

MEMO# 917

January 9, 1989

NASD PROPOSAL TO RESTRICT PAYMENT OF REFERRAL FEES

January 9, 1989 TO: INVESTMENT ADVISER MEMBERS NO. 4-89 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 4-89 RE: NASD PROPOSAL TO RESTRICT PAYMENT OF REFERRAL FEES _____ Attached is a NASD Notice to Members concerning a proposed rule that would restrict the payment of referral fees by NASD members to unregistered third parties for the referral of retail business. Fees paid in connection with a NASD member's underwriting or merger and acquisition business would be excluded from the purview of the rule, which also would permit an occasional fixed amount referral fee payment under certain circumstances. Because comments are due to the NASD by February 3, 1989, please submit your comments to the undersigned by Thursday, January 26, 1989. Robert L. Bunnan, Jr. Assistant General Counsel Attachment

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