

FOR YOUR INFORMATION

Use Of National Association Of Securities Dealers, Inc., Parent And Subsidiary Logos

In response to recent requests from member firms to use one of the corporate logo icons (logos) on their Web pages to indicate a link to one of the three corporate Web sites, this FYI is being issued to clarify the position of NASD Regulation, Inc. (NASD Regulation), the National Association of Securities Dealers, Inc. (NASD), and The Nasdaq Stock Market, Inc. (Nasdaq) on the use of their logos.

NASD Regulation and NASD:

While NASD Regulation and the NASD encourage visits to their Web sites, member firms may not use the NASD RegulationSM or NASD[®] logos on their Web pages.

Nasdaq: Member firms may use the Nasdaq[®] logo on their Web pages as a link to Nasdaq's Web site if they obtain a license to do so. Firms interested in obtaining a license to use the Nasdaq logo should complete the license agreement form available at www.nasdaq.com/license.html.

Member firms also are reminded to ensure that their methods of linkage to any of these Web sites do not violate applicable unfair competition, trademark, copyright, false advertising laws, or any NASD rules.

SEC Adopts New Trading Practice Rules

On December 18, 1996, the Securities and Exchange Commission (SEC) approved Regulation M to replace Rules 10b-6, 10b-6A, 10b-7, 10b-8, and 10b-21 (trading practices rules) under the Securities Exchange Act of 1934. New Regulation M governs the activities of underwriters, issuers, selling security holders, and others in connection with offerings of securities. Regulation M eliminates the trading restrictions of Rule 10b-6 for certain activity-traded securities, reduces the

scope of coverage for other securities, reduces restrictions on certain issuer stock purchase plans, eases the restrictions on stabilizing, and deregulates rights offerings. Members should be aware, however, that Regulation M imposes new disclosure and record-keeping requirements with respect to penalty bids and the stabilizing and after-market activities of underwriters.

The SEC also has amended Rule 10b-18 to provide that the issuer safe harbor for share repurchases is not available during the entire period of a distribution. The SEC release publishing its approval of the new regulation was issued in Securities Act Release No. 7375 (December 23, 1996).

The new rules, with the exception of the recordkeeping requirements, become effective March 3, 1997. The new recordkeeping requirements become effective April 1, 1997.

SEC Approves Change In Minimum Gross Income Assessment

On December 24, 1996, NASD Regulation filed with the SEC an amendment to raise the minimum annual gross income assessment from \$850 to \$1,200. NASD Regulation requested, and was granted by the SEC, an effective date of January 1, 1997.

The minimum annual gross income assessment of \$850 was last changed in 1989. Due to inflationary pressures and increased regulatory costs, the NASD has raised the minimum gross income assessment from \$850 to \$1,200. The increase in the minimum gross income assessment, along with anticipated revenue growth in other areas, is expected to help defray the significant increase in regulatory costs anticipated to be incurred by NASD Regulation.

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