

italics; proposed deletions are in [brackets].

A. NYSE's Proposed Rule Text

Rule 472 Communications With the Public

Approval of Communications and Research Reports

(a)(1) Each advertisement, market letter, sales literature or other similar type of communication which is generally distributed or made available by a member or member organization to customers or the public must be approved in advance by a member, allied member, supervisory analyst, or qualified person designated under the provisions of Rule 342(b)(1).

(2) Research reports must be [prepared or] approved, in advance, by a supervisory analyst acceptable to the Exchange under the provisions of Rule 344. Where a supervisory analyst does not have technical expertise in a particular product area, the basic analysis contained in such report may be co-approved by a product specialist designated by the organization. In the event that the member organization has no principal or employee qualified with the Exchange to approve such material, it must be approved by a qualified supervisory analyst in another member organization by arrangement between the two member organizations.

Investment Banking, Research Department and Subject Company Relationships and Communications

(b)(1) Research Department personnel or any associated person(s) engaged in the preparation of research reports may not be subject to the supervision or control of the Investment Banking Department of the member or member organization.

(2) Research reports may not be subject to review or approval prior to *publication* [distribution] by [the] Investment Banking [Department] *personnel or any other employee of the member or member organization who is not directly responsible for investment research ("non-research personnel") other than Legal or Compliance Department personnel.*

(3) [(2)] [Investment Banking personnel] *Non-research personnel* may review [check] research reports prior to *publication* [distribution] only to verify the factual accuracy of information in the research report [and] or to identify [or to review for] any potential conflicts of interest that may exist, provided that:

(i) any [such] written communication concerning the *content* [accuracy] of a research report[s] between [the] Investment Banking] *non-research*

personnel and Research [Departments] *personnel* must be made either through [the] Legal or Compliance [Department] *personnel* or in a transmission copied to Legal or Compliance *personnel*; and

(ii) any [such] oral communication concerning the *content* [accuracy] of a research report[s] between [the] Investment Banking] *non-research personnel* and Research [Departments] *personnel* must be documented and made either with Legal or Compliance personnel acting as intermediary or in a conversation conducted in the presence of Legal or Compliance personnel.

(4) [(3)] A member or member organization may not submit a research report to the subject company prior to *publication*, [distribution,] except for the review of sections of a draft of the research report solely to verify facts. Members and member organizations may not, under any circumstances, provide the subject company sections of research reports that include the research summary, the research rating or the price target.

(i) Prior to submitting any sections of the research report to the subject company, the Research Department must provide a complete draft of the research report to the Legal or Compliance Department.

(ii) If after submission to the subject company, the Research Department intends to change the proposed rating or price target, the Research Department must provide written justification to, and receive prior written authorization from, the Legal or Compliance Department for any change. The Legal or Compliance Department must retain copies of any drafts and changes thereto of the research reports provided to the subject company.

(iii) The member or member organization may not notify a subject company that a rating will be changed until after the close of trading in the principal market of the subject company one business day prior to the announcement of the change.

(5) *No member or member organization may publish or otherwise distribute a research report prepared by an associated person nor may an associated person make a public appearance concerning a subject company if the associated person engaged in any communication with the subject company in furtherance of obtaining investment banking business prior to the time the subject company entered into a letter of intent or other written agreement with the member or member organization designating the member or member organization as an underwriter of an initial public offering by the subject company. This provision*

shall not apply to any due diligence communication between the associated person and the subject company, the sole purpose of which was to analyze the financial condition and business operations of the subject company.

Written Procedures

(c) Each member and member organization must establish written procedures reasonably designed to ensure that members, member organizations, and their associated persons are in compliance with this Rule (see Rule 351(f) and Rule 472(h)(2) for attestations to the Exchange regarding compliance).

Retention of Communications

(d) Communications with the public prepared or issued by a member or member organization must be retained in accordance with Rule 440 ("Books and Records"). The names of the persons who prepared and who reviewed and approved the material must be ascertainable from the retained records and the records retained must be readily available to the Exchange, upon request.

Restrictions on Trading Securities by Associated Persons

(e)(1) No associated person or member of the associated person's household may purchase or receive an issuer's securities prior to its initial public offering (e.g., so-called pre-IPO shares), if the issuer is principally engaged in the same types of business as companies (or in the same industry classification) which the associated person usually covers in research reports.

(2) No associated person or member of the associated person's household may trade in any recommended subject company's securities or derivatives of such securities for a period of thirty (30) calendar days prior to and five (5) calendar days after the member's or member organization's *publication* [issuance] of research reports concerning such security or a change in rating or price target of a subject company's securities.

(3) No associated person or member of the associated person's household may effect trades contrary to the member's or member organization's most current recommendations (i.e., sell securities while maintaining a "buy" or "hold" recommendation, buy securities while maintaining a "sell" recommendation, or effecting a "short sale" in a security while maintaining a "buy" or "hold" recommendation on such security).

(4) The following are exceptions to the prohibitions contained in paragraphs (1), (2), and (3):