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**VIA MESSENGER**

April 5, 2004

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-2002-108 - Business Continuity Plans and Emergency  
Contact Information; Amendment No. 8**

Dear Ms. England:

The purpose of this amendment is to amend proposed Rule 3510 and Rule 3520 as follows. First, NASD proposes to amend Rule 3510(c) to add "alternate physical location of employees" to the minimum requirements of a business continuity plan. Among other things, given the likelihood of various space-sharing arrangements following a significant business disruption, NASD believes this is an important element of any business continuity plan. This change would be consistent with the New York Stock Exchange's requirements in proposed Rule 446.

Second, NASD proposes to amend Rule 3520(a) to make clear that, at this time, Rule 3520(a) will require members only to provide emergency contact information. In its rule filing regarding this proposal, NASD proposed that Rule 3520(a) would require members to file certain additional emergency information not explicitly delineated in the text of the Rule, including emergency contact information for key staff; identification of two designated contact persons; location of books and records (including back-up locations); clearance and settlement information; identification of key banking relationships; and alternative communication plans for investors.<sup>1</sup>

NASD has determined that it will not require members to file each of these categories of information pursuant to Rule 3520(a) at this time; rather, as explicitly set

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<sup>1</sup> See Exchange Act Release No. 47441 (Mar. 4, 2004), 68 Fed. Reg. 11432 (Mar. 10, 2003) (Notice of Filing of Amendment Nos. 1, 2, and 3 to a Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Business Continuity Plans and Emergency Contact Information).(SR-NASD-2002-108) ("Amendment No. 1").

forth in proposed Rule 3520, members will be required only to designate two emergency contact persons who are members of senior management and a registered principal of the member and report this information to NASD, via such electronic or other means as NASD may require. Accordingly, NASD is amending Rule 3520(a) to eliminate the phrase "Among other things".

NASD, through an outside vendor, will provide a voluntary online repository service for members' business continuity plans. This service is intended to provide members with a place outside of their firm to store an electronic copy of their business continuity plan. Members will be given the opportunity to subscribe to this repository service for a reasonable monthly fee to be paid directly to the repository.

New language is underlined; deleted language is in brackets.

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**3500. Emergency Preparedness**

**3510. Business Continuity Plans**

(a) and (b) No change

(c) (1) through (5) No change

(6) Alternate physical location of employees:

[(6)] (7) No change in text.

[(7)] (8) No change in text.

[(8)] (9) No change in text.

[(9)] (10) No change in text.

**3520. Emergency Contact Information**

(a) Each member shall report to NASD, via such electronic or other means as NASD may require, prescribed emergency contact information for the member. [Among other things, t]The emergency contact information for the member includes designation of two emergency contact persons. Each emergency contact person shall be a member of senior management and a registered principal of the member.

(b) No change

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If you have any questions concerning this submission, please contact me at (202) 728-8844; e-mail [shirley.weiss@nasd.com](mailto:shirley.weiss@nasd.com). The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Shirley H. Weiss

cc: Kelly M. Riley  
Michael J. Gaw