

.30 For purposes of this Rule, the term "Investment Banking Department" means any department or division of the member or member organization, whether or not identified as such, that performs any investment banking services on behalf of the member or member organization.

.40 For purposes of this Rule, the term "associated person" includes a member, allied member, or employee of a member or member organization responsible for, and any person who reports directly or indirectly to such associated person in connection with, the *preparation* of [making of the recommendation to purchase, sell or hold an equity security in] research reports, or *making recommendations or offering opinions* in public appearances or establishing a rating or price target of a subject company's equity securities. For purposes of this Rule, the term "household member" means any individual whose principal residence is the same as the associated person's principal residence. Paragraphs (e)(1), (2), (3); (4)(i), (ii), (iii), (iv) and (v); (k)(1)(i)b., (k)(1)(iii) apply to any account in which an associated person has a financial interest, or over which the associated person exercises discretion or control, other than an investment company registered under the Investment Company Act of 1940.

*This term "associated person" also includes such "other persons," e.g., Director of Research, Supervisory Analyst, or member of a committee, who have direct influence and/or control with respect to (1) preparing research reports, or (2) establishing or changing a rating or price target of a subject company's equity securities. Such other persons are subject to the provisions of paragraph (e)(1)–(4) of this Rule.*

.50 For purposes of this Rule, the term "public appearance" includes, without limitation, participation in a seminar, forum (including an interactive electronic forum), radio, [or] television or print media interview, or other public appearance or public speaking activity, or the writing of a newspaper article or other type of public written medium in which an associated person makes a recommendation or offers an opinion concerning any equity securities and/or industries.

.60 For purposes of this Rule, "subject company" is the company whose equity securities are the subject of research reports.

.70 For purposes of Rule 472(k)(2)(iv), a member or member organization must determine, based on its own ratings system, into which of the three categories each of their securities ratings utilized falls. This information

must be current as of the end of the most recent calendar quarter (or the second most recent calendar quarter if the publication date is less than fifteen (15) calendar days after the most recent calendar quarter). For example, a research report might disclose that the member or member organization has assigned a "buy" rating to 58% of the securities that it follows, a "hold" rating to 15%, and a "sell" rating to 27%.

Rule 472(k)(2)(iv) requires members or member organizations to disclose the percentage of companies that are investment banking services clients for each of the three ratings categories within the previous twelve (12) months. For example, if 20 of the 25 companies to which a member or member organization has assigned a "buy" rating are investment banking clients of the member or member organization, the member or member organization would have to disclose that 80% of the companies that received a "buy" rating are its investment banking clients. Such disclosure must be made for the "buy," "hold" and "sell" ratings categories as appropriate.

.80 For purposes of this Rule, the term "Legal or Compliance Department" also includes, but is not limited to, any department of the member or member organization which performs a similar function.

.90 For purposes of Rule 472(a), a qualified person is one who has passed an examination acceptable to the Exchange.

.100 For purposes of this Rule, the term "initial public offering" refers to the initial registered equity security offering by an issuer, regardless of whether such issuer is subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, prior to the time of the filing of such issuer's registration statement.

.110 For purposes of this Rule, a secondary offering shall include a registered follow-on offering by an issuer or a registered offering by persons other than the issuer involving the distribution of securities subject to Regulation M of the Securities Exchange Act of 1934.

## Reporting Requirements

### Rule 351

(a)–(e) No change.

(f) Each member and member organization that prepares, issues or distributes [communications to the public, (including but not limited to,) research reports and whose associated persons make public appearances [, media presentations and interviews]], is required to submit to the Exchange

annually, a letter of attestation signed by a senior officer or partner that the member or member organization has established and implemented procedures reasonably designed to comply with the provisions of Rule 472. *The attestation must also specifically certify that each associated person's compensation was reviewed and approved in accordance with the requirements of Rule 472(h)(2) and that the basis for such approval has been documented.*

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.11 For purposes of Rule 351(f), the attestation must be submitted by April 1 of each year.

.12 The term "research report" is defined in Rule 472.10 and the term "public appearance" is defined in Rule 472.50.

## Securities Analysts and Supervisory Analysts

Rule 344. *Securities analysts and supervisory analysts must be registered with, qualified by, and approved by the Exchange.*

[Supervisory analysts required under Rule 472 shall be acceptable to, and approved by, the Exchange.]

.10 For purposes of this Rule, the term "securities analyst" includes a member, allied member or employee who is directly responsible for the preparation of research reports. *Securities analyst candidates must pass a qualification examination acceptable to the Exchange.*

.11 [.10] For purposes of this rule, the term "supervisory analyst" includes a member, allied member or employee who is responsible for approving research reports under Rule 472(a)(2). In order to show evidence of acceptability to the Exchange as a supervisory analyst, a member, allied member or employee may do one of the following:

(1) Present evidence of appropriate experience and pass an Exchange Supervisory Analysts Examination.

(2) Present evidence of appropriate experience and successful completion of a specified level of the Chartered Financial Analysts Examination prescribed by the Exchange and pass only that portion of the Exchange Supervisory Analysts Examination dealing with Exchange rules on research standards and related matters.

[In addition, if not a member, allied member or registered representative, the candidate is subject to Exchange investigation of character and conduct and should submit personal information on Form U-4 for this purpose.]

The Exchange publishes a Study Outline for the *Securities Analyst Examination and the Supervisory*