

**MEMO# 9245**

September 15, 1997

# **NASD PROPOSES POLICY RELATING TO THE ELECTRONIC DELIVERY OF INFORMATION BETWEEN MEMBERS AND THEIR CUSTOMERS**

1 62 Fed. Reg. 47858 (Sept. 11, 1997). 2 See Securities Act Release No. 7233 (Oct. 6, 1995), 60 Fed. Reg. 53458 (Oct. 13, 1995); Securities Exchange Act Release No. 37182 (May 9, 1997), 61 Fed. Reg. 24644 (May 15, 1996). [9245] September 15, 1997 TO: ADVERTISING SUBCOMMITTEE No. 31-97 SEC RULES COMMITTEE No. 89-97 RE: NASD PROPOSES POLICY RELATING TO THE ELECTRONIC DELIVERY OF INFORMATION BETWEEN MEMBERS AND THEIR CUSTOMERS

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The National Association of Securities Dealers, Inc. recently filed with the Securities and Exchange Commission a proposed Notice to Members setting forth the NASDs policy relating to the electronic delivery of information between NASD members and their customers.<sup>1</sup> The NASDs policy is based upon the SECs guidelines that were published in October 1995 and May 1996 and that establish a framework under which broker-dealers and others may use electronic media as alternatives to paper-based media to satisfy delivery obligations under federal securities laws.<sup>2</sup> The proposed Notice to Members establishes the NASDs policy regarding the use by members of electronic media to transmit documents that they are required or permitted to furnish to customers under NASD rules and to receive communications from customers. The Notice states that use of electronic media is permitted, provided that members comply with the standards contained in the SEC releases. The Notice summarizes these standards, which address, among other things, notice, access, evidence to show delivery, communication of personal financial information, and consent. The Notice also contains a list of current NASD rules that require or permit communications between members and their customers for which electronic delivery may be used in accordance with the standards contained in the SEC releases. A copy of the proposal is attached. Comments on this proposal must be filed with the SEC by Thursday, October 2, 1997. If you have issues that you would like the Institute to address, please either call (202/326-5819) or e-mail ([savage@ici.org](mailto:savage@ici.org)) me by Monday, September 22, 1997. Joseph P. Savage Assistant Counsel Attachment (in .pdf format)