



Securities Industry Association

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February 14, 2002

Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549

Re: File No. SR-NASD-00-12--Amendments to Rules Governing Member
Communications with the Public

Dear Mr. Katz:

The Self-Regulation and Supervisory Practices Committee (the "Committee") of the Securities Industry Association ("SIA")¹ appreciates the opportunity to comment on the referenced NASD Regulation, Inc. ("NASDR") proposed rule change, which would amend National Association of Securities Dealers, Inc. ("NASD") rules governing member communications with the public.

As stated in the adopting release, the proposed amendments modernize and clarify the rules governing member communications with the public. Among other things, the proposed rule change would exclude all communications to institutional investors from member pre-use approval and NASDR filing requirements and from many of the content standards under NASD Conduct Rule 2210. Form letters and group e-mail to existing retail customers and fewer than 25 prospective retail customers also would be eligible for these exclusions, provided that a member developed appropriate policies and procedures to supervise and review such communications. Additionally, the proposed rule change would exclude independently prepared reprints from the filing and many of the content standards under Rule 2210, and would exclude certain press releases from the filing requirements. Finally, the proposed rule change would simplify the existing content standards applicable to member communications.

The Committee commends NASDR for its efforts to streamline and update these rules and urges similar substantive change throughout the NASD rulebook. The Committee has long advocated regulation that recognizes and addresses the inherent differences between institutional and retail business. The Committee, therefore, reaffirms its general support for the proposed amendments as an important step towards modernizing the NASD rules to reflect technological developments, the realities of current business practices, and the differing protections required by retail and institutional investors.

The Committee joins in the comments articulated by Wilmer, Cutler & Pickering ("Wilmer") in its letter to the Commission, dated February 13, 2002, which generally supports the rule proposal, and offers some specific suggestions that we too believe would further improve the efficiency of NASD's public communication rules.

The Committee looks forward to further substantive modernization of the NASD rules and hopes to work with NASDR staff to build and improve upon those prior efforts. As before, we recommend that NASDR utilize the resources and expertise of SIA and its membership in reviewing and crafting regulations. This collaborative effort, we believe, will foster more constructive, effective and resource-efficient rulemaking.

The Committee appreciates your consideration. If you have any questions or comments, please contact the undersigned or Amal Aly, Staff Advisor to the Self-Regulation and Supervisory Practices Committee at (212) 618-0568.

Sincerely,

Christopher R. Franke
Chairman
Self-Regulation and Supervisory Practices
Committee

cc: Annette L. Nazareth, Esq., Director, Division of Market Regulation
Robert L. D. Colby, Esq., Deputy Director, Division of Market Regulation
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¹ The Securities Industry Association brings together the shared interests of nearly 700 securities firms to accomplish common goals. SIA member firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. The U.S. securities industry manages the accounts of nearly 80 million investors directly and indirectly through corporate, thrift, and pension plans, and generates \$358 billion of revenue. Securities firms employ approximately 760,000 individuals in the United States. (More information about SIA is available on its home page: <http://www.sia.com>.)