

Nasdaq pays \$10 mn fine in Facebook IPO debacle

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People walk past the Nasdaq exchange in Time Square on June 7, 2012 in New York City. The Nasdaq exchange agreed Wednesday to pay a \$10 million penalty for trading glitches during the initial public offering for Facebook last year, officials said.

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The [Securities and Exchange Commission](#) said the fine imposed was the largest ever against an exchange.

The huge electronic market's foul-up marred the \$16 billion [Facebook](#) share issue on May 18 of 2012, the most hotly awaited [initial public offering](#) on the US markets in years.

Nasdaq is also facing lawsuits from investors who claim the glitches led to losses when they were unable to execute trades.

The SEC said "a design limitation in Nasdaq's system" led to the [disruptions](#) to the Facebook IPO, and as a result violated securities laws.

Exchanges "have an obligation to ensure that their systems, processes, and contingency planning are robust and adequate to manage an IPO without disruption to the market," the stock market watchdog said.

It said the glitches allowed "more than 30,000 Facebook orders to remain stuck" for more than two hours when they should have been executed or cancelled.

"This action against Nasdaq tells the tale of how poorly designed systems and hasty decision-making not only disrupted one of the largest IPOs in history, but produced serious and pervasive violations of fundamental rules governing our markets," said George Canellos, co-director of enforcement for the SEC.

The [glitch](#) dealt a black eye to the exchange, which trades some of the world's largest companies, including Apple and Microsoft.

Nasdaq has set aside \$62 million to pay out claims related to the Facebook debacle. But some investors are suing, claiming the losses were greater.

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