

MEMO# 11118

July 15, 1999

NASDR ISSUES QUESTIONS AND ANSWERS RELATING TO NON-CASH COMPENSATION RULES

[11118] July 15, 1999 TO: SALES FORCE MARKETING COMMITTEE No. 14-99
BROKER/DEALER ASSOCIATE MEMBERS No. 7-99 RE: NASDR ISSUES QUESTIONS AND ANSWERS RELATING TO NON-CASH COMPENSATION RULES

As you are aware, the NASD's rules governing non-cash compensation have been a frequent topic of discussion at the Institute's Sales Force Marketing Committee meetings. Last year, the SEC approved amendments to these rules. The amendments became effective on January 1, 1999, with transition provisions for non-cash compensation programs in existence on that date. To facilitate compliance with the amended rules, NASD Regulation, Inc. has issued the attached Notice to Members setting forth questions and answers that have been raised with respect to particular circumstances covered by the new rules. The Notice to Members states that the guidance it contains is not intended to provide an exhaustive analysis of all non-cash arrangements subject to the rules. It indicates that NASD members should feel free to seek additional advice from NASDR by contacting the persons listed in the Executive Summary. Linda Brenner Director, Operations and Training Attachment

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