

**MEMO# 958**

February 6, 1989

## **NASD PROPOSAL TO RESTRICT PAYMENT OF REFERRAL FEES**

February 6, 1989 TO: INVESTMENT ADVISERS COMMITTEE NO. 7-89 SEC RULES COMMITTEE NO. 11-89 UNIT INVESTMENT TRUST COMMITTEE NO. 6-89 RE: NASD PROPOSAL TO RESTRICT PAYMENT OF REFERRAL FEES

\_\_\_\_\_ As we previously informed you, the NASD has proposed a rule amendment that would impose restrictions upon payments of referral fees to unregistered parties. Attached is the Institute's comment letter to the NASD on the proposal. In the letter, the Institute requests that (1) payments for customer lists not be limited to fixed fees, (2) payments to banks be exempted from the restrictions and (3) payments by investment advisers under solicitation agreements pursuant to Advisers Act Rule 206(4)-3 be specifically excluded. We will keep you informed of developments. Craig S. Tyle Assistant General Counsel Attachment

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