

paper format, if specifically permitted by Commission Rules) unless the member:

(i) Notifies *NASD* [the Association] of the issuer of the security's schedule for the filing of all periodic reports or financial reports required pursuant to the Act or regulatory authority, respectively, and the identity of the regulatory authority with which such reports are filed, or ensures that such notice is provided; and

(ii) Provides to *NASD* [the Association] the issuer's periodic reports required pursuant to the Act, or the issuer's financial reports required by regulatory authority, prior to the expiration of the grace period described in Rule 6530(a)(3), or ensures that the required periodic reports are provided to *NASD* [the Association] within that time period.

(3) No Change.

(4) More Than One Trading Location

In cases where a market maker has more than one trading location, a fifth character, geographic indicator shall be appended to the market maker's identifier for that security. Indicators are established by *NASD* [the Association] and published from time to time in the Nasdaq/CQS symbol directory.

(5) No Change.

(e) No Change.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, *NASD* included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. *NASD* has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

NASD Rules currently require 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 to submit a request for a UAR to the Corporate Financing Department. A UAR, among other things, provides information to members to assist them in complying with the restricted periods of SEC Rule

101. A member must request a UAR at the time a registration statement or similar offering document is filed with the Corporate Financing Department, the Commission, 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 the Market Regulation Department rather than the Corporate Financing Department. *NASD* staff believes that the Market Regulation Department is better suited to handle member UAR requests because the Market Regulation Department has more timely access to market information. Accordingly, *NASD* staff is proposing amendments to *NASD* Rules to require that members submit a request for a UAR to the Market Regulation Department instead of the Corporate Financing Department. *NASD* represents that the proposed rule change would not affect the substantive content of UAR requests, the manner in which a request can be submitted (e.g., via mail, e-mail, or fax), or the time period associated with a request.

Finally, *NASD* no longer refers to itself or its subsidiary, *NASD* Regulation, Inc., using their full corporate names, "the Association," "the *NASD*" or "*NASD* Regulation, Inc." Instead, *NASD* uses "*NASD*" unless otherwise appropriate for corporate or regulatory reasons. Accordingly, *NASD* proposes to replace several references to "the Association" and "the *NASD*" in the text of the proposed rule change with "*NASD*" and to delete several references to "*NASD* Regulation, Inc." Although *NASD* is proposing to delete the name "*NASD* Regulation, Inc.," *NASD* represents that *NASD* Regulation, Inc. will continue to perform the functions described in the rule.⁸

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁹ which requires, among other things, that *NASD* rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. *NASD* believes that the proposed rule change will improve processing of UAR requests by *NASD*.

B. Self-Regulatory Organization's Statement on Burden on Competition

NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

NASD has designated the proposed rule change as administrative under Section 19(b)(3)(A) of the Act¹⁰ and subparagraph (f)(3) of Rule 19b-4 thereunder,¹¹ which renders the proposal effective upon filing with the Commission. At any time within 60 days of the filing, the Commission may summarily abrogate this proposed rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.¹²

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(3).

¹² For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on July 9, 2003, the date *NASD* filed Amendment No. 2. See 15 U.S.C. 78s(b)(3)(C).

⁸ See Amendment No. 2, *supra* note 4.

⁹ 15 U.S.C. 78o-3(b)(6).