

Mary N. Revell
Associate General Counsel

August 24, 1998

Via Facsimile and First Class Mail

Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
Mail Stop 10-1

Re: File No. SR-NASD-98-52; Amendment No. 1
Review of Incoming, Non-Electronic Correspondence with the Public

Dear Ms. England:

Pursuant to Rule 19b-4, NASD Regulation, Inc. ("NASDR") is submitting Amendment No. 1 to the above rule filing. A copy of the rule revised to show changes from the rule language submitted in the original proposed rule change is attached as Exhibit A.

The purpose of the amendment is to clarify that members are required to develop written procedures for the review of incoming, non-electronic correspondence directed to registered representatives for purposes of identifying and handling customer complaints and funds. To accomplish this, NASDR proposes to change the word "should" in the proposed rule change to the word "must."

If you have any questions concerning this amendment, please contact me at (202) 728-8203.

Very truly yours,

Mary N. Revell

cc: Deborah Flynn
Attachment: Exhibit A (revised rule)

Proposed new language is italicized; proposed deletion is bracketed.

CONDUCT RULES

Rule 3010. Supervision

(a) through (c) No change

(d) Review of Transactions and Correspondence

(1) No change

(2) Review of correspondence. Each member shall develop written procedures that are appropriate to its business, size, structure, and customers for the review of incoming and outgoing written and electronic correspondence with the public relating to its investment banking or securities business. The procedures *must* [should] include review of incoming, non-electronic correspondence directed to registered representatives for purposes of properly identifying and handling customer complaints and funds. Where such procedures for the review of correspondence do not require review of all correspondence prior to use or distribution, they must include provision for the education and training of associated persons as to the firm's procedures governing correspondence; documentation of such education and training; and surveillance and follow-up to ensure that such procedures are implemented and adhered to.

(3) No change

(e) through (g) No change