

September 11, 2003

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

Re: **SR-NASD-2003 – 139** Technical Amendment to NASD Rule 2710

Dear Ms. England:

Pursuant to Rule 19b-4, enclosed please find the above-numbered rule filing. Exhibit 1 to this rule filing is a completed Notice of Proposed Rule Change for publication in the Federal Register. We are also enclosing a 3-1/2" disk containing the rule filing on Microsoft Word 7.0 to facilitate production of the Federal Register release.

If you have any questions, please contact Stephanie Dumont, Associate Vice President, Office of General Counsel, Regulatory Policy and Oversight, NASD, at (202) 728-8176; e-mail stephanie.dumont@nasd.com. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Barbara Z. Sweeney
Senior Vice President
and Corporate Secretary

Enclosures

cc: Terri Evans
Ann Leddy

File No. SR-NASD-2003-139
Consists of 10 Pages
September 11, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

Form 19b-4

Proposed Rule Change

by

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), the National Association of Securities Dealers, Inc. (“NASD”), is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend NASD Rule 2710 to reinsert certain existing rule language that was inadvertently omitted from amendments to Rule 2710 that the Commission recently approved. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

2710. Corporate Financing Rule - Underwriting Terms and Arrangements

(a) No Change.

(b) Filing Requirements

(1) through (5) No Change.

(6) Information Required to be Filed

(A) Any person filing documents that are required to be filed under paragraph (b)(4) above shall provide the following information with respect to the offering through NASD’s electronic filing system:

(i) through (vi) No Change.

(vii) any other information required to be filed under this

Rule[by NASD’s electronic filing system].

(B) No Change.

(7) through (11) No Change.

(c) through (d) No Change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by the Board of Directors of NASD Regulation, Inc. at its meeting on November 20, 2002, which authorized the filing of the rule change with the SEC. Counsel for The Nasdaq Stock Market and NASD Dispute Resolution have been provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by NASD to its Subsidiaries. The NASD Board of Governors had an opportunity to review the proposed rule change at its meeting on November 21, 2002. No other action by NASD is necessary for the filing of the proposed rule change. Section 1(a)(ii) of Article VII of the NASD By-Laws permits the NASD Board of Governors to adopt amendments to NASD Rules without recourse to the membership for approval.

(b) Questions regarding this rule filing may be directed to Stephanie Dumont, Associate Vice President, Office of General Counsel, Regulatory Policy and Oversight, NASD, at (202) 728-8176.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

On July 23, 2003, the Commission approved amendments to NASD Rules 2710 and 6540, both of which address the submission of requests for Underwriting Activity Reports

(“UARs”).¹ This rule filing, however, inadvertently did not include the more current language for Rule 2710(b)(6)(A)(vii) because the rule text had not been properly updated to reflect a rule change previously approved by the Commission.² The omission of the more current language was unintentional, and therefore, NASD staff is proposing to reinsert that rule language. Under the more current rule language, the change to that provision proposed in SR-NASD-2003-75 was unnecessary.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that NASD’s rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general to protect investors and the public interest. NASD believes that reinserting the language of current Rule 2710(b)(6)(A)(vii) that inadvertently was omitted from the SR-NASD-2003-75 is consistent with the protection of investors and the public interest.

4. Self-Regulatory Organization’s Statement on Burden on Competition

NASD believes that the proposed rule change would not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

¹ Exchange Act Release No. 48215 (July 23, 2003), 68 Fed. Reg. 44826 (July 30, 2003) (File No. SR-NASD-2003-75).

² See Exchange Act Release No. 45709 (Apr. 9, 2002), 67 Fed. Reg. 18282 (Apr. 15, 2002) (File No. SR-NASD-2001-46).

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(3) of Rule 19b-4 thereunder, in that the proposed rule change is concerned solely with administration of the self-regulatory organization. The proposed rule change only makes a technical change to correct an error in Rule 2710(b)(6)(A)(vii).

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

Pursuant to the requirements of the Securities Exchange Act of 1934, NASD has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

NASD, INC.

BY: _____

Barbara Z. Sweeney, Senior Vice President
and Corporate Secretary

Date: September 11, 2003

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASD-2003-139)

Self-Regulatory Organization's; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Technical Amendments to Rule 2710

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, the National Association of Securities Dealers, Inc. ("NASD"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD. NASD has designated the proposed rule change as administrative under Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(3) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. SELF-REGULATORY ORGANIZATION'S STATEMENT OF THE TERMS OF SUBSTANCE OF THE PROPOSED RULE CHANGE

NASD is proposing to amend NASD Rule 2710 to reinsert certain existing rule language that inadvertently was omitted from amendments to Rule 2710 that the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. § 78s(b)(3)(A)(iii).

⁴ 17 CFR § 240.19b-4(f)(3).

Commission recently approved. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

2710. Corporate Financing Rule - Underwriting Terms and Arrangements

(a) No Change.

(b) Filing Requirements

(1) through (5) No Change.

(6) Information Required to be Filed

(A) Any person filing documents that are required to be filed under paragraph (b)(4) above shall provide the following information with respect to the offering through NASD's electronic filing system:

(i) through (vi) No Change.

(vii) any other information required to be filed under this

Rule[by NASD's electronic filing system].

(B) No Change.

(7) through (11) No Change.

(c) through (d) No Change.

* * * * *

II. SELF-REGULATORY ORGANIZATION'S STATEMENT OF THE PURPOSE OF, AND STATUTORY BASIS FOR, THE PROPOSED RULE CHANGE

In its filing with the Commission, NASD included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NASD has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

On July 23, 2003, the Commission approved amendments to NASD Rules 2710 and 6540, both of which address the submission of requests for Underwriting Activity Reports (“UARs”).⁵ This rule filing, however, inadvertently did not include the more current language for Rule 2710(b)(6)(A)(vii) because the rule text had not been properly updated to reflect a rule change previously approved by the Commission.⁶ The omission of the more current language was unintentional, and therefore, NASD staff is proposing to reinsert that rule language. Under the more current rule language, the change to that provision proposed in SR-NASD-2003-75 was unnecessary.

(2) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that NASD's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general to protect investors and the public interest. NASD believes that reinserting the language of current Rule 2710(b)(6)(A)(vii) that inadvertently was omitted from the SR-NASD-2003-75 is consistent with the protection of investors and the public interest.

⁵ Exchange Act Release No. 48215 (July 23, 2003), 68 Fed. Reg. 44826 (July 30, 2003) (File No. SR-NASD-2003-75).

⁶ See Exchange Act Release No. 45709 (Apr. 9, 2002), 67 Fed. Reg. 18282 (Apr. 15, 2002) (File No. SR-NASD-2001-46).

(B) Self-Regulatory Organization's Statement on Burden on Competition

NASD believes that the proposed rule change would not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. DATE OF EFFECTIVENESS OF THE PROPOSED RULE CHANGE AND TIMING FOR COMMISSION ACTION

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(3) of Rule 19b-4 thereunder, in that the proposed rule change is concerned solely with administration of the self-regulatory organization. The proposed rule change only makes a technical change to correct an error in Rule 2710(b)(6)(A)(vii).

At any time within 60 days of this filing, the Commission may summarily abrogate this proposal if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. SOLICITATION OF COMMENTS

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any

person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by [insert date 21 days from the date of publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Margaret H. McFarland
Deputy Secretary