

Corporate & Financial Weekly Digest

Posted at 1:23 PM on September 24, 2010 by [Daren R. Domina](#)

SEC Approves Amendments to Establish Regulation NMS-Principled Rules for OTC Equity Securities

Co-authored by [Natalya S. Zelensky](#)

The Securities and Exchange Commission has approved new Financial Industry and Regulatory Authority rules that extend certain Regulation NMS protections to quoting and trading of over-the-counter (OTC) Equity Securities. Effective February 11, 2011, these new rules: (1) set forth permissible pricing increments for the display of quotations and acceptance of orders, (2) require firms to avoid locking and crossing quotations within an inter-dealer quotation system, and (3) establish a cap on access fees imposed against a firm's published quotation. Effective May 9, 2011, the new rules will require an OTC Market Maker, subject to certain exceptions, to display the full size of customer limit orders that improve the price of the Market Maker's displayed quotation or that represent more than a de minimis change in the size of the Market Maker's quote if at the best bid or offer.

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Katten Muchin Rosenman LLP
Charlotte Chicago Irving London Los Angeles New York Washington, DC