

Political/Regulatory Timeline

- ▶ 1931: NYSE required marking short sales, no short sales on downticks
16 other U.S. exchanges followed by 1935.
- ▶ 1938: SEC adopts 10a-1 – strict uptick rule (binding at 1/8th tick size).
- ▶ 1939: SEC again allows shorting on zero-down ticks.
- ▶ 1963: Special SEC study of short selling.
- ▶ 1976: SEC rule proposal to suspend tick test, withdrawn 1980.
- ▶ 1991: House Report recommends tick test for Nasdaq.
- ▶ 1994: NASD Rule 3350 requires bid test for shorts.
- ▶ 1999: SEC concept release about potential repeal of 10a-1.
- ▶ 2003: Reg SHO proposed, adapted 2004, leads to 2-year experiment
that removes tick test for some stocks.
- ▶ July 2007: Tick test repealed, new locate requirements.
- ▶ Sep 2008: Ban on naked shorting, shorting ban for “financials.”
- ▶ Feb 2010: Alternative uptick rule on stocks with 10% drop in price in a day