

MEMO# 9289

September 29, 1997

INSTITUTE COMMENT LETTER ON PROPOSED NASD POLICY RELATING TO THE ELECTRONIC DELIVERY OF INFORMATION BETWEEN MEMBERS AND THEIR CUSTOMERS

1 See Memorandum to Advertising Subcommittee No. 31-97 and SEC Rules Committee No. 89-97 dated September 15, 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). [9289] September 29, 1997 TO: ADVERTISING SUBCOMMITTEE No. 34-97 SEC RULES COMMITTEE No. 95-97 RE: INSTITUTE COMMENT LETTER ON PROPOSED NASD POLICY RELATING TO THE ELECTRONIC DELIVERY OF INFORMATION BETWEEN MEMBERS AND THEIR CUSTOMERS

As we previously reported, 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.¹ 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.² The Notice states that use of electronic media is permitted, provided that members comply with the standards contained in the SEC releases. 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 SEC releases. The comment letter generally supports this approach, but recommends that certain other NASD rules be added to the list contained in the Notice. Comments on this proposal must be filed with the SEC by Thursday, October 2, 1997. If you have any comments on this draft, please either call (202/326-5819) or e-mail (savage@ici.org) me by the close of business, Wednesday, October 1, 1997. Joseph P. Savage Assistant Counsel Attachment (in .pdf format)