

Rule 472 Communications with the Public

Approval of Communications and Research Reports

(a)(1) Each advertisement, market letter, sales literature or other similar type of communication which is generally distributed or made available by a member or member organization to customers or the public must be approved in advance by a member, allied member, supervisory analyst, or qualified person designated under the provisions of Rule 342(b)(1).

(2) Research reports must be prepared or approved, in advance, by a supervisory analyst acceptable to the Exchange under the provisions of Rule 344. Where a supervisory analyst does not have technical expertise in a particular product area, the basic analysis contained in such report may be co-approved by a product specialist designated by the organization. In the event that the member organization has no principal or employee qualified with the Exchange to approve such material, it must be approved by a qualified supervisory analyst in another member organization by arrangement between the two member organizations.

Investment Banking, Research Department and Subject Company Relationships and Communications

(b)(1) Research analysts may not be subject to the supervision, or control, of any employee of the member's or member organization's investment banking department and personnel engaged in investment banking activities may not have any influence or control over the compensatory evaluation of a research analyst.

(2) Research reports may not be subject to review or approval prior to publication by Investment Banking personnel or any other employee of the member or member organization who is not directly responsible for investment research ("non-research personnel") other than Legal or Compliance personnel.

(3) Non-research personnel may review research reports prior to publication only to verify the factual accuracy of information in the research report or to identify any potential conflicts of interest that may exist, provided that:

(i) any written communication concerning the content of research reports between non-research personnel and Research personnel must be made either through Legal or Compliance personnel or in a transmission copied to Legal or Compliance personnel; and

(ii) any oral communication concerning the content of research reports between non-research personnel and Research personnel must be documented and made either with Legal or Compliance personnel acting as intermediary or in a conversation conducted in the presence of Legal or Compliance personnel.

(4) A member or member organization may not submit a research report to the subject company prior to publication, except for the review of sections of a draft of the research report solely to verify facts. Members and member organizations may not, under any circumstances, provide the subject company sections of research reports that include the research summary, the research rating or the price target.

(i) Prior to submitting any sections of the research report to the subject company, the Research Department must provide a complete draft of the research report to the Legal or Compliance Department.

(ii) If after submission to the subject company, the Research Department intends to change the proposed rating or price target, the Research Department must provide written justification to, and receive prior written authorization from, the Legal or Compliance Department for any change. The Legal or Compliance Department must retain copies of any drafts and changes thereto of the research reports provided to the subject company.

(iii) The member or member organization may not notify a subject company that a rating will be changed until after the close of trading in the principal market of the subject company one business day prior to the announcement of the change.

(5) A research analyst is prohibited from participating in efforts to solicit investment banking business. This prohibition includes, but is not limited to, participating in meetings to solicit investment banking business (e.g., “pitch” meetings) of prospective investment banking clients, or having other communications with companies for the purpose of soliciting investment banking business. This prohibition shall not apply to any communication between the research analyst, company, and/or non-research personnel, the sole purpose of which is due diligence.

Written Procedures

(c) Each member and member organization must establish written procedures reasonably designed to ensure that members, allied members, member organizations, and their employees are in compliance with this Rule (see Rule 351(f) and Rule 472(h)(2) for attestations to the Exchange regarding compliance).

Retention of Communications

(d) Communications with the public prepared or issued by a member or member organization must be retained in accordance with Rule 440 ("Books and Records"). The names of the persons who prepared and who reviewed and approved the material must be ascertainable from the retained records and the records retained must be readily available to the Exchange, upon request.

Restrictions on Trading Securities by Research Analysts, Household Members, and Certain Persons Involved in the Preparation or Publication of Research Reports

(e)(1) No research analyst or household member may purchase or receive an issuer's securities prior to its initial public offering (e.g., so-called pre-IPO shares), if the issuer is principally engaged in the same types of business as companies (or in the same industry classification) which the research analyst usually covers in research reports.

(2) No research analyst or household member may trade in any subject company's securities or derivatives of such securities that the research analyst follows for a period of thirty (30) calendar days prior to and five (5) calendar days after the member's or member organization's publication of research reports concerning such security or a change in rating or price target of a subject company's securities.

(3) No research analyst or household member may effect trades in a manner inconsistent with the research analyst's most current recommendations (i.e., sell securities while maintaining a "buy" or "hold" recommendation, buy securities while maintaining a "sell" recommendation, or effecting a "short sale" in a security while maintaining a "buy" or "hold" recommendation on such security).

(4) Listed below are exceptions to the prohibitions contained in paragraphs (1), (2), and (3) (Each exception granted must be in compliance with policies and procedures adopted by the member or member organization that are reasonably designed to ensure that transactions effected pursuant to these exceptions do not create a conflict of interest between the professional responsibilities and the personal trading activities of the research analyst and/or his or her household member.):

(i) transactions by research analysts and/or household members that have been pre-approved in writing by the Legal or Compliance Department that are made due to an unanticipated significant change in their personal financial circumstances;

(ii) a member or member organization may permit the publication of research reports or permit a change to the rating or price target on a subject company, regardless of whether a research analyst [an associated person] and/or household members traded the subject company's securities or derivatives of such securities, within the thirty (30) calendar day period described in paragraph (e)(2), when the publication of such research reports, or change in such rating or price

target is attributable to some significant news or events regarding the subject company, provided that the publication of such research reports, or change in rating or price target on such subject company has been pre-approved in writing by the Legal or Compliance Department;

(iii) sale transactions by a research analyst, who is new to the member or member organization, and/or his or her household members within thirty (30) calendar days of such research analyst's employment with the member or member organization when such research analyst and/or household members had previously purchased such security or derivatives of such security prior to the research analyst's employment with the member or member organization;

(iv) sale transactions by a research analyst and/or household member within thirty (30) calendar days from the date of the member's or member organization's publication of research reports or changes to the rating or price target on a subject company when such research analyst and/or household members had previously purchased the subject company's securities or derivatives of such securities prior to initiation of coverage of the subject company by the research analyst;

(v) transactions in accounts not controlled by the research analyst and for investment funds in which a research analyst or household member has no investment discretion or control, provided the interest of the research analyst or household member in the assets of the fund does not exceed 1% of the fund's assets, and the fund does not invest more than 20% of its assets in securities of issuers principally engaged in the same types of business as companies (or in the same industry classification) which the research analyst usually covers in research reports. If an investment fund distributes securities in kind to a research analyst before the issuer's initial public offering, the research analyst must either divest those securities immediately or refrain from participating in the preparation of research reports concerning that issuer;

(vi) transactions in a registered diversified investment company as defined under Section 5(b)(1) of the Investment Company Act of 1940.

(5) No person who supervises research analysts (e.g., Director of Research), a Supervisory Analyst, or a member of a committee, who has direct influence and/or control with respect to (1) preparing the substance of research reports, or (2) establishing or changing a rating or price target of a subject company's equity securities, may effect trades in securities of companies that are the subject of such research reports, or ratings or price target changes, without the prior approval of the Legal or Compliance personnel of the member or member organization.

(6) Members and member organizations must maintain written records for each transaction and the justification for permitting such transactions for three years following

the date the transactions were made pursuant to the exceptions provided for in Rule 472(e)(4)(i)-(iv), and (5).

Restrictions on Member's or Member Organization's Issuance of Research Reports and Participation in Public Appearances

(f)(1) A member or member organization may not publish or otherwise distribute research reports regarding an issuer and a research analyst may not recommend or offer an opinion on an issuer's securities in a public appearance, for which the member or member organization acted as manager or co-manager of an initial public offering within forty (40) calendar days following the offering date.

(2) A member or member organization may not publish or otherwise distribute research reports regarding an issuer and a research analyst may not recommend or offer an opinion on an issuer's securities in a public appearance, for which the member or member organization acted as manager or co-manager of a secondary offering within ten (10) calendar days following the offering date. This prohibition shall not apply to public appearances or research reports published or otherwise distributed under Securities Act Rule 139 regarding issuers whose securities are actively traded, as defined in Securities Exchange Act Rule 101(c)(1) of Regulation M.

(3) No member or member organization that has agreed to participate or is participating as an underwriter or dealer (other than as manager or co-manager) of an issuer's initial public offering may publish or otherwise distribute a research report regarding that issuer and a research analyst may not recommend or offer an opinion on that issuer's securities in a public appearance for twenty-five (25) calendar days following the offering date.

(4) No member or member organization which has acted as a manager or co-manager of a securities offering may publish or otherwise distribute a research report and a research analyst may not recommend or offer an opinion on an issuer's securities in a public appearance within fifteen (15) days prior to or after the expiration, waiver or termination of a lock-up agreement or any other agreement that the member or member organization has entered into with a subject company and its shareholders that restricts or prohibits the sale of the subject company's or its shareholders' securities after the completion of a securities offering. This prohibition shall not apply to public appearances or research reports published or otherwise distributed under Securities Act Rule 139 regarding issuers whose securities are actively traded, as defined in Securities Exchange Act Rule 101(c)(1) of Regulation M.

(5) A member or member organization may permit exceptions to the prohibitions in paragraphs (f)(1), (2), and (4) (consistent with other securities laws and rules) for research reports that are published or otherwise distributed or recommendations or opinions on an issuer's securities made in a public appearance due to significant news

or events, provided that such research reports are pre-approved in writing by the member's or member organization's Legal or Compliance personnel.

(6) If a member or member organization intends to terminate its research coverage of a subject company, notice of this termination must be made. The member or member organization must make available a final research report on the subject company using the means of dissemination equivalent to those it ordinarily uses to provide the customer with its research reports on the subject company. The report must be comparable in scope and detail to prior research reports and must include a final recommendation or rating, unless it is impracticable for the member or member organization to produce a comparable report (e. g., if the research analyst covering the subject company or sector has left the employ of the member or member organization, or where the member or member organization terminates coverage on the industry or sector). In instances where it is impracticable for the member or member organization to provide a final recommendation or rating, the member or member organization must provide the rationale for the decision to terminate coverage.

Prohibition on Offering Favorable Research for Business and Retaliation Against Research Analysts

(g)(1) No member or member organization may directly or indirectly offer a favorable research rating or specific price target, or offer to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation.

(2) No member or member organization and no employee of a member or member organization who is involved with the member's or member organization's investment banking activities may, directly or indirectly, retaliate against or threaten to retaliate against any research analyst employed by the member or member organization or its affiliates as a result of an adverse, negative, or otherwise unfavorable research report written or public appearance made by the research analyst that may adversely affect the member's or member organization's present or prospective investment banking relationship with the subject company of a research report. This prohibition shall not limit a member's or member organization's authority to discipline or terminate a research analyst, in accordance with the member's or member organization's policies and procedures, for any cause other than the writing of such an unfavorable research report or the making of such unfavorable public appearance.

Restrictions on Compensation to Research Analysts

(h)(1) No member or member organization may compensate a research analyst for specific investment banking services transactions. A research analyst may not receive an incentive or bonus that is based on a specific investment banking services transaction. However, a member or member organization is not prohibited from compensating a

research analyst based upon such member's or member organization's overall performance (see Rule 472(k)(1)(ii)a.2. for disclosure of such compensation).

(2) The compensation of a research analyst primarily responsible for the preparation of the substance of a research report must be reviewed and approved at least annually by a committee which reports to the Board of Directors or, where the member or member organization has no Board of Directors, to a senior executive officer of the member or member organization. Such committee may not include representatives from the member's or member organization's Investment Banking Department. The committee must, among other things, consider the following factors, if applicable, when reviewing such research analyst's compensation:

- i. The research analyst's individual performance, (e.g., productivity, and quality of research product);
- ii. The correlation between the research analyst's recommendations and stock price performance;
- iii. The overall ratings received from clients, sales force, and peers independent of the Investment Banking Department, and other independent rating services.

The committee may not consider as a factor in reviewing and approving such research analyst's compensation, his or her contributions to the member's or member organization's investment banking business.

The committee must document the basis upon which such research analyst's compensation was established. The annual attestation required by Rule 351(f) must certify that the committee reviewed and approved the compensation for each research primarily responsible for the preparation of the substance of a research report and has documented the basis upon which such compensation was established.

General Standards for All Communications
(Formerly positioned at Supplementary Material .30)

- (i) No change

Specific Standards for Communications
(Formerly positioned at Supplementary Material .40)

- (j) No change (except for deletion of .40(2))

Disclosure**(k)(1) Disclosures Required in Research Reports****Disclosure of Member's, Member Organization's, and Research Analyst's Ownership of Securities, Receipt of Compensation, and Subject Company Relationships**

The front page of a research report either must include the disclosures required under this Rule or must refer the reader to the page(s) on which each such disclosure is found. Disclosures, and references to disclosures, must be clear, comprehensive, and prominent.

- (i) A member or member organization must disclose in research reports:
- a. if the member or member organization or its affiliates:
 1. has managed or co-managed a public offering of securities for the subject company in the past twelve (12) months;
 2. has received compensation for investment banking services from the subject company in the past twelve (12) months; or
 3. expects to receive or intends to seek compensation for investment banking services from the subject company in the next three (3) months.
 - b. if the member or member organization is making a market in the subject company's securities at the time the research report is issued;
 - c. if, as of the last day of the month immediately preceding the date the publication (or the end of the second most recent month if the publication is less than ten (10) calendar days after the end of the most recent month), the member or member organization or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company. The member or member organization must make the required beneficial ownership computation no later than ten (10) calendar days after the end of the prior month. Computation of beneficial ownership of securities must be based upon the same standards used to compute ownership for purposes of the reporting requirements under Section 13(d) of the Securities Exchange Act of 1934;
 - d. if, as of the last day of the month immediately preceding the date of publication of the research report (or the end of the second most recent month if the publication date is less than thirty (30) calendar days after the end of the most recent month):

1. the subject company currently is a client of the member or member organization or was a client of the member or member organization during the twelve (12)-month period preceding the date of distribution of the research report (In such instances, the member or member organization also must disclose the types of services provided to the subject company. For purposes of this paragraph, the types of services provided to the subject company may be described as investment banking services, non-investment banking-securities related services, and non-securities services.);
 2. the member or member organization received any compensation for products or services other than for investment banking services from the subject company in the past twelve (12) months.
- e. the valuation methods used, and any price objectives must have a reasonable basis and include a discussion of risks;
 - f. the meanings of all ratings used by the member or member organization in its ratings system (For example, a member or member organization might disclose that a “strong buy” rating means that the rated security’s price is expected to appreciate at least 10% faster than other securities in its sector over the next twelve (12)-month period. Definitions of ratings terms also must be consistent with their plain meaning. Therefore, for example, a “hold” rating should not mean or imply that an investor should sell a security.);
 - g. the percentage of all securities that the member or member organization recommends an investor “buy,” “hold,” or “sell.” Within each of the three (3) categories, a member or member organization must also disclose the percentage of subject companies that are investment banking services clients of the member or member organization within the previous twelve (12) months (see Rule 472.70 for further information);
 - h. a chart that depicts the price of the subject company’s stock over time and indicates points at which a member or member organization assigned or changed a rating or price target. This provision would apply only to securities that have been assigned a rating for at least one (1) year, and need not extend more than three (3) years prior to the date of the research report. The information in the price chart 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).
- (ii) A member or member organization must include the following disclosures in research reports:
 - a. if a research analyst received any compensation:

1. from the subject company in the past twelve (12) months;
 2. that is based upon (among other factors) the member's or member organization's overall investment banking revenues.
- b. if, to the extent the research analyst or an employee of the member or member organization with the ability to influence the substance of a research report, knows:
1. the subject company currently is a client of the member or member organization or was a client of the member or member organization during the twelve (12)-month period preceding the date of distribution of the research report. In such instances, such member or member organization also must disclose the types of services provided to the subject company (For purposes of paragraph (k)(1) of this Rule, the types of services provided to the subject company may be described as investment banking services, non-investment banking-securities related services, and non-securities services.). (For purpose of paragraph (k)(1) of this Rule, an employee of a member or member organization with the ability to influence the substance of the research report is an employee who, in the ordinary course of that person's duties, has the authority to review the particular research report and to change that research report prior to publication.);
 2. that the member, member organization or any affiliate thereof, received any compensation for products or services other than investment banking services from the subject company in the past twelve (12) months.
- (iii) A research analyst and a member or member organization must disclose in research reports:
- a. if, to the extent the research analyst or member or member organization has reason to know, an affiliate of the member or member organization received any compensation for products or services other than investment banking services from the subject company in the past twelve (12) months;
 1. This requirement will be deemed satisfied if such compensation is disclosed in research reports within thirty (30) days after completion of the most recent calendar quarter, provided that the member or member organization has taken steps reasonably designed to identify such compensation during that calendar quarter.
 2. The member or member organization and the research analyst will be presumed not to have reason to know whether an affiliate received compensation for other than investment banking services from the subject company in the past twelve (12) months if the member or member organization maintains and enforces policies and procedures

reasonably designed to prevent all research analysts and employees of the member or member organization with the ability to influence the substance of research reports from, directly or indirectly, receiving information from the affiliate concerning such compensation.

3. Paragraph 472(k)(1)(iii)a. shall not apply to any subject company as to which the member or member organization initiated coverage since the beginning of the current calendar quarter.
- b. if the research analyst or a household member has a financial interest in the securities of the subject company, and the nature of the financial interest, including, without limitation, whether it consists of any option, right, warrant, futures contract, long or short position;
- c. if the research analyst or a household member is an officer, director, or advisory board member of the subject company;
- d. any other actual, material conflict of interest of the research analyst, or member or member organization, of which the research analyst knows, or has reason to know, at the time the research report is published or otherwise distributed.

When a member or member organization publishes or otherwise distributes a research report covering six (6) or more subject companies for purposes of the disclosures required in paragraph (k)(1) of this Rule, such research report may direct the reader in a clear and prominent manner as to where the reader may obtain applicable current disclosures in written or electronic format.

(k)(2) Disclosures Required in Public Appearances

Disclosure of Member's, Member Organization's, and Research Analyst's Ownership of Securities, Receipt of Compensation, and Subject Company Relationships

- (i) A research analyst must disclose in public appearances:
 - a. if, as of the last day of the month before the appearance (or the end of the second most recent month if the appearance is less than ten (10) calendar days after the end of the most recent month), the member or member organization or its affiliates beneficially own 1% or more of any class of common equity securities of the subject company. The member or member organization must make the required beneficial ownership computation no later than ten (10) calendar days after the end of the prior month. Computation of beneficial ownership of securities must be based upon the same standards used to compute ownership for purposes of the reporting requirements under Section 13(d) of the Securities Exchange Act of 1934;

- b. if the research analyst or a household member has a financial interest in the securities of the subject company, and the nature of the financial interest, including, without limitation, whether it consists of any option, right, warrant, futures contract, long or short position;
- c. if, to the extent the research analyst knows or has reason to know:
 - 1. the subject company currently is a client of the member or member organization or was a client of the member or member organization during the twelve (12)-month period preceding the date of the public appearance by the research analyst. In such instances, the research analyst also must disclose the types of services provided to the subject company (For purposes of this paragraph, the types of services provided to the subject company may be described as investment banking services, non-investment banking-securities related services, and non-securities services.);
 - 2. the member or member organization or any affiliate thereof, received any compensation from the subject company in the past twelve (12) months.
- d. any other actual, material conflict of interest of the research analyst, or member or member organization, of which the research analyst knows, or has reason to know, at the time the public appearance is made;
- e. if the research analyst or a household member is an officer, director, or advisory board member of the subject company;
- f. if the research analyst received any compensation from the subject company in the past twelve (12) months.

(k)(3) Exceptions to the Required Disclosures

(i) A member or member organization or a research analyst will not be required to make a disclosure required by Rule 472(k)(1)(i)a.2. and 3., (k)(1)(i)d.1., (k)(1)(ii)b.1., and (k)(2)(i)c. to the extent such disclosure would reveal material non-public information regarding specific potential future investment banking services transactions of the subject company.

Other Communications Activities

(l) Other communications activities are deemed to include, but are not limited to, conducting interviews with the media, writing books, conducting seminars or lecture courses, writing newspaper or magazine articles, or making radio/TV appearances.

Members and member organizations must establish specific written supervisory procedures applicable to members, allied members, and employees who engage in these types of communications activities. These procedures must include provisions that require prior approval of such activity by a person designated under the provisions of Rule 342(b)(1). These types of activities are subject to the general standards set forth in paragraph (i). In addition, any activity which includes discussion of specific securities is subject to the specific standards in paragraph (j).

Small Firm Exception

(m) The provisions of Rule 472(b)(1), (2) and (3) do not apply to members and member organizations that over the three previous years, on average per year, have participated in ten (10) or fewer investment banking services transactions as manager or co-manager and generated \$5 million or less in gross investment banking services revenues from those transactions. For purposes of this paragraph, the term “investment banking services transactions” shall include both debt and equity underwritings but not municipal securities underwritings. Members and member organizations that qualify for this exemption must maintain records for three (3) years of any communications that, but for this exemption, would be subject to paragraphs (b)(1), (2), and (3) of this Rule.

.10 Definitions

- (1) Communication – The term “Communication” is deemed to include, but is not limited to, advertisements, market letters, research reports, sales literature, electronic communications, communications in and with the press, and wires and memoranda to branch offices or correspondent firms which are shown or distributed to customers or the public.
- (2) Research Report – “Research report” is generally defined as a written or electronic communication which includes an analysis of equity securities of individual companies or industries, and provides information reasonably sufficient upon which to base an investment decision.

For purposes of approval by a supervisory analyst pursuant to Rule 472(a)(2), the term research report includes, but is not limited to, a report which recommends equity securities, derivatives of such securities, including options, debt and other types of fixed income securities, single stock futures products, and other investment vehicles subject to market risk.

- (3) Advertisement – “Advertisement” is defined to include, but is not limited to, any sales communications that is published, or designed for use in any print, electronic or other public media such as newspapers, periodicals, magazines, radio, television, telephone recording, web sites, motion pictures, audio or video device, telecommunications device, billboards, or signs.

- (4) Market letters – “Market letters” are defined as, but are not limited to, any written comments on market conditions, individual securities, or other investment vehicles that are not defined as research reports. They also may include “follow-ups” to research reports and articles prepared by members or member organizations which appear in newspapers and periodicals.
- (5) Sales literature – “Sales literature” is defined as, but is not limited to, written or electronic communications including, but not limited to, telemarketing scripts, performance reports or summaries, form letters, seminar texts, and press releases discussing or promoting the products, services, and facilities offered by a member or member organization, the role of investment in an individual’s overall financial plan, or other material calling attention to any other communication.

.20 For purposes of this Rule, “investment banking services” includes, without limitation, acting as an underwriter in an offering for the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital, equity lines of credit, PIPEs (private investment, public equity transaction), or similar investments; or serving as placement agent for the issuer.

.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 “research analyst” includes a member, allied member, or employee of a member or member organization primarily responsible for, and any person who reports directly or indirectly to such research analyst in connection with, the preparation of the substance of a research report, whether or not any such person has the job title of “research analyst.”

For purposes of this Rule, the term “household member” means any individual whose principal residence is the same as the research analyst’s principal residence. Paragraphs (e)(1), (2), (3), (4)(i), (ii), (iii), (iv) and (v), (k)(1)(iii)b., c., and (k)(2)(i)b. and e. apply to any account in which a research analyst has a financial interest, or over which the research analyst exercises discretion or control, other than an investment company registered under the Investment Company Act of 1940. The trading restrictions applicable to research analysts and household members (i.e., paragraphs (e)(1), (2), (3), (4)(i), (ii), (iii), (iv) and (v); do not apply to a “blind trust” account that is controlled by a person other than the research analyst or research analyst’s household member where neither the research analyst nor household member knows of the account’s investments or investment transactions.

.50 For purposes of this Rule, the term “public appearance” includes, without limitation, participation by a research analyst in a seminar, forum (including an interactive electronic forum), radio, television or print media interview, or public

speaking activity, or the writing of a print media article in which such research analyst makes a recommendation or offers an opinion concerning any equity securities.

.60 For purposes of this Rule, “subject company” is the company whose equity securities are the subject of a research report, or a public appearance.

.70 For purposes of Rule 472(k)(1)(i)(h), a member or member organization must determine, based on its own ratings system, into which of the three (3) 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)(1)(i)(h) requires members or member organizations to disclose the percentage of companies that are investment banking services clients for each of the three (3) ratings categories within the previous twelve (12) months. For example, if twenty (20) of the twenty-five (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)(1), 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.

.120 For purposes of this Rule, the term “offering date” refers to the later of the effective date of the registration statement or the first date on which the security was bona fide offered to the public.

Reporting Requirements

Rule 351

(a) – (e) No change

(f) Each member and member organization that prepares, issues or distributes research reports or whose research analysts make public appearances, is required to submit to the member's or member organization's Designated Examining Authority, 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 research analyst'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.

Research Analysts and Supervisory Analysts

Rule 344

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

.10 For purposes of this Rule, the term “research analyst” includes a member, allied member, or employee who is primarily responsible for the preparation of the substance of a research report and/or whose name appears on such report. Such research analysts must pass a qualification examination acceptable to the Exchange.

.11 For purposes of this Rule, the term “supervisory analyst” includes a member, allied member, or employee who is responsible for preparing or 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 Analyst Examination (Series 16).

(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 Analyst Examination (Series 16) dealing with Exchange rules on research standards and related matters.

The Exchange publishes a Study Outline for the Research Analyst Examination and the Supervisory Analyst Examination (Series 16).

Continuing Education For Registered Persons

Rule 345A. (a) **Regulatory Element** – No change

(b) **Firm Element**

(1) **Persons Subject to the Firm Element** – The requirements of Section (b) of this Rule shall apply to any registered person who has direct contact with customers in the conduct of the member’s or member organization’s securities sales, trading or investment banking activities, and to the immediate supervisors of such persons, and to registered persons who function as supervisory analysts, and research analysts as defined in Rule 344 (collectively, “covered registered persons”).

(2) **Standards** – No change

(3) **Participation in the Firm Element** – No change

(4) **Specific Training Requirements** – The Exchange may require a member or member organization, either individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

.10 For purposes of this Rule, the term “registered person” means any member, allied member, registered representative, or other person registered or required to be registered under Exchange rules, but does not include any such person whose activities are limited solely to the transaction of business on the Floor with members or registered broker-dealers.

.20 -.40 No change

.50 Pursuant to Rule 345A(b)(1), all persons registered as research analysts and supervisory analysts pursuant to Rule 344 must participate in a Firm Element Continuing Education program that includes training in applicable rules and regulations, ethics, and professional responsibility.

Interpretation

Rule 472 COMMUNICATIONS WITH THE PUBLIC

(k)(2) Disclosure Required in Public Appearances

/01 Public Appearances – Print Media

When a research analyst recommends securities in a print or broadcast media interview, newspaper article or other type of public medium all of the disclosures required under Rule 472(k)(2) are required to be provided to the media outlet for inclusion in the published interview, article, broadcast, or other medium.

Whenever a research analyst recommends securities in a print media interview, newspaper article prepared under his or her name, or broadcast, a record of such interview, article or broadcast must be made within forty-eight (48) hours of such interview, article or broadcast. Such record must be prepared by the research analyst, Legal or Compliance personnel or Research Department management.

Such record must include, at minimum, the name of the research analyst(s), the name of the publication, the date of the interview, article, or broadcast the name of the interviewer (if applicable), the name(s) of the securities recommended and the specific disclosures provided to the print or broadcast media source and/or interviewer. Such record must be made regardless of whether the media outlet published or broadcast the required disclosures. The research analyst's member or member organization must retain the record of such interview, article, or broadcast and the disclosures made in a manner consistent with Rule 17a-4 of the Securities Exchange Act of 1934. The record retained must be readily available to the Exchange, upon request.

NYSE INTERPRETATION HANDBOOK

Rule 345A CONTINUING EDUCATION FOR REGISTERED PERSONS

(b) FIRM ELEMENT

(b)(1)

/01 Persons Subject to Firm Element

The Firm Element applies to each member and member organization and its covered registered persons. Such covered persons include salespeople, traders, investment bankers and others who conduct a securities business with public customers, and their immediate supervisors. Some examples of covered persons are set forth below.

- Sales Trader with direct customer (non-broker-dealer) contact.
- Investment Banker who solicits new business, contacts customers or prospective customers in an advisory capacity or participates in sales presentations.
- Research Analyst, and Supervisory Analyst.
- Market personnel or other persons who give presentations to customers.

The immediate supervisors of the above persons are also covered persons.

Examples of those who are not covered persons are:

- Sales Trader dealing only with broker-dealer personnel.
- Investment Banking employee who performs analytical work with no customer contact.
- Marketing Personnel who design and develop sales literature but do not make sales presentations.

Additionally, persons whose sole customer contact is in dealing with customers or responding to customer inquiries on administrative or

operations-type matters will not be covered persons under the Firm Element.

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