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March 3, 2006

Ms. Barbara Z. Sweeney
Senior Vice President and Corporate Secretary
National Association of Securities Dealers
1735 K Street, NW
Washington, D.C. 20006-1506

Re: Proposed NASD Interpretive Material IM-3060 Addressing Gifts and Business Entertainment.

Dear Ms. Sweeney:

The ABA Securities Association (ABASA)[1] welcomes the opportunity to comment on the National Association of Securities Dealers (NASD) proposed Interpretive Material to Rule 3060 (IM-3060). ABASA commends the NASD for opening its proposal to public notice and comment, thereby allowing necessary industry participation in its development.

NASD Rule 3060 generally prohibits a member from giving a customer employee more than $100 a year in anything of value, including gifts. Under the proposed IM-3060 that elaborates on compliance with the rule, a member must determine what business entertainment is acceptable, maintain detailed records on business entertainment, as well as establish policies and procedures to promote conduct consistent with Rule 2110 and to provide for effective compliance and supervision with the member's policies.

Although ABASA appreciates the flexibility in the proposed IM-3060 that acknowledges there is no "one-size fits all" approach to compliance, we wish to offer comments on the following matters.

Tracking and Recordkeeping Requirements

The NASD proposal requires members to keep detailed records of business entertainment expenses and to provide customers upon written request access to those records involving its employees. We somewhat question the need for requiring customer access to a member's records when the customer already has the means to regulate their employees through codes of ethics. However, we are primarily concerned with having sufficient time to implement the tracking and recordkeeping requirements.

[1] ABASA is a separately chartered trade association and non-profit affiliate of the ABA whose mission is to represent before the Congress, the federal government and the courts the interests of banking organizations engaged in underwriting and dealing securities, proprietary mutual funds and derivatives.

Regulated firms will need a long lead time to find, acquire, and adopt the necessary technology to track business entertainment expenses. In addition, these new tracking and recordkeeping systems must be incorporated into existing compliance systems and sufficiently tested for their accuracy. Therefore, to ensure effective integration of tracking and recordkeeping technology, ABASA strongly urges the NASD to allow, at a minimum, one year for implementation after final adoption of the interpretation.

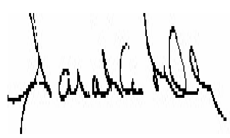
Additional Comments

In addition to requesting sufficient time for implementation of the tracking and recordkeeping requirements, ABASA supports the comments made by others on these points:

1. The definition of "customer" should exclude individuals and non-professional fiduciaries acting in their personal capacities.
2. ABASA is aware that the New York Stock Exchange (NYSE) will make a similar proposal on business entertainment. We strongly encourage the NASD and NYSE to collaborate on creating consistent regulations. For example, we understand that the NYSE will allow an exigency exemption when it is impractical for an associated person to accompany the customer to an entertainment event; we encourage the NASD to incorporate such an exemption.
3. We also support the exemption for personal and promotional gifts allowed under NASD rules governing the offer and sale of investment company shares and variable annuities. For the sake of regulatory consistency, we encourage the NASD to include a similar exemption in IM-3060.

ABASA appreciates the open comment period on the NASD proposal. If you would like to further discuss any of our comments, please do not hesitate to contact the undersigned or Phoebe Papageorgiou at phoebep@aba.com.

Sincerely yours,



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