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VIA MESSENGER

July 22, 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-2004-100 - Amendment No. 1**
Proposed Amendments to the Rule 9600 Series

Dear Ms. England:

The National Association of Securities Dealers, Inc. ("NASD") hereby amends the above-referenced rule filing to make the following changes:

Rule Language

NASD has made several non-substantive changes to Rule 9630(d)(1) to enhance the readability of the language. NASD therefore deletes the text of Rule 9630(d)(1) as previously filed, and substitutes the following:

(d) [Appointment of Subcommittee] Oral Argument

(1) Subject to paragraph (2) below, [F]following the filing of a notice of appeal, the National Adjudicatory Council or Review Subcommittee may order oral argument and may designate a Subcommittee to hear [an] such oral argument[, if ordered]. The Subcommittee may consider any new evidence [that] if the Applicant can show good cause for not including it in its application, and the Subcommittee will recommend to the National Adjudicatory Council a disposition of all matters on appeal.

In paragraph (d)(2) of Rule 9630, "(2)" is underlined and the text is amended to conform to the text of Rule 9630(d)(1) (deleted language is in brackets; new language is double underlined):

(2) With respect to exemptive relief requested under Rule 1070, the Waiver Subcommittee of the National Adjudicatory Council may order oral argument and consider any new evidence [that] if the Applicant can show good cause for not including it in its application.

In paragraph (e)(1) of Rule 9630, the "a" in "after" in the first line of text is underlined as follows:

(e) Decision

(1) Subject to paragraph (2) below, [A]after considering all matters on . . .

"Purpose" Section

NASD hereby deletes the last two paragraphs of the "Purpose" section and substitutes the following three paragraphs:

After reviewing the qualifications examination waiver process, the NAC determined that a subcommittee of the NAC, rather than the full NAC, should have authority to consider appeals of adverse Department decisions with respect to Rule 1070 and issue final NASD decisions in such matters. In reaching this determination, the NAC recognized that a subcommittee would have the flexibility to review adverse Department decisions on a timelier basis than the full NAC, which generally meets only five times each year. Any delay arising from the NAC's schedule may harm the associated person on whose behalf the NASD member is appealing, as well as the member, because the associated person is unable to function in the requested registered capacity while his or her firm's appeal is pending. The NAC also considered that its specialized expertise in reviewing disciplinary matters and policy issues is not required in the examination waiver process because appellate review of examination waivers is based on application of the Guidelines to the specific facts of the case. The subcommittee would retain discretion to refer an appeal to the full NAC when, for example, there is a split vote or the subcommittee believes that the issues in the appeal warrant consideration by the full NAC.

NASD is therefore proposing this rule change to permit a subcommittee of the NAC to review appeals of Department denials of requests to waive an applicable qualification examination requirement and issue decisions that affirm, modify, or reverse such Department decisions. The subcommittee of the NAC is also given the authority to, where appropriate, provide expedited review, order oral argument, and consider new evidence.

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Finally, NASD no longer refers to itself or its subsidiary, NASD Regulation, Inc., using its full corporate name, "the Association," "the NASD" or "NASD Regulation, Inc." Instead, NASD uses "NASD" unless otherwise appropriate for corporate or regulatory reasons. Accordingly, the proposed rule change replaces several references to "Association" and "NASD Regulation" in the text of the proposed rule change with "NASD." Rule 9630(a) appropriately designates "the Office of General Counsel of NASD Regulation."

If you have any questions, please contact me 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,

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cc: Nathan Saunders
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