

August 18, 1998

BY ELECTRONIC MAIL AND HAND DELIVERY

Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
Mail Stop 10-1

Re: SR-NASD-98-58; Amendment No. 1; Proposed Change to NASD Rules to Eliminate the Requirement for Personal Service of Decisions in Cases Involving Bars and Expulsions

Dear Ms. England:

NASD Regulation, Inc. ("NASD" Regulation") hereby submits Amendment No.1 to the above-numbered rule filing. The proposed text on pages 3 to 4 and 8 to 9 of the filing should be amended to read as follows:

9000. CODE OF PROCEDURE

9200. DISCIPLINARY PROCEDINGS

9269. Default Decisions

* * *

(d) Final Disciplinary Action of the Association; Effectiveness of Sanctions

If a default decision is not appealed pursuant to Rule 9311 or called for review pursuant to Rule 9312 within 25 days after the date the Office of Hearing Officers serves it on the Parties, the default decision shall become the final disciplinary action of the Association for purposes of SEC Rule 19d-1(c)(1). Unless otherwise provided in the default decision, the sanctions shall become effective 30 days after the default decision becomes the final disciplinary action of the Association, except that a bar or expulsion

shall become effective immediately upon the default decision becoming the final disciplinary action of the Association. The Association shall serve the decision on a Respondent by overnight courier, facsimile or other means likely to obtain prompt service when the sanction is a bar or an expulsion.

The proposed text on pages 5 to 6 and 10 to 11 of the filing should be amended to read as followings:

“The Association believes that with respect to final default decisions imposing bars or expulsions, reasonable efforts at personal service (hand delivery) are generally not successful, and with respect to litigated decisions the most effective type of service is a method such as overnight courier or facsimile.”

If you have any questions, please call Eric Moss, Office of the General Counsel, at 728-8982.

Very truly yours,

Joan C. Conley
Secretary

Attachment