

**MEMO# 20625**

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## **NASD and NYSE Announce Plans to Create a Single SRO**

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [20625] November 28, 2006 TO: SEC RULES MEMBERS No. 104-06 COMPLIANCE MEMBERS No. 48-06 CLOSED-END INVESTMENT COMPANY MEMBERS No. 58-06 EQUITY MARKETS ADVISORY COMMITTEE No. 26-06 UNIT INVESTMENT TRUST MEMBERS No. 26-06 VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 12-06 RE: NASD AND NYSE ANNOUNCE PLANS TO CREATE A SINGLE SRO

The NASD and NYSE have announced the signing of a letter of intent to consolidate their member regulation operations into a new, single self-regulatory organization ("SRO"). The new SRO is expected to begin operations in the second quarter of 2007 and will operate from offices in Washington, DC and New York, as well as 18 District and Dispute Resolution office locations around the country. NYSE Regulation's CEO Rick Ketchum will serve as the non-executive Chairman of the organization's Board of Governors and will remain CEO of NYSE Regulation. NASD Chairman and CEO Mary Schapiro will serve as CEO of the combined organization. The new SRO will be responsible for all member examination, enforcement, arbitration and mediation functions, as well as all other current NASD responsibilities. NYSE Regulation will continue to oversee the NYSE market, through its market surveillance division, related enforcement functions, and listed company compliance. A 23-person Board of Governors will oversee the new SRO's activities for a three-year transitional period. Combining the current NASD and NYSE SROs will require amendments to NASD by-laws and will be subject to SEC approval after the opportunity for public comments. A fact sheet about the consolidation plans can be found on the NYSE's website at <http://www.nyse.com/pdfs/TransactionFactSheet.pdf>. Information about the consolidation also can be found on the NASD's website at <http://www.nasd.com/RegulatoryConsolidation/index.htm>. Ari Burstein Senior Counsel Securities Regulation – Capital Markets