

fully compliant with Commission Rule 11Ac1-1 under the Act.⁸

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

The ISE does not believe that the proposed rule change will impose 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

The ISE has not solicited, and does not intend to solicit, comments on this proposed rule change. The ISE has not received any unsolicited written comments from members or other interested parties.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (a) by order approve such proposed rule change; or
- (b) institute proceedings to determine whether the proposed rule change should be disapproved.

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. Comments may also be submitted electronically at the following e-mail address: rule-comments@sec.gov. All comment letters should refer to File No. SR-ISE-2003-34. This file number should be included on the subject line if e-mail is used. To help the Commission process and review comments more efficiently, your comments should be sent in hardcopy or by e-mail but not by both methods.

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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the ISE. All submissions should refer to File No. SR-ISE-2003-34 and should be submitted by January 6, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48897; File No. SR-NASD-2003-104]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto by the National Association of Securities Dealers, Inc. Relating to Proposed New Uniform Definition of "Branch Office" Under NASD Rule 3010(g)(2)

December 9, 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 2, 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. On October 21, 2003, NASD amended the proposed rule change.³ On December 8, 2003, NASD amended the proposed rule change.⁴ The Commission is publishing

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Kosha K. Dalal, Assistant General Counsel, NASD, to Katherine A. England, Assistant Director, Division of Market Regulation ("Division"), Commission, dated October 21, 2003 ("Amendment No. 1"). In Amendment No. 1, NASD restated the proposed rule change in its entirety.

⁴ See letter from Kosha K. Dalal, Assistant General Counsel, NASD, to Katherine A. England, Assistant Director, Division of Market Regulation, dated December 8, 2003 ("Amendment No. 2"). In Amendment No. 2, NASD revised the proposed rule change (i) to insert the word "associated" into subparagraph (g)(2)(B)(i) of Rule 3010; (ii) to correct a cross-reference in

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

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

NASD filed the proposed rule change with the Commission (1) to amend NASD Rule 3010(g)(2) to revise the definition of the term "branch office"; and (2) to adopt IM-3010-1 to provide guidance on factors to be considered by a member firm in conducting internal inspections of offices. NASD represents that the purpose of the proposed rule change is to facilitate the creation of a branch office registration system through the Central Registration Depository ("CRD")[®] to provide a more efficient, centralized method for members and associated persons to register branch office locations as required by the rules and regulations of states and self-regulatory organizations, including NASD. NASD expects centralized registration of such locations would provide efficiency, clarity, and costs savings to members. NASD believes that the creation of a uniform registration system for branch offices through CRD[®] also would allow NASD and other securities regulators to effectively examine such locations to further investor protections.

In addition, NASD represents that the proposed rule change is part of NASD's rule modernization initiative to streamline and update NASD Rules while preserving investor protections. The proposed definition establishes a broader national standard and is the product of a coordinated effort among regulators to reduce inconsistencies in the definitions used by the Commission, NASD, the NYSE, and state securities regulators in identifying locations where broker/dealers conduct securities or investment banking business. The proposed rule change is set forth below. Proposed new language is in *italics*; proposed deletions are in [brackets].

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3000. Responsibilities Relating to Associated Persons, Employees, and Others' Employees

3010. Supervision

(a) through (f) No change.

subparagraph (g)(2)(C) of Rule 3010; and (iii) to correct punctuation in subparagraph (g)(3) of Rule 3010. In addition, in Amendment No. 2, NASD revised the discussion of the purpose of the proposed rule change (i) to remove a discussion regarding the Economic Advisory Board and references thereto, and (ii) to clarify a statement regarding the "branch office" definition proposed by The New York Stock Exchange (the "NYSE") and its position with respect to such definition.

⁸ 17 CFR 240.11Ac1-1.