

Memorandum

SEC Approves Proposed Research Analysts Rules

July 30, 2015

On July 16, 2015, the Securities and Exchange Commission approved two Financial Industry Regulatory Authority (“FINRA”) rules relating to research analysts and research reports. The first rule change amends and consolidates into new FINRA Rule 2241 existing NASD Rule 2711 and NYSE Rule 472 with regard to equity research activities.¹ The second results in new FINRA Rule 2242, which for the first time will regulate debt research analysts and debt research reports.² FINRA has not yet announced when these rules will become effective.

In addition, on May 27, 2015, FINRA published guidance under NASD Rule 2711 concerning research conflicts of interest that can arise from communications with potential issuers of securities during the underwriter selection process. The guidance comes in the form of Frequently Asked Questions and will continue to apply to the new rules.³

The research analysts rules are designed to address potential conflicts of interests between research and investment banking. For a detailed discussion of the rules please see Simpson Thacher’s previously distributed memoranda which can be found [here](#) and [here](#).

¹ See SEC Release No. 34-75471, available at <http://www.sec.gov/rules/sro/finra/2015/34-75471.pdf>

² See SEC Release No. 34-75472, available at <http://www.sec.gov/rules/sro/finra/2015/34-75472.pdf>

³ See FAQs about FINRA’s research conflict of interest rules, available at <http://www.finra.org/industry/faq-research-rules-frequently-asked-questions-faq>

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