

Regulatory Information Circular – 2002-15

To: ISE Members

Date: October 4, 2002

Re: Rule Change Notice – Changes to NASD Arbitration Rules

On November 21, 2001, the Commission approved a rule change relating to ISE's arbitration rules. (Securities Exchange Act Release No. 45094 (November 21, 2001).) The rule change created new Rule 1800, which in part states that the NASD's Code of Arbitration, as the same may be in effect from time to time, shall govern ISE arbitrations. These changes were made to facilitate an arrangement between ISE and NASD whereby NASD Dispute Regulation, Inc. provides services related to arbitration proceedings involving ISE Members.

Because ISE's rule incorporates by reference the NASD's Code of Arbitration, we will notify our Members whenever the Commission publishes for comment a proposed rule change to the NASD Code of Arbitration. We similarly will notify Members when the Commission approves any such proposed changes. The Exchange will provide these notices by issuing Regulatory Information Circulars.

Pursuant to these notification procedures, this circular is being issued to advise Members that the Commission approved, on an accelerated basis, a proposed NASD rule change (SR-NASD-2000-126) amending the NASD's Code of Arbitration Procedure Rule IM-10100. (Securities Exchange Act Release No. 34-46562 (September 26, 2002).) The rule change will become effective as a pilot program for six months, from September 30, 2002 to March 30, 2003. The rule change requires industry parties in arbitration to waive application of contested California arbitrator disclosure standards upon the request of customers and associated persons with claims of statutory employment discrimination. The rule change is incorporated by reference into ISE Rule 1800. A copy of rule change is attached for reference.

Any questions regarding the foregoing may be directed to Joseph Ferraro, Assistant General Counsel (212-897-0229 or jferraro@iseoptions.com).



02-126, California
Arbitration...