

MEMO# 13548

May 29, 2001

NASDR REQUEST FOR COMMENT ON MODERNIZING NASD RULES

[13548] May 29, 2001 TO: ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 5-01 EQUITY MARKETS ADVISORY COMMITTEE No. 16-01 SEC RULES COMMITTEE No. 41-01 RE: NASDR REQUEST FOR COMMENT ON MODERNIZING NASD RULES The NASD has issued a Special Notice to Members¹ (a copy of which is attached) requesting comment on steps that can be taken to streamline NASD rules. The request for comment is a continuation of a 1998 NASDR review of NASD rules to: (1) determine if there are obsolete or otherwise unnecessary rules that could be repealed or that should be modernized in light of technological or industry developments; and (2) determine if particular rules should distinguish between retail and institutional customers in their application. At that time, the Institute filed a comment letter responding to the NASDR's review recommending specific changes to NASD rules in the areas of: advertising; confirmations; forwarding proxy materials; the corporate financing rule; selling concessions; and cash compensation.² NASDR now has determined to continue its review to determine if there are additional steps that should be taken to modernize NASD rules and has retained a consultant to assist in estimating the burdens and evaluating the benefits of such rules. The Notice to Members states that in those instances where the regulatory burden of a rule significantly outweighs the benefit, or the rule no longer works efficiently given new technologies, NASDR will look at revising the rule. Comments are due to the NASDR by July 2, 2001. If you have any suggestions that you would like the Institute to include in a possible comment letter, please contact the undersigned by phone at 202-371-5408, by fax at 202-326-5839, or by e-mail at aburstein@ici.org no later than June 8. Ari Burstein Associate Counsel Attachment 1 Special NASD Notice to Members 01-35 (May 2001). 2 See Memorandum to Advertising Compliance Advisory Committee No. 6-99, Closed-End Investment Company Committee No. 5-99 and SEC Rules Committee No. 12-99, dated February 16, 1999. 2Attachment (in .pdf format)