

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [To Be Published].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: To be Published.

CHANGE IN THE MEETING: Additional Item.

The following item will be considered at a closed meeting scheduled to be held on Friday, May 2, 1997, at 10:00 a.m.:

Cooperation with other law enforcement organizations.

Commissioner Johnson, as duty officer, determined that Commission business required the above change and that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary, (202) 942-7070.

Dated: April 29, 1997.

Jonathan G.Katz,
Secretary.

[FR Doc. 97-11613 Filed 4-30-97; 11:27 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-38548; File No. SR-NASD-97-24]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Supervision and Record Retention Rules

April 25, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 11, 1997, NASD Regulation, Inc. ("NASD Regulation") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD Regulation. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASD Regulation is proposing to amend National Association of Securities Dealers, Inc. ("NASD" or "Association") Rules 3010, "Supervision," and 3110, "Books and Records," to revise the NASD's supervision and record retention rules to provide firms with flexibility in developing reasonable procedures for the review of correspondence with the public. Below is the text of the proposed rule change. Proposed new language is in *italics*; proposed deletions are in brackets.

Rule 3010. Supervision

(a) through (c) No change

(d) [Written Approval] *Review of Transactions and Correspondence*

(1) *Supervision of Registered Representatives.* Each member shall establish procedures for the review and endorsement by a registered principal in writing, on an internal record, of all transactions and *for the review by a registered principal of [all] incoming and outgoing written and electronic* correspondence of its registered representatives *with the public relating to the investment banking or securities business of such member* [pertaining to the solicitation or execution of any securities transactions]. *Such procedures should be in writing and be designed to provide reasonable supervision of each registered representative.³ Evidence that these supervisory procedures have been implemented and carried out must be maintained and made available to the Association upon request.*

(2) *Review of correspondence.* Each member shall develop written procedures that are appropriate to its business, size, structure, and customers for the review of incoming and outgoing written and electronic correspondence with the public relating to its investment banking or securities business. *Where such procedures for the review of correspondence do not require pre-use review of all correspondence, they must include provision for the education and training of associated persons as to the firm's procedures governing correspondence; documentation of such education and training; and surveillance and follow-up to ensure*

³ Pursuant to a telephone conversation between Mary Revell, Assistant General Counsel, NASD Regulation, Inc. and Katherine England, Assistant Director, Division of Market Regulation, SEC, on April 25, 1997, Commission staff has replaced the phrase "reasonably supervise" with the phrase "provide reasonable supervision of."

that such procedures are implemented and adhered to.

(3) *Retention of correspondence.* Each member shall retain correspondence of registered representatives relating to its investment banking or securities business in accordance with Rule 3110 ("Books and Records"). *The names of the persons who prepared outgoing correspondence and who reviewed the correspondence shall be ascertainable from the retained records and the retained records shall be readily available to the Association, upon request.*

(e) through (g) No change

Rule 3110. Books and Records

(a) Requirements

Each member shall *make* [keep] and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations, and statements of policy promulgated thereunder and with the Rules of this Association *and as prescribed by Rule 17a-3. The record keeping format, medium, and retention period shall comply with Rule 17a-4 under the Securities Exchange Act of 1934.*

(b) through (g) No change

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory basis For, the Proposed Rule Change

In its filing with the Commission, NASD Regulation included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NASD Regulation has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In May 1996, the SEC issued an Interpretive Release on the Use of Electronic Media by Broker-Dealers, Transfer Agents, and Investment Advisers for Delivery of Information.⁴ That release expressed the views of the SEC with respect to the delivery of information through electronic media in satisfaction of requirements in the

⁴ See Release Nos. 33-7288; 34-37182; IC-21945; IA-1562 (May 9, 1996); 61 FR 24644 (May 15, 1996) (File No. S7-13-96).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.