Nasdaq ups ante in Facebook reimbursement plan

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(AP) — The Nasdaq stock exchange is chipping in more money to reimburse investment firms that lost money when online social network Facebook went public in May because computer glitches delayed their trading orders.

The revised proposal announced late Friday calls for Nasdaq to pay $62 million to firms ensnared in the breakdown. That's up from the $40 million pool that Nasdaq initially announced seven weeks ago.

The exchange says all the payments will now be in cash instead of trading credits as envisioned under the original program. The trading credit provision had riled the New York Stock Exchange, which attacked the plan as an attempt to entice firms to defect to the rival Nasdaq exchange.

Nasdaq says more firms will be eligible for reimbursement under its new proposal, too.

Facebook went public May 18 amid great fanfare, but computer glitches at the Nasdaq threw the day into chaos. The opening was delayed by half an hour. Technical problems kept many investors from buying shares in the morning, selling them later in the day, or even from knowing whether their orders went through. Some investors complained that they were left holding shares they didn't want.

Facebook's stock originally priced at $38 and closed that first day at

$38.23 after going as high as $45, a disappointment to speculators who had hoped for a first-day pop. Nasdaq has said it was embarrassed by the glitches, but that they didn't contribute to the underwhelming returns. The stock closed at $28.76 Friday, down 24 percent from the IPO price.

The new program will still require approval by the U.S. Securities and Exchange Commission.

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