

Notice to Members

AUGUST 2003

SUGGESTED ROUTING

Legal and Compliance
Operations
Technology
Trading and Market Making

KEY TOPICS

Underwriting Activity Reports
Public Offerings

INFORMATIONAL

Underwriting Activity Reports

Amendments Relating to Requests for Underwriting Activity Reports

Executive Summary

NASD has amended its rules to require members to request Underwriting Activity Reports (UARs) from NASD's Market Regulation Department rather than NASD's Corporate Finance Department. The rule change, as amended, was filed with the Securities and Exchange Commission (SEC) on July 9, 2003. Pursuant to Section 19(b)(3)(A)(iii) of the Securities Exchange Act of 1934 and SEC Rule 19b-4(f)(3) thereunder, the rule change became effective upon filing.¹

Questions/Further Information

Questions regarding this *Notice* may be directed to Patrick Geraghty, Associate Director, Quality of Markets, NASD Market Regulation Department, (240) 386-4973.

Background

NASD Rules 2710(b)(10) and 6540(d) require, among other things, that a member acting as the lead manager of a distribution of a publicly traded security that is subject to SEC Rule 101 of Regulation M submit a request to NASD for a UAR. A member must request a UAR at the time a registration statement or similar offering document is filed with NASD's Corporate Finance Department, the SEC, or other regulatory agency, or, if not filed with any regulatory agency, at least two business days prior to the commencement of the restricted period under SEC Rule 101.

Since June 2002, NASD staff has asked that members submit their requests for UARs to NASD's Market Regulation Department rather than NASD's Corporate Finance Department, as was previously required under NASD rules. NASD staff believes that the Market Regulation Department is better-suited to handle such requests because the analysts within the Market Regulation Department are trained specifically to review UARs for accuracy and are better-equipped to answer questions relating to the information provided in UARs. Accordingly, NASD has amended its rules to require that members submit a request for a UAR to the Market Regulation Department instead of the Corporate Finance Department. The rule change does not affect the substantive content of UAR requests, the manner in which a request can be submitted, or the time period associated with a request.

Endnotes

- 1 File No. SR-NASD-2003-75. See Exchange Act Release No. 48215 (July 23, 2003), 68 Fed. Reg. 44826 (July 30, 2003) (Notice of Filing and Immediate Effectiveness of Rule Change).