



NASD Regulation, Inc.
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May 27, 1998

Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
Mail Stop 5-1/Room 5200

Re: **SR-NASD-98-33, Amendment No. 1.**

Dear Ms. England:

NASD Regulation hereby amends the referenced rule filing to revise the last sentence of proposed new paragraph (c)(4) of Rule 3020 to read as follows:

(4) Any member subject to the requirements of this paragraph (c) may apply for an exemption from the requirements of this paragraph (c). The application shall be made pursuant to Rule 9610 of the Code of Procedure. The exemption may be granted upon a showing of good cause, including a substantial change in the circumstances or nature of the member's business that results in a lower net capital requirement. The NASD may issue an exemption subject to any condition or limitation upon a member's bonding coverage that is deemed necessary to protect the public and serve the purposes of this Rule.

If you have any questions, please contact me at (202) 728-8451. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Elliott R. Curzon
Assistant General Counsel