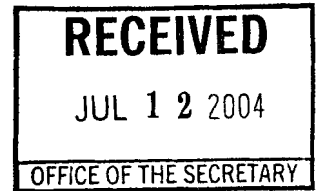


435

MEMORANDUM TO FILE

July 9, 2004



TO: File S7-23-03

FROM: Alexandra Albright
Division of Market Regulation

RE: Proposed Regulation SHO, on Short Sales; File No. S7-23-03
SIA Ad Hoc Committee on Locates/Fails and NSCC Meetings

During the month of June, staff of the Division of Market Regulation engaged in telephonic meetings with the Securities Industry Association ("SIA") Ad Hoc Committee on Locates/Fails and the National Securities Clearing Corporation ("NSCC"). The discussions in these meetings concerned "locate" and "fail to deliver" processing by broker-dealers and the operation of the Continuous Net Settlement system.