Katherine A. England Assistant Director Securities and Exchange Commission 450 Fifth Street, NW Washington, D.C. 20549

Re: SR-NASD-98-14, Amendment No. 1

Proposed Rule Change Relating to Sales Charges and Prospectus Disclosure Mutual Funds and Variable Contracts

Dear Ms. England:

This letter amends the proposed rule change referenced above by adding at the end of item 3 of the Form 19b-4 on page 22 the following language describing the NASD's statutory basis for the proposed rule amendments:

NASD Regulation believes that the proposed rule changes are consistent with the provisions of Section 15A(b)(6) of the Securities Exchange Act of 1934, which require, among other things, that the Association's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest, in that the proposed rule change, by adapting the Investment Company Rule and the Variable Contracts Rule to take into account recent legislation, regulations promulgated by the Commission and new distribution arrangements, will further these requirements.

If you have any questions, please contact Joseph E. Price, Counsel, Advertising/Investment Companies Regulation, NASD Regulation, Inc. at (202) 728-8877; e-mail at pricej@nasd.com. The fax number of Advertising/Investment Companies Regulation is (202) 728-6976.

Very truly yours,

Joan C. Conley Secretary