

MEMO# 13659

June 21, 2001

DRAFT INSTITUTE COMMENT LETTER ON NASDR REQUEST FOR COMMENT ON MODERNIZING NASD RULES

[13659] June 21, 2001 TO: ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 6-01
EQUITY MARKETS ADVISORY COMMITTEE No. 20-01 SEC RULES COMMITTEE No. 48-01 RE:
DRAFT INSTITUTE COMMENT LETTER ON NASDR REQUEST FOR COMMENT ON
MODERNIZING NASD RULES As we previously informed you,¹ NASD Regulation has issued a
Special Notice to Members² requesting comment on steps that can be taken to streamline
NASD rules. The Institute has prepared the attached draft comment letter in response to
the Notice to Members. The request for comment is a continuation of a 1998 NASDR review
of NASD rules to determine whether any NASD rules or by-laws (1) should be repealed
because they are obsolete or otherwise unnecessary; (2) should be modernized in light of
technological or industry developments; or (3) should distinguish between retail and
institutional customers in their application. At that time, the Institute filed a comment letter
recommending specific changes to NASD rules in the areas of: advertising and sales
literature; confirmations; forwarding proxy materials; the corporate financing rule; selling
concessions; and cash compensation. The attached draft letter updates and supplements
our previous comments. Comments are due to NASDR by Monday, July 2, 2001. If you have
any comments on the draft Institute letter, please provide them to the undersigned by
phone at (202) 371-5432, by fax at (202) 326-5827, or by e-mail at kireland@ici.org no
later than Thursday, June 28. Kathy D. Ireland Associate Counsel Attachment 1 See
Memorandum to Advertising Compliance Advisory Committee No. 5-01, Equity Markets
Advisory Committee No. 16-01, and SEC Rules Committee No. 41-01, dated May 29, 2001. 2
Special NASD Notice to Members 01-35 (May 2001). 2 Attachment (in .pdf format)