

May 14, 2002

Via Messenger

Ms. Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-1001

Re: **File No. SR-NASD-2002-27 - Amendment No. 1 to Proposed Rule Change to NASD Rule 3070, Reporting Requirements**

Dear Ms. England:

The National Association of Securities Dealers, Inc. ("NASD" or "Association") hereby amends the above-referenced rule filing as described below and as reflected in the proposed rule language attached as Exhibit 1. At the request of Commission staff, the NASD is filing this Amendment No. 1 to add the words "or a conspiracy to commit any of these offenses" to the list of misdemeanor offenses that must be reported and "military" to the list of courts for which a substantially equivalent activity to those listed must be reported. This Amendment also conforms the language of Rule 3070 to the proposed rule change to Exchange Rule 351, filed with the Commission on April 30, 2002.

If you have any questions, please contact Shirley H. Weiss, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8844; e-mail Shirley.Weiss@nasd.com. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Patrice M. Gliniecki
Vice President
and Deputy General Counsel

Enclosure

cc: Christopher Solgan

EXHIBIT 1

Below is the text of the proposed rule change. The original proposed new language is underlined; the new proposed language is double underlined; proposed deletions are in brackets.

* * *

Rule 3070. Reporting Requirements

(a) Each member shall promptly report to the Association whenever such member or person associated with the member:

- (1) through (4) No change.
- (5) is indicted, or convicted of, or pleads guilty to, or pleads no contest to, [any criminal offense (other than traffic violations)] any felony; or any misdemeanor that involves the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds, or securities, or a conspiracy to commit any of these offenses, or substantially equivalent activity in a domestic, military, or foreign court.