

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48259; File No. SR-NASD-2003-107]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers Delaying the Implementation Date of Amendments to Article VIII (District Committees and District Nominating Committees) of the By-Laws of NASD Regulation, Inc.

July 30, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 8, 2003, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by NASD. NASD has designated the proposed rule change as "constituting a stated policy, practice or interpretation" under subparagraph (f)(1) of Rule 19b-4 under the Act,³ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASD proposes to delay until January 1, 2004, the implementation date of recent amendments to Article VIII (District Committees and District Nominating Committees) of the By-Laws of NASD Regulation, Inc.⁴ NASD filed SR-NASD-2003-55 to streamline the nomination and election processes governing NASD District Committees and District Nominating Committees ("Committees"), modernize communication procedures, and improve the consistency among the Committees across all districts. The proposed rule change would not involve changes to the rule text.

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

The purpose of the proposed rule change is to notify the Commission and other interested parties of the delay in implementation of recent amendments to Article VIII of the By-Laws of NASD Regulation, Inc. ("Article VIII") established by SR-NASD-2003-55 until January 1, 2004. On March 21, 2003, NASD filed a proposed rule change to streamline the nomination and election processes governing District Committees and District Nominating Committees, modernize communication procedures, and improve the consistency among the Committees across all districts. On June 11, 2003, the SEC published a notice of filing and immediate effectiveness of the proposed rule change. The proposed rule change was subject to a 30-day delayed operative period beginning on June 6, 2003, the date NASD filed Amendment No. 3 to the File No. SR-NASD-2003-55, and ending on July 6, 2003.

However, NASD's election cycle for District Committees and District Nominating Committees for this year is already underway. As the amendments to Article VIII were not effective prior to the start of this year's election cycle, NASD is conducting these elections in accordance with the provisions of Article VIII effective prior to the filing of SR-NASD-2003-55. In order to avoid any confusion among participants and to prevent any disruption in the election procedures by adopting amendments in the middle of the election cycle, NASD proposes to delay the implementation date of the amendments to Article VIII until January 1, 2004.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions

of Section 15A(b)(6) of the Act,⁵ which requires, among other things, that NASD rules must 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 delaying the implementation date of the amendments to Article VIII of the By-Laws of NASD Regulation, Inc. until January 1, 2004, will permit this year's Committee elections to proceed in an orderly fashion under existing procedures. Any change to existing procedures in the middle of the current Committee election cycle may cause unnecessary confusion to participants and disrupt the election process.

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.

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 with respect to the proposed rule change.

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

The proposed rule change has been filed by NASD as a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule under Rule 19b-4(f)(1) under the Act,⁶ which renders the proposal effective upon receipt of this filing by the Commission. At any time within 60 days of the filing of the proposed rule change, 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(1).

⁴ See Securities Exchange Act Release No. 48015 (June 11, 2003), 68 FR 35926 (June 17, 2003) (SR-NASD-2003-55) ("SR-NASD-2003-55"). The operative date under SR-NASD-2003-55 was July 6, 2003. NASD proposes that the implementation date be delayed to January 1, 2004, notwithstanding that this proposal inadvertently was filed after the operative date under SR-NASD-2003-55.

⁵ 15 U.S.C. 78o-3(b)(6).

⁶ 17 CFR 240.19b-4(f)(1).