

January 31, 2000

Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

RE: File No. S7-29-99

Dear Mr. Katz:

The North American Securities Administrators Association (NASAA)<sup>1</sup> appreciates the opportunity to comment on the proposal by the Securities and Exchange Commission (“Commission”) regarding a change to Rule 12f-2 under the Securities and Exchange Act of 1934 governing unlisted trading privileges in initial public offerings (“IPOs”).

NASAA applauds the Commission’s rulemaking efforts that increase investor access to the IPO market. Abolishing the one-day “waiting period” for IPOs to trade on regional exchanges promotes market transparency, pricing efficiency and capital formation. Further, the goals of a National Market System are served by eliminating this competitive barrier to IPO trading.

NASAA concurs with the Commission that the rule is one whose “time has come.” In 1995, the Commission reduced the waiting period for regional exchange trading of New York Stock Exchange IPOs from two days to one. The current proposed rule would allow all exchanges to trade any listed IPO as soon as the first trade is reported to the Consolidated Tape System.

NASAA also finds compelling the 1998 study conducted by the regional exchanges showing that the elimination of the one-day restriction would cause no significant volatility when an IPO security is traded on two or more exchanges from the start.<sup>2</sup> This study allays fears that elimination of the waiting period would disrupt the underwriting process as well as accentuating price volatility already inherent with IPOs.

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<sup>1</sup> The oldest international organization devoted to investor protection, the North American Securities Administrators Association, Inc., was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico and Puerto Rico. NASAA is the voice of securities agencies responsible for grass-roots protection and efficient capital formation.

<sup>2</sup> Jay Ritter, Joe B. Cordell Eminent Scholar, University of Florida, “Unlisted Trading Privileges in Listed IPO’s: Analysis of the One-day Delay,” June 1998.

NASAA supports rulemaking that enhances the ability of the individual investor to access all securities markets without delay. The elimination of this rule would effectively serve this purpose and further instill investor confidence in the market's ability to serve all customers without bias.

NASAA appreciates the opportunity, presently, as well as in the future, to provide guidance and comments in this area of great investor protection concern and importance. If I can be of further assistance, please contact me directly at (317) 232-6695. Thank You.

Sincerely,

Bradley W. Skolnik  
NASAA President  
Indiana Securities Commissioner