



NASD®
NASDAQ AMEX
NASD
REGULATION

NASD Regulation, Inc.
Corporate Financing Department
1801 K Street, NW
Washington, DC 20006
(202) 974-2700

March 29, 2000

Katherine A. England, Esq.
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-00-04, Amendment No. 3**
Amendments to the Corporate Financing Rule

Dear Ms. England:

Pursuant to Rule 19b-4, NASD Regulation, Inc. is filing Amendment No. 3 to the above-numbered rule filing to add the following sentence as explanation of the proposal to delete the exception from the current Venture Capital lock-up in rule 2710(c)(7)(C)(i):

The exception does not adequately address the potential negative impact of immediate sales of members' securities into the after-market of an initial public offering or of securities with a thinly traded market nor the conflicts-of-interest present when an underwriter is also a selling securityholder.

The attention of the Divisions of Market Regulation and Corporation Finance to this rule filing is appreciated.

Very truly yours,

Suzanne E. Rothwell
Chief Counsel, Corporate Financing