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BY EMAIL AND FIRST CLASS MAIL

Barbara Z. Sweeney
Office of the Corporate Secretary
NASD
1735 K Street, NW
Washington, DC 20006-1500

**Re: NASD Notice to Members 05-21: Proposed Rule to Enhance
Corporate Disclosure in Corporate Debt Securities Transactions**

Ladies and Gentlemen:

Deutsche Bank Securities Inc. appreciates this opportunity to comment on NASD Notice to Members 05-21: Proposed Rule to Enhance Confirmation Disclosure in Corporate Debt Securities Transactions (the "Notice"), and fully shares and supports the NASD's goal of ensuring that investors understand the key risks associated with bond investing.

To this end, Deutsche Bank has participated in discussions with The Bond Market Association (the "Association") concerning the Notice, as well as Proposed Rule 2231 (the "Rule"). We understand that the Association has submitted a comment letter on the Notice, and we support the Association's comments. However, in light of the Rule's importance and potential impact, we wanted to further emphasize a few key points.

First, before imposing any new requirements we strongly urge the NASD to perform a detailed and specific cost-benefit analysis, weighing the estimated benefits of the proposed Rule against the estimated costs of implementation and compliance by member firms.¹ Deutsche Bank believes that such an analysis would result in a finding

¹ Due to the complexity of most firms' IT infrastructures, we believe that an open dialogue with member firms is an essential component of any cost-benefit analysis. As such, Deutsche Bank would make itself available to assist the NASD.

that the Rule as currently proposed does not strike the appropriate cost-benefit balance. In particular, the Rule provides limited incremental benefit to investors beyond that which would be achieved by merely directing investors to information that is already publicly available.² At the same time, the Rule would require firms to make significant and very costly modifications to their operating systems and books and records systems, and expand the scope of their subscription agreements with various ratings organizations.³

Second, if the NASD does believe that additional disclosures are warranted⁴, the disclosures should be as tailored as possible to achieve its goals. While the Association's comment letter proposes numerous acceptable alternatives, we would like to further emphasize that basing applicability of the proposed Rule on customer-specific criteria would require firms to create and maintain a customer classification that in general the industry does not currently track in the manner necessary to comply with the proposed Rule.

The required (and very costly) system modifications needed to support such a classification would include creating additional links between a firm's account opening processes/systems, and the firm's confirmation systems. This would also require the investment of significant ongoing resources to verify that an initial classification remained accurate over time. Alternatively, by limiting applicability of the Rule to transactions below a specified dollar amount, such as perhaps \$100,000, and/or exempting DVP/RVP trades, the NASD would achieve its goal of effectively limiting the Rule's applicability to "retail" size transactions, while mitigating some of the costs and difficulties associated with the Rule's implementation.

Third, disclosing credit rating information on confirms would be of limited benefit to investors, since as discussed this information is already readily available free of charge. On the other hand, requiring disclosure would likely require firms to modify and

² Since the NASD has determined to permit the disclosure of potential conflicts on compendium research reports by directing a reader to a hyperlinked document or database, we believe that directing investors to a publicly available website would be similarly effective in putting investors on notice as to a bond's features and rating.

³ Although each firm is unique, Deutsche Bank preliminarily estimates that its implementation of the proposed Rule would take between one and two years, and system development costs alone would exceed \$5 million. This estimate does not include substantial ongoing system administration and upgrade costs, and assumes that rating agencies would permit dissemination of rating information without imposing additional costs or restrictions. Based on discussions with representatives of certain of our peer firms, we believe that the time, expense and difficulty of implementing the proposed Rule would also be significant for each of them.

⁴ Deutsche Bank continues to believe that the disclosures required by Rule 10b-10, coupled with publicly available information in respect of many bonds via nasdbondinfo.com, investinginbonds.com, etc. are sufficient to educate and protect the interests of investors.

expand the scope of existing subscription agreements with rating organizations, resulting in significant costs to the firm.

Again, Deutsche Bank appreciates the opportunity to comment on this Notice, and we thank you for your consideration.

Very truly yours,

/s/ Jeff Horvath

Jeff Horvath
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Deutsche Bank Securities Inc.

cc: Eric Gallinek, Head of Compliance / Americas