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**Securities Arbitration Developments**

**NASD Considers Adoption of Rule Governing Motions to Dismiss**

On July 21, 2006, the NASD proposed the adoption of a rule entitled “Motions To Decide Claims Before a Hearing on the Merits.” Presently, the NASD Code of Arbitration is silent as to how motions to dismiss should be handled in an arbitration. The NASD’s proposed rule contains procedures that the parties and the arbitrators must follow when a motion to dismiss is filed. The SEC has published the proposed rule and is seeking comments on it. The deadline to submit comments to the SEC was September 21, 2006.

**New Regulation of “Finders” by the Texas State Securities Board**

Effective September 1, 2006, “finders” in Texas must register as such with the Texas State Securities Board. In doing so, Texas has joined the ranks of only a handful of states in the nation that requires finders to register with the state securities authority. Like brokers, “finders” assist individuals and companies with the identification of purchasers and/or sellers of securities. However, the finder’s involvement in the transaction must cease immediately after the purchaser and the seller have been introduced to each other. If the finder does participate in the negotiation and/or completion of the transaction, the finder may be prosecuted for acting as an unlicensed securities broker.