

MEMO# 14425

February 4, 2002

NASDR SOLICITING INFORMATION TO PREPARE COST-BENEFIT ANALYSIS OF IMPACT OF MODERNIZING CERTAIN OF THEIR RULES

[14425] February 4, 2002 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 7-02 COMPLIANCE ADVISORY COMMITTEE No. 10-02 SEC RULES COMMITTEE No. 13-02 SMALL FUNDS COMMITTEE No. 1-02 RE: NASDR SOLICITING INFORMATION TO PREPARE COST-BENEFIT ANALYSIS OF IMPACT OF MODERNIZING CERTAIN OF THEIR RULES NASD Regulation, Inc. has requested that the Institute encourage our members to respond to Special Notice to Members 02-10 (January 2002), which solicits member input to assist NASDR in preparing a cost-benefit analysis of four rule proposals currently under consideration. These proposals are part of NASDR's comprehensive review of its rules to ensure that they are as streamlined as possible, and impose the least burden to accomplish their objectives. The four proposals on which the cost/benefit information is sought are: • Elimination of the requirement that generally only persons sponsored by broker/dealers may take the Series 7 examination; • Development of a new registration category that would permit associated persons to perform basic customer support functions without taking the Series 7 examination; • Elimination of the requirement to hold an annual compliance conference in light of the Continuing Education Firm Element; • Modification of the definition of "branch office;" and • Revisions to NASD Rule 2260, relating to forwarding of proxy and other materials, to expand the categories of persons to whom members may send such materials. The request for information can be found at <http://www.nasdr.com/pdf-text/0210ntm.pdf>. Members can submit their responses in writing, by e-mail, or by completing the online form that may be found through the above link. Responses are requested no later than March 1, 2002. According to the Notice, NASDR is considering a number of other proposed revisions to their rules and will publish additional questionnaires at a later date. Tamara K. Reed Associate Counsel