

Alden S. Adkins
Sr. Vice President
and General Counsel

October 7, 1999

Richard C. Strasser, Esq.
Assistant Director
Securities and Exchange Commission
450 Fifth Street NW
Washington, D.C. 20549
Mail Stop 10-5

Re: File No. SR-NASD-99-05, Amendment No. 4 - Amendments to Rule 2520 (Margin Rules) Relating to Margin for Exempted Borrowers, Good Faith Accounts, Joint Back Office Arrangements and Options Transactions

Dear Mr. Strasser:

NASD Regulation ("NASDR") is hereby filing Amendment No 4. to SR-NASD-99-05, which proposes amendments to Rule 2520 (Margin Requirements).

The purpose of this Amendment No. 4 is to clarify that, while the rule changes will become effective upon Commission approval, NASDR will allow a six-month phase-in period (i.e., 180 calendar days) for implementation of the amended rule's requirements relating to Joint Back Office ("JBO") arrangements. This six-month phase-in will allow sufficient time for members and member organizations to comply with the new capital and risk analysis requirements, as well as implement new or make changes to existing arrangements or systems.

The NASDR will announce this six-month phase-in in a Notice to Members that will be distributed upon Commission approval of the filing.

Please contact Stephanie M. Dumont, NASDR-OGC, at (202) 728-8176, email address: stephanie.dumont@nasd.com or by fax (202) 728-8264 with any questions you may have.

Sincerely,

Alden S. Adkins

cc: Anitra Cassass