other material that did not previously have titles have been given descriptive titles as part of the revision.

- (2) Categories. The Rules are no longer divided into Articles, but are numbered from beginning to end. Major categories, numbered in the thousands, include Membership and Registration Rules, Conduct Rules, Marketplace Rules, and Procedural Rules. Subcategories of Rules are numbered in the hundreds or tens, as appropriate, with individual Rules at the tens or unit level. Where individual Rules that would normally be numbered at the tens level exceed the numbers available, they have been numbered at the unit level instead, to allow adequate numbers for each Rule.
- (3) Paragraph Numbering. A uniform method of numbering the various paragraph levels within Rules have been used throughout. Thus, subdivisions within a Rule have been renumbered as follows:
 - (a)
 - (1) (A)
 - (i)
 - a.
 - 1. A.

A. i.

Where there were unnumbered subparagraphs within a Rule, they have generally been given numbers to facilitate reference to them.

(4) Names of Rule Subdivisions. The terms used to refer to parts of Rules have been made uniform as follows:

Rule 1001 paragraph (a) subparagraph (1) subparagraph (A) subparagraph (i) etc.

In referring to a provision that has multiple levels, the name of the largest level has been used wherever possible, such as Rule 1000(a)(1), or paragraph (a)(1)(A). In this method, the term "subparagraph" is normally used only when referring to lower levels within the same Rule, as in "subparagraph (i) of this Rule," or to multiple subparagraphs, as in "subparagraphs (2)(A) and (B) of paragraph (a)."

(5) Interpretive Material. Some
Interpretations have been converted to
Rule form as part of this rule change.
Interpretative material that has not been
converted to Rule form, including
Interpretations, Resolutions,
Explanations, Policies, and Guidelines,
has been given the designation "IM," for
"Interpretative Material." This was done
to provide uniformity to the various
designations in the current Manual. All
Interpretive Material in the Rules of the

Association is numbered with "IM-" followed by the number(s) of the Rule or Rules it interprets. Interpretive Material in the By-Laws and Schedules A and B has been left as it is currently, since those sections are not part of the Rules numbering scheme.

(6) Terms and Abbreviations. The terms "Association," "Corporation" and "NASD" are presently used alternately in some of the Association's existing Rules when referring to the NASD. To establish uniformity, the term "Association" has been used throughout the Rules when referring to the NASD. The By-laws will continue to use the term "Corporation." When reference is made in the Rules or Interpretative Material to the "Securities and Exchange Commission," it has been shortened to "SEC" or "Commission." In the same way, other terms that are adequately defined in the By-Laws or the definitional portion of the Rules (Rule 0120) have not been redefined in individual Rules. Therefore, such terms as "the Act" have been used without further description unless such usage would be confusing in the particular context. References to SEC Rules are preceded by the designation "SEC," such as in "SEC Rule 11Aa3-2," in order to avoid confusion with the Rules of the Association. Code of Federal Regulations (CFR) citations to wellknown SEC rules have been deleted. They were infrequently used in the Manual and are not thought to be helpful for most users of the Manual; therefore, only the SEC Rule number has been used in most instances.

(7) Indentation. A common system of indentation and paragraph structure has been used within the Rules, whereby each succeeding subdivision level is indented about five spaces further than the next higher level. This system, together with the new paragraph numbering system, should make it easier for Manual users to determine which provisions are subsidiary to others.

(8) Technical Corrections. In several instances, a careful review of the Rules for this rule change revealed typographical, grammatical, or cross-referencing errors, which were corrected when it was obvious to NASD staff that an error had occurred. Many such corrections have been footnoted in the rule change. Minor changes to punctuation and capitalization have also been made for consistency.

The NASD plans to train key staff members in the above style and numbering conventions, so that future rule changes will conform to the new style and keep the Manual clear and consistent. (b) The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹ in that the proposed rule change does not alter the substance of the NASD's By-Laws or Rules; rather, the proposed rule change simplifies the layout of the NASD Manual and makes it easier to use. Making the NASD Manual easier to use enhances the protection of investors and the public interest.

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

The Association 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, as amended.

C. Self-Regulatory Organization's Statements on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No comments were solicited or received by the NASD.

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 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W. Washington, D.C. 20549. 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

¹ 15 U.S.C. 78o-3.