

## Nasdaq Investigation

### Time Line Leading Up to Formal Investigation

- 8/93 Forbes Article -- Fun and Games on Nasdaq by Gretchen Morgenson.
- 9/93 DOJ staff initiate informal contact with Market Regulation staff concerning the operation of the Nasdaq market.
- 12/93 Commission approves Interim SOES Rules.
- 1/25/94 Interim SOES Rules become effective.
- 2-4/94 SOES traders begin filing backing away complaints with the NASD.
- 4/29/94 Bob Colby responds to letters received from SOES traders complaining about the NASD's process of resolving backing away complaints.
- 5/94 Draft Christie/Schultz study release (drafts may have been released as early as 12/93).
- 5/23/94 Bear Stearns meeting -- NASD warns market makers about excessively wide spreads.
- 7/94 Market Regulation staff conduct inspection of NASD resolution of backing away complaints.
- 9/1/94 Officials from the DOJ meet with Market Regulation staff to discuss the operation of the Nasdaq market. Between 9/93 and 9/94, other informal telephone conversations occurred between DOJ staff attorneys and Market Regulation staff attorneys.
- 10/19/94 DOJ announces publicly its investigation.
- 11/22/94 Commission authorizes staff to conduct and investigation of the NASD and the practices of Nasdaq market makers.