

2000-21, SR-OCC-2001-01, SR-NSCC-2001-13, SR-EMCC-2001-02, SR-GSCC-2001-12, and SR-MBSCC-2001-03 and should be submitted by April 4, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45519; File No. SR-NASD-2001-48]

### Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. To Clarify That the Nasdaq Limited Partnership Qualitative Listing Requirements Are Applicable to Limited Partnerships Listed on Both the National Market and the SmallCap Market

March 7, 2002.

On August 7, 2001, the National Association of Securities Dealers, Inc. ("NASD" or "Association") through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to clarify that Nasdaq's limited partnership qualitative listing requirements are applicable to limited partnerships listed on both the National Market and the SmallCap Market.

The proposed rule change was published for comment in the **Federal Register** on December 13, 2001.<sup>3</sup> No comments were received on the proposal. In this order, the Commission is approving the proposed rule change.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association<sup>4</sup> and, in particular, with the requirements of Section 15A(b)(6).<sup>5</sup>

In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act<sup>6</sup> in that the proposal is designed to prevent fraudulent and manipulative acts and practices, and to protect investors and the public interest. The Commission believes that the adoption of uniform listing requirements for limited partnerships will assist Nasdaq in maintaining an efficient and open market.

*It Is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-NASD-2001-48), is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45526; File Nos. SR-NASD-2002-21; SR-NYSE-2002-09]

### Self-Regulatory Organizations: Notice of Filing of Proposed Rule Changes by the National Association of Securities Dealers, Inc. and the New York Stock Exchange, Inc. Relating to Research Analyst Conflicts of Interest

March 8, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 13, 2002, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, NASD Regulation, Inc. ("NASDR"), and on February 27, 2002, the New York Stock Exchange, Inc. ("NYSE" or "Exchange"), filed with the Securities and Exchange Commission ("SEC" or "Commission") proposed rule changes as described in Items I, II, and III below, which Items have been prepared by the respective self-regulatory organizations ("SROs"). On March 7, 2002, NASDR submitted Amendment No. 1 to its proposed rule change.<sup>3</sup> The Commission is publishing

this notice to solicit comments on the proposed rule changes, as amended, from interested persons.

### I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes

The SROs propose to amend their rules to address research analyst conflicts of interest. NASDR is proposing to amend the rules of the NASD to establish new NASD Rule 2711 ("Research Analysts and Research Reports") to address research analyst conflicts of interest. The NYSE is proposing amendments to NYSE Rule 472 ("Communications with the Public"), which will place prohibitions and/or restrictions on the Investment Banking Department, Research Department, and Subject Company Relationships and Communications, and will impose additional disclosure requirements on members, member organizations, and associated persons preparing research reports and making public appearances.

The NYSE is also proposing amendments to NYSE Rule 351 ("Reporting Requirements"), which will require members and member organizations to submit to the Exchange, annually, a written attestation, that the member or member organization has established and implemented written procedures reasonably designed to comply with the provisions of NYSE Rule 472.

Below is the text of the proposed rule changes. Proposed new language is in *italic*; proposed deletions are in [brackets].

#### A. NASD Proposed Rule Text

#### Rule 2711. Research Analysts and Research Reports

##### (a) Definitions

*For purposes of this rule, the following terms shall be defined as provided.*

(1) *"Investment banking department" means any department or division, whether or not identified as such, that performs any investment banking service on behalf of a member.*

(2) *"Investment banking services" include, without limitation, acting as an*

("Amendment No. 1"). In Amendment No. 1, NASDR revised its response to Items 1(b) and 1(c) of the Form 19b-4 to indicate the impact that proposed NASD Rule 2711 would have on NASD Rule 2210. Additionally, NASDR is inserting language in its Purpose section to clarify how the current disclosure requirements regarding securities recommendations in NASD Rule 2210 would apply if proposed NASD Rule 2711 is approved by the SEC. Finally, NASDR is revising the provisions requiring disclosure of actual material conflicts of interest to conform its provisions to those of the NYSE.

<sup>11</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 45137 (December 6, 2001), 66 FR 64490.

<sup>4</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78o-3(b)(6).

<sup>6</sup> 15 U.S.C. 78o-3(b)(6).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Letter from Thomas M. Selman, Senior Vice President, Investment Companies, Corporate Financing, NASDR, to Katherine A. England, Assistant Director, Division of Market Regulation ("Division"), Commission (March 7, 2002).