

May 17, 2000

Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

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

Dear Ms. England:

Pursuant to your request, please find enclosed a chart showing the source from existing NASD rules for each of the sub-paragraphs in our advertising modernization proposal. Please note that we have substantially rewritten all of Rule 2210 and the Interpretive Materials that follow. Accordingly, while we cite the source of each of the proposal's provisions, in almost all cases we have drafted new language based on the substance of the source paragraph.

If you have any questions regarding this chart, please contact Joseph Savage, at (202) 728-8233, or me at (202) 728-8068.

Sincerely,

Thomas M. Selman

Enclosure

cc: Joseph P. Savage

Current Rule 2210 Paragraph Sources for Advertising Modernization Proposal

<u>Proposal Paragraph Number</u>	<u>Description of Provision</u>	<u>Current Rule Paragraph Source</u>
2210(a)(1)	Definition of "Advertisement"	2210(a)(1)
2210(a)(2)	Definition of "Sales Literature"	2210(a)(2)
2210(a)(3)	Definition of "Correspondence"	2210(a)(3)
2210(a)(4)	Definition of "Institutional Sales Material"	New
2210(a)(5)	Definition of "Public Appearance"	2210(d)(1)(C)
2210(a)(6)(A)	Definition of "Independently Prepared Reprint"	New
2210(a)(6)(B)	Definition of "Independently Prepared Reprint"	Rule 2210(c)(6)(G) (see NASD Notice to Members 00-15)
2210(b)(1)	Principal Approval for Advertisements, Sales Literature and Independently Prepared Reprints	2210(b)(1)
2210(b)(2)(A)	Three-Year Record Retention Requirement for Sales Material	2210(b)(2)
2210(b)(2)(B)	Record-keeping requirement for sources used in charts and graphs	New (codifies existing policy)
2210(c)(1)	Date of First Use and Approval Information	2210(c)(1)
2210(c)(2)	Requirement to File Certain Material	2210(c)(1)
2210(c)(3)	Requirement to File Certain Material Prior to Use	2210(c)(2)

2210(c)(4)(A)	Requirement for New Members to File Material Prior to Use	2210(c)(3)
2210(c)(4)(B)	Pre-Use Filing Requirement for Members that have Departed from Rule 2210's Standards	2210(c)(4)
2210(c)(5)	Filing of Television or Video Advertisements	New (codifies existing policy)
2210(c)(6)	Spot-Check Procedures	2210(c)(5)
2210(c)(7)(A)	Filing Exclusion for Material Previously Filed and Not Materially Changed	New (codifies existing policy)
2210(c)(7)(B)	Filing Exclusion for Material Related to Recruiting or Changes to Member's Business or Address	2210(c)(6)(A)
2210(c)(7)(C)	Filing Exclusion for Nasdaq Symbol Advertisements	2210(c)(6)(B)
2210(c)(7)(D)	Filing Exclusion for Advertisements Identifying Security Price	2210(c)(6)(C)
2210(c)(7)(E)	Filing Exclusion for SEC-Filed Prospectuses and Fund Profiles	2210(c)(6)(E)
2210(c)(7)(F)	Filing Exclusion for Non-Investment Company Tombstone Advertisements and Private Placement Announcements	2210(c)(6)(F)
2210(c)(7)(G)	Filing Exclusion for Press Releases	New
2210(c)(7)(H)	Filing Exclusion for Independently Prepared Reprints	2210(c)(6)(G) (see Notice to Members 00-15)
2210(c)(7)(I)	Filing Exclusion for Correspondence	Codifies Existing Rule
2210(c)(7)(J)	Filing Exclusion for Institutional Sales Material	New

2210(c)(7), last paragraph	Excluded Material Deemed Filed with NASD	2210(c)(6)(G) (see Notice to Members 00-15)
2210(c)(8)	Filing Exclusion for Certain Listings of Products	2210(c)(7)
2210(c)(9)	Discretionary Filing Exemptions	2210(c)(8)
2210(d)(1)(A)	Fair and Balanced Standard	2210(d)(1)(A)
2210(d)(1)(B)	Prohibition on False or Exaggerated Statements	2210(d)(1)(B)
2210(d)(1)(C)	Footnote Standards	2210(d)(1)(D)(iii)
2210(d)(1)(D)	Prohibition on Predictions of Performance	2210(d)(2)(N)
2210(d)(1)(E)	Testimonial Standards for all Communications with the Public	2210(d)(2)(D)
2210(d)(2)(A)	Testimonial Standards for Advertisements and Sales Literature	2210(d)(2)(D)
2210(d)(2)(B)	Comparison Standards for Advertisements and Sales Literature	2210(d)(2)(M)
2210(d)(2)(C)	Standards for Use of a Member's Name in Advertisements and Sales Literature	2210(f)(2)
2210(e)	Violations of Other Rules	2210(e)
IM-2210-1(1)	Guidelines Regarding Context of Communications	2210(d)(1)(D)(i)
IM-2210-1(2)	Guidelines Regarding Nature of Audience	2210(d)(1)(D)(ii)
IM-2210-1(3)	Guidelines Regarding Clarity of Communications	2210(d)(1)(D)(iii)
IM-2210-1(4)	Guidelines Regarding Claims of Tax-Free or Tax-Exempt Returns	2210(d)(2)(L)

IM-2210-1(5)	Guidelines Regarding Claims of Tax-Free or Tax-Exempt Returns	2210(d)(2)(L)
IM-2210-1(6)	Guidelines Regarding Recommendations	2210(d)(2)(B)
IM-2210-2(b)(2)	Comparisons of Variable Products	IM-2210-2(b)(2) (conforming change to provide correct new cross-reference)
IM-2210-3(a)	Definition of "Ranking Entity"	IM-2210-3(a)
IM-2210-3(b)	General Prohibition Regarding Use of Rankings	IM-2210-3(b)
IM-2210-3(c)(1)	Rankings in Headlines or Prominent Statements	IM-2210(c)(1)(A)
IM-2210-3(c)(2)(A)-(B), (D)-(E)	Required Disclosures for Rankings	IM-2210-3(c)(2)(A)-(B), (D)-(E)
IM-2210-3(c)(2)(C)	Required Disclosures for Rankings	IM-2210-3(c)(2)(C), IM-2210-3(e)(5)(A)
IM-2210-3(c)(3)(A)	Other Required Disclosures for Rankings	IM-2210-3(c)(4)
IM-2210-3(c)(3)(B)	Other Required Disclosures for Rankings	IM-2210-3(c)(2)(F)
IM-2210-3(c)(3)(C)	Other Required Disclosures for Rankings	IM-2210-3(c)(2)(G)
IM-2210-3(c)(3)(D)	Other Required Disclosures for Rankings	IM-2210-3(c)(2)(H)
IM-2210-3(c)(3)(E)	Other Required Disclosures for Rankings	IM-2210-3(c)(3)
IM-2210-3(d)(1)	Currentness Requirements for Rankings	IM-2210-3(d)(1)
IM-2210-3(d)(2)	Required Time Periods for Rankings	IM-2210-3(d)(2)
IM-2210-3(e)	Ranking Categories	IM-2210-3(e)(1), (2) and (4)
IM-2210-3(f)	Rankings for Multi-Class Funds	IM-2210-3(f)

IM-2210-3(g)	Fund Family Rankings	New
IM-2210-4(a)	Statements of NASD Membership	IM-2210-4(a)(2)(C), (3)
IM-2210-4(b)	Certification of NASD Membership	IM-2210-4(b)
IM-2210-5	Presentation of Mutual Fund Related Performance Information	New — Awaiting SEC approval of rule proposal (see SR-NASD-98-11, Amendment No. 1 (Aug. 7, 1998)).
IM-2210-6(a)	Definition of "Collateralized Mortgage Obligation"	IM-2210-1(a)
IM-2210-6(b)(1)(A)	Disclosure Standards for CMOs	IM-2210-1(a)(1)
IM-2210-6(b)(1)(B)	Disclosure Standards for CMOs	IM-2210-1(a)(1)
IM-2210-6(b)(1)(C)	Disclosure Standards for CMOs	IM-2210-1(a)(4)(B)
IM-2210-6(b)(1)(D)	Disclosure Standards for CMOs	IM-2210-1(a)(6)
IM-2210-6(b)(2)	Required CMO Educational Material	IM-2210-1(a)(2)
IM-2210-6(c)(1)	Standards for CMO Communications	IM-2210-1(b)(6)(A)
IM-2210-6(c)(2)	Additional Conditions for CMO Communications	IM-2210-1(b)(6)(B)(i)-(vi)
IM-2210-6(c)(3)(A)	Oral Disclaimer for CMO Radio and Television Advertisements	IM-2210-1(c)(3)(A)
IM-2210-6(c)(3)(B)	Oral Disclosure for CMO Radio and Television Advertisements	IM-2210-1(c)(3)(C)
IM-2210-6(c)(4)	Standardized CMO Communication Example	IM-2210-1, Example of Standardized CMO Advertisement

Rule 2211(a)	Definitions of "Correspondence," "Institutional Sales Material," "Institutional Investor," "Existing Retail Customer," and "Prospective Retail Customer"	New
Rule 2211(b)(1)(A)	Principal Approval Requirements for Correspondence	New (cross references Rule 3010(d))
Rule 2211(b)(1)(B)	Principal Approval Requirements for Institutional Sales Material	Rule 3010(d)(2)
Rule 2211(b)(2)(A)	Record-keeping Requirements for Institutional Sales Material	Rule 2210(b)(2)
Rule 2211(b)(2)(B)	Requirement to Maintain Information Concerning the Source of Charts and Graphs	New (codifies existing policy)
Rule 2211(c)	Spot-Check Procedures for Correspondence and Institutional Sales Material	Rule 2210(c)(5)
Rule 2211(d)(1)	Content Standards for Institutional Sales Material and Correspondence	New
Rule 2211(d)(2)	Disclosure of Names in Correspondence	Rule 2210(f)(2)(A)-(C)
Rule 2211(e)	Violation of Other Rules	2210(e)