

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="John"/>	Last Name	<input type="text" value="Nachmann"/>
Title	<input type="text" value="Counsel"/>		
E-mail	<input type="text" value="john.nachmann@nasd.com"/>		
Telephone	<input type="text" value="(202) 728-8273"/>	Fax	<input type="text" value="(301) 527-4754"/>

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="08/05/2005"/>
By	<input type="text" value="Jean I. Feeney"/>
	(Name)
	<input type="text" value="Vice President and Chief Counsel
NASD Dispute Resolution"/>
	(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 July 22, 2005, NASD filed SR-NASD-2005-094 to amend Rule 10308 of the NASD Code of Arbitration Procedure relating to the classification of arbitrators. NASD is filing this partial Amendment No. 1 to make the following changes to the rule filing:

1. On pages 3 and 13 of the original rule filing, please delete the text of proposed Rule 10308(a)(4)(A)(i) that reads “associated with or registered through a broker or a dealer” and replace it with “associated with, including registered through, a broker or a dealer”.

2. Please amend the second paragraph on page 6 of the original rule filing as follows (new language is underlined, deletions are in brackets):

NASD will announce the effective date of the proposed rule change in a Notice to Members to be published no later than 30 [60] days following Commission approval. The effective date will be no later than 60 [30] days following publication of the Notice to Members announcing Commission approval.²

3. On pages 10 and 18 of the original rule filing, please add the following footnote at the end of the last paragraph of the Purpose section:

For purposes of Rule 10308(a)(4)(A)(i), the term “including” is expanding or illustrative, not exclusive or limiting. The use of the term “including but not limited to” in Rule 10321(d) of the Code is not intended to create a negative implication regarding the use of “including” without the term “but not limited to” in Rule 10308(a)(4)(A)(i) or other provisions of the Code.

² If an arbitrator’s classification changes solely because of an amendment to the definitions in Rule 10308, the arbitrator’s classification will be changed prospectively, that is, for future appointments only. In ongoing cases, staff will notify the parties of the prospective change in the arbitrator’s classification. In such situations, because the arbitrator’s classification was correct when the arbitrator was appointed, NASD normally will not grant challenges for cause based on a prospective change in classification. This provides continuity and avoids unnecessary disruption to ongoing cases. Challenges for cause still may be made based upon the disqualification and removal criteria in Rules 10308(d) and 10312(d).