



## **Financial Services Requirements Summary**

### ***For NASD Rules 3010 (Supervision) and 3110 Books and Records***

On December 31, 1997, the Securities and Exchange Commission (SEC) approved amendments to National Association of Securities Dealers, Inc. (NASD) Rules 3010 (Supervision) and 3110 (Books and Records).

Amendments effective February 15, 1998

Rule 3010(d)(1), as amended, provides that procedures for review of correspondence with the public relating to a member's investment banking or securities business be designed to provide reasonable supervision for each registered representative, be described in an corporation's written supervisory procedures, and be evidenced in an appropriate manner.

New Rule 3010(d)(2) requires each member to develop written policies and procedures for review of correspondence with the public relating to its investment banking or business, tailored to its structure and the nature and size of its business and customers.

Rule 3010(d)(2) had previously required that a registered principal review all incoming and outgoing correspondence of registered representatives. This is described as 'pre-send' or 'pre-use' review. The amendments allow for 'post-send' review of correspondence if the member follows specific supervisory procedures.

The retention requirements of 3010(d)(3) refer to Rule 3110, which states that records must be retained in a format or medium that complies with Rule 17a-4 under the Securities Exchange Act of 1934.

#### **Requirements Summary**

- Design policies and procedures to provide reasonable supervision of each registered representative
- Identify how supervisory reviews [of electronic correspondence] will be conducted and documented
- Maintain evidence that supervisory policies and procedures have been implemented and executed and make that evidence available to the Association upon request
- Specify the minimum frequency of reviews for each type of communication
- Monitor the implementation of and compliance with corporate procedures for reviewing public correspondence
- Make and preserve records as prescribed by all applicable laws, rules, regulations, NASD rules and with Rule 17a-3 under the Act. The record keeping format, medium, and retention period must comply with Rule 17a-4 under the Act.