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Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Schedule B to the NASD By-Laws

August 25, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on August 22, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. 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

The NASD is proposing to amend Schedule B to the NASD By-Laws¹ to delete information text on the number of members of the NASD Board of Governors ("Board") elected from each district. Below is the text of the proposed rule change. Proposed deletions are in brackets.

Schedules to the By-Laws

Schedule B

The number and territorial boundaries of the several districts established as provided in Section 1 of Article VIII [and the number of Governors elected from the several districts established as provided in Section 4(b) of Article VII of the By-Laws of the Corporation] are as follows:

District No. 1 State of Hawaii; in the State of California, the Counties of Monterey, San Benito, Fresno and Inyo, and the remainder of the State North or West of such Counties; and in the State of Nevada, the Counties of Esmeralda and Nye, and the remainder of the State North or West of such Counties.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 1.]

District No. 2 In the State of California, that part of the State South

or East of the Counties of Monterey, San Benito, Fresno and Inyo; and, in the State of Nevada, that part of the State South or East of the Counties of Esmeralda and Nye, and all Pacific possessions and territories of the United States.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No 2.]

District No. 3 States of Alaska, Arizona, Colorado, Idaho, Montana, New Mexico, Oregon, Utah, Washington and Wyoming.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 3.]

District No. 4 States of Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 4.]

District No. 5 States of Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma and Tennessee.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 5.]

District No. 6 State of Texas.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 6.]

District No. 7 States of Florida, Georgia, North Carolina, and South Carolina, Puerto Rico, Canal Zone and the Virgin Islands.

[Two Governors shall be elected from and by the members of the Corporation eligible to vote in District No. 7.]

District No. 8 States of Illinois, Indiana, Michigan, Ohio and Wisconsin, and, in the State of New York, the Counties of Monroe, Livingston and Steuben, and the remainder of the State West of such Counties.

[Two Governors shall be elected from and by the members of the Corporation eligible to vote in District No. 8.]

District No. 9 The District of Columbia, and the States of Delaware, Maryland, Pennsylvania, Virginia and West Virginia, and, in the State of New Jersey, the Counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean and Salem.

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 9.]

District No. 10 In the State of New York, the Counties of Nassau, Orange, Putnam, Rockland, Suffolk, Westchester, and the five Boroughs of New York City, and the State of New

Jersey (except for the Counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean and Salem).

[Three Governors shall be elected from and by the members of the Corporation eligible to vote in District No. 10.]

District No. 11 States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont and New York (except for the Counties of Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester; the Counties of Monroe, Livingston and Steuben, and the remainder of the State West of such Counties; and the five Boroughs of New York City).

[One Governor shall be elected from and by the members of the Corporation eligible to vote in District No. 11.]

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

In its filing with the Commission, the 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. The 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

(a) Schedule B to the NASD By-Laws includes information on the boundaries of each district office of the NASD and on the number of members of the Board elected from each district. The NASD is proposing to amend Schedule B to the NASD By-Laws to delete provisions that specify the number of members of the Board currently approved to be elected from each district. The inclusion of the text regarding district representation on the Board in Schedule B to the NASD By-Laws was intended to be informational only. The operative rule with respect to the election of district representatives to the Board, however, is Article VII, Section 4(b) of the By-Laws which requires that each district shall elect one Board member, authorizes the Board to determine which districts, if any, shall elect more than one Governor, and—in general—authorizes the Board to make appropriate changes in the number or boundaries of the districts or the number of Governors elected by each district to provide fair

¹ NASD Manual, Schedules to the By-Laws, Schedule B (CCH) ¶ 1772.