

**MEMO# 3208**

October 21, 1991

# **NASD PROPOSES TO EXPAND EXEMPTIONS FROM BRANCH OFFICE REGISTRATION UNDER SECTION 27 OF THE RULES OF FAIR PRACTICE**

October 21, 1991 TO: COMPLIANCE COMMITTEE NO. 8-91 SUBCOMMITTEE ON ADVERTISING  
RE: NASD PROPOSES TO EXPAND EXEMPTIONS FROM BRANCH OFFICE REGISTRATION  
UNDER SECTION 27 OF THE RULES OF FAIR PRACTICE

The NASD has proposed an amendment to the definition of "branch office" included in Section 27 of the Rules of Fair Practice, which sets forth specific minimum requirements for supervisory practices and procedures for NASD members. The proposed amendment is a codification of interpretations under Section 27 issued by the NASD Board of Governors in 1989 clarifying the exemption from branch office registration available for non-branch business locations that meet certain conditions under the rule. Under the current rule, a location is exempt from registration as a branch office if it is identified to the public only in telephone book listings, on business cards, or on stationery that also include the address and telephone number of the branch office or the office of supervisory jurisdiction ("OSJ") responsible for supervising the non-branch business location. The amendment to the definition of "branch office" allows members to include on advertisements a local telephone number and/or a local post office box (but not the address of the non-branch location), so long as the advertisements also identify the location and telephone number of the appropriate supervising branch office or OSJ. In addition, the amendment allows members to include on sales literature the local address of a non-branch business location, so long as the location and telephone number of the appropriate supervisory branch or OSJ of the member is identified. Finally, members who can demonstrate that they maintain a significant and geographically dispersed supervisory system appropriate to its business will be permitted to use the firm's main office address and telephone number for reply purposes on sales literature, advertisements, business cards, and business stationery. The SEC is soliciting comments on the proposal through October 31. As stated in the attached notice, the proposed changes will become effective 35 days from the date the notice was published in the Federal Register, unless the SEC or NASD determine otherwise. Amy B.R. Lancellotta Associate General Counsel Attachment

should not be considered a substitute for, legal advice.