

Proposed Rule Change by National Association of Securities Dealers
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<input type="checkbox"/> Initial	<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Withdrawal	<input checked="" type="checkbox"/> Section 19(b)(2)	<input type="checkbox"/> Section 19(b)(3)(A)	<input type="checkbox"/> Section 19(b)(3)(B)
			Rule		
<input type="checkbox"/> Pilot	<input type="checkbox"/> Extension of Time Period for Commission Action	<input type="text" value=""/> Date Expires	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

<input type="checkbox"/> Exhibit 2 Sent As Paper Document	<input type="checkbox"/> Exhibit 3 Sent As Paper Document
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Afshin"/>	Last Name	<input type="text" value="Atabaki"/>
Title	<input type="text" value="Counsel"/>		
E-mail	<input type="text" value="afshin.atabaki@nasd.com"/>		
Telephone	<input type="text" value="(202) 728-8902"/>	Fax	<input type="text" value="(202) 728-8264"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date	<input type="text" value="04/18/2005"/>
By	<input type="text" value="Patrice Gliniecki"/>
	(Name)
	<input type="text" value="Senior Vice President and Deputy General Counsel"/>
	(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

On October 29, 2004, NASD filed SR-NASD-2004-165 with the Securities and Exchange Commission (“SEC”) to amend Rule 2790 to exclude from the definition of “new issue” securities offerings of a business development company, a direct participation program, and a real estate investment trust and to codify the filing requirement for distribution information. In addition, NASD proposed a technical change to the exemption for foreign investment companies in Rule 2790 to clarify the scope of the exemption as reflected in a staff memorandum. On February 1, 2005, NASD filed Partial Amendment No. 1 to the proposed rule change making minor changes, including replacing the term “managing underwriter” with the term “book-running managing underwriter” in the text of proposed Rule 2790(j)(1) and replacing the term “days” with the term “business days” in the text of proposed Rule 2790(j)(1)(B).

Based upon comments from the SEC staff, NASD is filing this Partial Amendment No. 2 to the proposed rule change as discussed in detail below. On page 9 of the original filing, third line from the top of the page, please replace the phrase “most REITs” with the phrase “a few REITs.” On page 21, thirteenth line from the top of the page, please replace the phrase “most REITs” with the phrase “a few REITs.”

On page 9, fifth line from the top of the page, please replace the phrase “DPPs and REITs” with the phrase “these DPPs and REITs.” On page 21, fifteenth line from the top of the page, please replace the phrase “DPPs and REITs” with the phrase “these DPPs and REITs.”

On page 9, seventh line from the top of the page, please replace the phrase “DPPs and most REITs” with the phrase “these DPPs and REITs.” On page 21, seventeenth line from the top of the page, please replace the phrase “DPPs and most REITs” with the phrase “these DPPs and REITs.”

On page 9, ninth line from the top of the page, please replace the phrase “NASD staff is aware of several instances of a REIT” with the phrase “Most REITs.” On page 21, nineteenth line from the top of the page, please replace the phrase “NASD staff is aware of several instances of a REIT” with the phrase “Most REITs.”

On page 9, tenth line from the top of the page, please replace the phrase “when it already had invested assets” with the phrase “have invested assets upon consummation of the offering.” On page 21, last line on the page, please replace the phrase “when it already had invested assets” with the phrase “have invested assets upon consummation of the offering.”

On page 9, thirteenth line from the top of the page, please replace the phrase “assets of REITs (e.g., rental property)” with the phrase “assets of REITs (e.g., rental properties or mortgage portfolio).” On page 22, third line from the top of the page, please replace the phrase “assets of REITs (e.g., rental property)” with the phrase “assets of REITs (e.g., rental properties or mortgage portfolio).”

On page 9, thirteenth line from the top of the page, please replace the phrase “readily identifiable” with the phrase “reasonably determinable.” On page 22, third line from the top of the page, please replace the phrase “readily identifiable” with the phrase “reasonably determinable.”

On page 9, fourteenth line from the top of the page, please replace the phrase “appears less likely” with the phrase “is rare.” On page 22, fourth line from the top of the page, please replace the phrase “appears less likely” with the phrase “is rare.”

On page 9, fourteenth line from the top of the page, please delete the phrase “, even those with invested assets,”. On page 22, fourth line from the top of the page, please delete the phrase “, even those with invested assets,”.