



*SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION*

18 March 2008  
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Nancy M Morris  
Secretary  
United States Securities and Exchange Commission  
Station Place, 100 F Street NE  
Washington, DC 20549-1090  
UNITED STATES OF AMERICA

Via email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

**RE: Release No. 34-57171; File No. 4-534**

Dear Ms Morris

S.W.I.F.T. Scrl (SWIFT) would like to thank the SEC for this opportunity to provide feedback on Amendment #1 of file No. 4-534 regarding the Proposed National Market System Plan for the Selection and Reservation of Securities Symbols. S.W.I.F.T. believes it is of paramount importance that an NMS Exchange Symbology Plan cover all NMS securities. We strongly recommend a common symbology implementation across markets in order to minimize investor confusion, promote cross-market consistency required by Reg NMS and reduce systemic risk.

We hope that the SEC will not view the impact of special characters on the nation's financial infrastructure as merely a local or technology problem. It is the SEC's stated mission "to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation". System changes requiring the use of proprietary suffix conventions with special characters raise policy concerns both from an NMS and a global market resiliency perspective that are well within the purview of this mandate. The SEC should act swiftly to prevent the planned September 13, 2008 deployment of NASDAQ's Symbology Initiative - to protect investors and prevent possible market disruptions.

SWIFT, in support of its customer base of some 8,000 global financial institutions worldwide recommends that implementation of the NASDAQ symbology initiative allow for a global plan of action, allowing all interested parties to properly evaluate technical and market impact and to implement changes in an orderly manner. SWIFT provides for an annual standards release schedule in the autumn of each year. At this time, changes required would not be able to be included until the November 2009 standards release.

SWIFT is in support of a single NMS symbology plan for root symbols, subordinate issues, options and test symbols because this approach offers the following benefits.

#### **Minimize Investor Confusion**

One of the motivations for symbol portability and a consistent NMS symbology policy is to ensure that investors are not affected by an issuer switching listing exchanges. Given that subordinate issues are securities that (both retail and institutional) investors trade, adopting a common suffix symbology across markets would be advantageous from the investor perspective. Our concerns with inconsistency are not just across markets but also with the application of the NASDAQ Symbol convention across symbols of a different root size.

*S.W.I.F.T. SCRL*

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Page 2  
17 March 2008  
Nancy M Morris

According to the NASDAQ Guidance Document, a Class 'A' when issued will be identified with a '#' sign if the root is 4 characters but with a '.A#' if the root is 3 or less characters. Additionally, adopting a plain English suffix convention would reduce fat finger trading errors, verbal miscommunication, and display misinterpretation (e.g., AAA.A looks very similar to AAAA) in both text and phone-based order entry.

### **Promote Market-wide Consistency**

In reviewing Release No. 34-57171, we are pleased that the SEC may expand the coverage of the Exchange Symbology Plans to include options and subordinate issues. Expanding the scope of an NMS Symbology Plan would be consistent with the Regulation NMS definitions of "listed equity securities" 4 and "NMS securities" 5, both of which include subordinate issues.

Because of Regulation NMS requirements to route orders to all execution venues trading an NMS security with better prices, the implementation effort associated with adopting NASDAQ's new suffix symbology expands well beyond connectivity to NASDAQ encompassing changes to smart order routing and trading systems and securities settlement systems globally, not currently configured to accommodate special characters.

SWIFT supports the FIF and SIFMA initiative to raise concerns regarding these proposed changes.

It is difficult to justify the millions of dollars in cost to the industry for a proprietary symbology change required to accommodate only minimal issues (less than 6% of NASDAQ's volume). Especially when as an interim solution NASDAQ can accommodate subordinate issues in 3 character symbols as the industry works toward a common NMS Symbology. As discussed in the January 31, 2008, Head Trader Alert #2008-012 the 3-character ticker symbol III is associated with two subordinate issues. Its units trade under the symbol IIIIU and its warrants trade under the symbol IIIIW.

Today, variations of the CMS suffix convention, the Comstock suffix convention, and the NASDAQ Integrated Platform suffix convention are in production at different exchanges. Unfortunately, broker dealers, vendors and exchanges have already spent significant resources to accommodate different suffix conventions across the U.S. exchanges. With the SEC's focus on NMS symbology, we hope you will take this opportunity to bring harmonization to this aspect of the national market system.

### **Mitigate Operational Risks**

Inconsistent symbology schemas across NMS securities, especially those using special characters, present operational risks for several reasons. Changes to symbology affect every system that touches an order – from market data and order entry to back office and regulatory reporting systems. The safety and soundness of the industry infrastructure should not be underestimated. Testing of member firm and industry wide systems is a major undertaking and may not uncover unexpected behavior that could occur in production. The use of special characters exacerbates these problems due to the fact that special characters are often used as delimiters and wildcards in databases and legacy systems. In some instances, special characters, ie, %, :, ^, do not translate properly when transmitted in either file or MQ protocols or are considered reserved control characters within a particular system or programming language.





Additionally, changes to equity symbology reach far beyond equity trading impacting the options markets. However, neither the OCC nor OPRA will adopt the NASDAQ subordinate issue suffix convention. Furthermore, it is understood by the industry that NASDAQ has a field-size limitation that has brought them to the decision point of selecting the symbol change, rather than expanding their field size. Taking into consideration the field expansion proposed for the OCC Symbology Initiative, NASDAQ should be expanding their field to ensure standardized formatting for all NMS securities.

Best practices established to reduce cross-site scripting, advocate eliminating the use of special characters in input fields. Any symbology implementation effort should be carefully planned and coordinated at an industry level to minimize systemic risk.

In addition to standardizing root and suffix symbols across NMS securities, adopting test symbols to be used industry-wide would mitigate operation risk by enabling testing in production. With the adoption of Reg NMS establishing inter-market order routing obligations, we would urge the SEC to also consider establishing test symbols to be used for testing system changes that affect the National Market System. Testing with test symbols in production is the closest simulation to actual production conditions. Test symbols in production facilitate end to end testing. To avoid data corruption, market data vendors do not pass dummy data in actual symbols to their production systems; however, dummy trades in test symbols are disseminated and would allow end user firms to test more effectively.

#### **Promote Market-Wide Business Continuity**

SWIFT is well aware of the need to continually strengthen the resiliency of the financial markets against terrorist attacks and other threats to the global financial infrastructure. As discussed earlier, the introduction of special characters introduces cyber-security issues that could be exploited to disrupt global financial markets.

Additionally, a common symbology implementation across markets would support industry-wide business continuity allowing trading in securities even when the primary exchange is not able to trade as a result of a natural or man-made disaster. Currently, the CTA and UTP data feed specifications do not accept alternate suffix conventions. In the event of a disaster, significant development work would be required to modify trading, market data and back office systems not only at the broker dealers but also at the exchanges, utilities, investment managers, custodian banks and securities depositories globally. While a common symbology is not the only obstacle to maintaining trading in the event of a primary market outage, the adoption of a special character suffix convention would add another hurdle to recovery.

In closing, we are concerned that failure to adopt an NMS Exchange Symbology Plan that does not include all NMS securities will result in significant wasted effort and risk to the global financial industry. Therefore, pursuant to the SEC's efforts to establish and maintain a fair and orderly National Market System, SWIFT urges the SEC to (1) immediately request that NASDAQ and the NASDAQ SIP suspend the NASDAQ Stock Symbol System changes currently scheduled for September 13, 2008 and (2) work towards the adoption an NMS Exchange Symbology Plan that includes options and subordinate issues.

SWIFT stand ready to assist in the development of an industry solution to NMS symbology on behalf of its global cooperative community.



Page 4  
17 March 2008  
Nancy M Morris

### **About SWIFT**

SWIFT is the industry-owned co-operative supplying secure, standardised messaging services and interface software to nearly 8,000 financial institutions in 206 countries and territories. SWIFT members include banks, broker-dealers and investment managers. The broader SWIFT community also encompasses corporates as well as market infrastructures in payments, securities, treasury and trade. Over the past ten years, SWIFT message prices have been reduced over 80%, and system availability approaches 5x9 reliability — 99.999% of uptime.

Yours Sincerely

A handwritten signature in black ink that reads "Jamie Shay".

Jamie Shay  
Head of SWIFT Standards