

NASDAQ readies payouts for Facebook IPO glitch

NEW YORK, US: NASDAQ is taking steps toward compensating investor losses due to computer glitches that fouled trading on the first day of Facebook's US\$16 billion IPO, the *Wall Street Journal* said on Tuesday.



NASDAQ OMX Group, which operates the NASDAQ exchange, has told brokers that it expects to submit plans on the issue to the Securities and Exchange Commission on how it might make up losses tied to its systems problems, the *Journal* reported.

Trading orders on the first day that Facebook shares hit the market on May 18 overwhelmed NASDAQ's systems, forcing a length delay in trades and leaving investors and brokers in the dark over the results of orders involving millions of shares.

Claims of losses related to NASDAQ's problems are estimated above US\$100m, according to the *Journal*.

On May 24 New York broker Knight Capital asked NASDAQ to compensate it for up to US\$35m on the IPO.

"As has been well-publicised, there were numerous issues and problems at NASDAQ relating to the trading of Facebook. Some market participants, including the Company, suffered sizable losses," Knight said in the filing.

The claims are well over what the exchange group has available - US\$13m, according to the report - to compensate traders who suffer losses due to problems with NASDAQ's system.

In addition at least one class-action lawsuit has been filed in New York against the exchange over claimed losses on Facebook shares due to the systems problems.

Source: *AFP* via I-Net Bridge