reasons discussed below. Section 11A of the Act authorizes the Commission, by rule or order, to authorize or require the self-regulatory organizations to act jointly with respect to matters as to which they share authority under the Act in planning, developing, operating, or regulating a facility of the national market system.¹⁰ Rule 608 of Regulation NMS authorizes two or more SROs, acting jointly, to file with the Commission proposed amendments to an effective NMS plan,¹¹ and further provides that the Commission shall approve an amendment to an effective NMS plan if it finds that the amendment is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Act.¹²

The Commission believes that Amendment No. 4, as modified, is consistent with the Act and meets the applicable standard provided in Rule 608 of Regulation NMS.¹³ As described in the

⁹ See Amendment No. 4 Notice, supra note 6, for a more detailed description of the proposed changes. See also Modification Letter, supra note 7.

¹⁰ See 15 U.S.C. 78k-1(a)(3)(B).

¹¹ See 17 CFR 242.608.

¹² See 17 CFR 242.608(b)(2).

¹³ See 17 CFR 242.608.

Notice, the Plan Participants seek to amend the Symbology Plan to eliminate perpetual reservations (except for test symbols), increase the number of List B, limited-time symbol reservations, and make certain other amendments to the Plan regarding the processes by which Plan Participants may make symbol reservations.

With respect to List A reservations, the Plan Participants have agreed to release all their perpetual reservations and eliminate all perpetual reservations, except for those used as test symbols. The Participants stated that elimination of perpetual reservations was proposed in connection with the changes to require that all reservations be made at the request of an issuer. The Commission believes that removing the List A perpetual reservations other than test symbols will help to ensure that Participants can only reserve symbols related to identified issuers, which should promote fair competition among exchanges that list securities. Ensuring that Participants can only reserve symbols related to identified issuers is also appropriate in the public interest because it should enable issuers to make listing decisions based on factors that relate to the quality of the listing markets, rather than on considerations of symbol reservation.

With respect to List B reservations, the Amendment proposes to amend Section IV(b)(1)(B) to increase the number of symbol reservations that a party can reserve from 1,500 to 2,500 symbols for symbols using one, two or three characters, on the one hand, and for symbols using four or five symbols, on the other hand. In the Notice, the Plan Participants stated that this increase is “necessary given the substantial increase in the number of IPOs and other new listings,” and noted that IPOs were at a 20-year low, with 62 IPOs that year, at the time the Symbology Plan was approved in 2008, whereas more recently, there were 480 and 1,058 IPOs in 2020 and 2021,

respectively.¹⁴ The Plan Participants also pointed to an increase in recent years in the popularity of SPACs, which has similarly necessitated the need to reserve of more symbols.¹⁵ The Plan Participants stated that, given this current activity, the original 1,500 symbol reservation limits for one, two or three character symbols, on the one hand, and for four or five character symbols, on the other hand, are no longer appropriate. In approving the Symbology Plan in 2008, the Commission discussed the history of ticker symbols and noted that the increasing scarcity of available symbols highlighted the need for a NMS plan to efficiently and fairly manage the supply of ticker symbols.¹⁶ At that time, the Commission believed that the allotment of 1,500 List B reservations for symbols using one, two or three characters, on the one hand, and for symbols using four or five symbols, on the other hand, was sufficient to allow Plan Participants to reserve “a sufficient number of symbols in the short-term for any pending use.”¹⁷ The Commission believes that it is appropriate for the maintenance of fair and orderly markets to increase the number of List B symbol reservations to accommodate recent listing activity.

The Plan Participants also seek to make certain other amendments to Section IV(b)(1)(B) of the Plan with respect to the process for symbol reservations, including specifying that: (i) no party shall make a List B reservation request with respect to a particular symbol unless said party has a reasonable basis to believe it will utilize such symbol within the next 24 months; (ii) each List B

¹⁴ See Notice, *supra*, at 13028.

¹⁵ Specifically, according to the Participants, there were 613 SPAC IPOs in 2021 as compared to 248 SPAC IPOs in 2020, representing a 247% increase. See *id.*

¹⁶ See Symbology Plan Approval Order, *supra* note 9, at 67219-20. In the Symbology Plan Approval Order, the Commission stated that several factors have been increasing the demand particularly for one, two and three character symbols, including: increased listings of innovative products such as exchange-traded funds; the move by Nasdaq to begin using one, two and three character symbols; and the proliferation of standardized options.

¹⁷ See Symbology Plan Approval Order at 67225.

request made by a party for non-exchange traded products must be made in connection with the potential listing of a security on such party at the request of the issuer (or an agent of the issuer) of such security, and the reserving party must confidentially indicate the potential listing in the Symbol Reservation System and maintain documentation demonstrating that it has a reasonable basis to believe that it will utilize such symbol for the listing of such security within the next 24 months; (iii) all List B reservation requests made by a party for exchange-traded products must be made at the request of the issuer (or an agent of the issuer) of such security; (iv) the party shall release the symbol if it no longer reasonably believes that the issuer will list a security using the symbol; and (v) a party shall not reserve more than one symbol per potential security listing that is not an exchange-traded product.¹⁸ The Plan Participants state that these changes are intended to ensure that each party reserves a symbol in connection with a potential listing. The Commission believes that the amendments to Section IV(b)(1)(B) that put in place requirements for the request of a symbol reservation are appropriate in the public interest because they should help to ensure that the Plan operates in a fair and orderly manner by requiring each party to reserve symbols in connection with a potential listing. In addition, sub clauses (iii) and (v) would put in place a process to allow exchanges to reserve multiple symbols at the request of an issuer for exchange-traded products that is listing multiple potential securities, as these issuers commonly issue more than one product with different root symbols, unlike corporate issuers who rely on the same root symbol even where they have multiple classes. The Commission believes that allowing exchanges to reserve multiple symbols for issuers of such exchange-traded products is appropriate in the public interest because it should reduce investor confusion by allowing related exchange-traded

¹⁸ A corresponding clarifying change is proposed to Section IV(b)(3)(C) to clarify that List B reservation requests must be submitted in accordance with sub clauses (i) to (v) of Section IV(b)(1)(B).

products to potentially have similar symbols. The Amendment also makes changes to the waitlist provision in Section IV(b)(6)(c) that relate to the new List B reservation process. Specifically, the Amendment would permit Participants that already have a symbol reserved for a potential issuer to be placed on the waitlist for the same symbol on behalf of another potential issuer. The Commission believes that this change should promote fair competition among the exchanges by allowing such Participant to be placed on the waitlist, similar to other Participants.

The Participants also propose to amend Section I(c) of the Plan to eliminate the costs of entry for new participants because, as the Amendment notes, the pro rata costs for new participants have been de minimis or zero in recent years. The Commission believes that amending Section I(c) of the Plan to eliminate such costs should remove impediments to, and perfect the mechanisms of, a national market system, by removing what has become an administrative burden for new participants. In addition, the Amendment makes other technical and ministerial changes to clarify provisions that pertain only to the initial operation of the Plan and to update Participant information.¹⁹ The Commission believes that these changes are appropriate in the public interest and consistent with the Act, because they will provide clarifying and more accurate information about the existing practices under the Plan and also updated information about the Plan Participants.

For the reasons discussed, the Commission finds that Amendment No. 4 to the Plan, as reflected in the Modification Letter, is consistent with the requirements of the Act and the rules and regulations thereunder, and in particular, Section 11A of the Act²⁰ and Rule 608²¹ thereunder in

¹⁹ See Modification Letter, *supra* note 7

²⁰ 15 U.S.C. 78k-1.

²¹ 17 CFR 242.608.

that Amendment No. 4 is appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 11A of the Act,²² and Rule 608(b)(2) thereunder,²³ that Amendment No. 4 to the Plan, as modified, (File No. 4-533) is approved.

By the Commission.

J. Matthew DeLesDernier,
Assistant Secretary.

²² 15 U.S.C. 78k-1.

²³ 17 CFR 242.608(b)(2).