April 10, 2001

Mr. Jack Drogin
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-1001

Re: File No. SR-NASD-00-55, Delivery of a Margin Disclosure Statement to Non-Institutional Customers; Amendment No. 3

Dear Mr. Drogin:

NASD Regulation, Inc. ("NASD Regulation") hereby submits Amendment No. 3 to SR-NASD-00-55. NASD Regulation is amending proposed Rule 2341(b) to clarify that the annual margin disclosure statement may be delivered within or as part of other account documentation, and is not required to be provided in a separate document. The proposed rule language provided in Attachment A incorporates this technical clarification and amends the proposed rule language previously filed with the Securities and Exchange Commission in Amendment No. 2 to SR-NASD-00-55 on March 27, 2001.

If you have any questions, please feel free to contact Stephanie Dumont, Office of General Counsel, NASD Regulation, at (202) 728-8176.

Very truly yours,

Jeffrey S. Holik
Vice President and
Acting General Counsel

Attachment

Attachment A

Proposed Rule Language, as amended by
Amendment No. 3 to SR-NASD-00-55

Proposed additions to the rule language by Amendment No. 3 are underlined.

Rule 2341. Margin Disclosure Statement

(a) No change.

(b) Members shall, with a frequency of not less than once a calendar year, deliver individually, in writing or electronically, the disclosure statement described in paragraph (a) or the following bolded disclosures to all non-institutional customers with margin accounts:

Securities purchased on margin are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account.**
- **The firm can force the sale of securities or other assets in your account(s).**
- **The firm can sell your securities or other assets without contacting you.**
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.**
- **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.**

- **You are not entitled to an extension of time on a margin call.**

The annual disclosure statement required pursuant to this paragraph (b) may be delivered within or as part of other account documentation, and is not required to be provided in a separate document.

(c) and (d) No change.