

March 26, 2004

Katherine A. England
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-2003-182 – Supplement to Letter dated March 10, 2004 Regarding Proposed Amendments to “TRACE-Eligible Security” and Extension of Time

Dear Ms. England:

In SR-NASD-2003-182, NASD proposes changes to Rule 6210 and Rule 6230, which are part of the Trade Reporting and Compliance Engine rules (“TRACE Rules”). Two comment letters were submitted to the SEC in response to the publication of the rule filing.¹ Although NASD previously responded to the comments,² NASD is providing a supplemental statement regarding NASD’s proposal to amend a phrase in the defined term, “TRACE-eligible security,” that is set forth in Rule 6210(a).

“TRACE-Eligible Security”

NASD proposes to amend the phrase, “United States and/or foreign private corporations,” in the defined term, “TRACE-eligible security,” to read, “United States and/or foreign private issuers.” NASD proposes to delete the word, “corporations,” and replace it with “issuers” solely to clarify that the securities of issuers using forms of business organizations other than the corporate form are included in the definition of TRACE-eligible securities. NASD’s interpretation of TRACE eligibility will not change after the adoption of the proposed rule change.

¹ See Securities Exchange Act Release No. 48926 (December 15, 2003), 68 FR 71207 (December 22, 2003).

Letter from Michele C. David, Vice President and Assistant General Counsel, The Bond Market Association, to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, dated January 16, 2004 (“TBMA Letter”); email letter from Paul Scheurer to rule-comments@sec.gov, dated January 12, 2004 (“Scheurer Letter”).

² Letters from Marc Menchel, Executive Vice President and General Counsel, Regulatory Policy and Oversight, NASD, to Katherine A. England, Assistant Director, Division of Market Regulation, U.S. Securities and Exchange Commission, dated February 13, 2004, and March 10, 2004.

Katherine A. England
March 26, 2004
Page 2

In addition, NASD hereby consents to an extension of time for Securities and Exchange Commission (“SEC”) action on SR-NASD-2003-182 to April 5, 2004.

If you have any questions, please contact Sharon K. Zackula, Assistant General Counsel, Office of General Counsel, Regulatory Policy and Oversight, at (202) 728-8985; e-mail sharon.zackula@nasd.com, or Elliot Levine, Chief Counsel and Senior Advisor, Market Operations and Information Services, Regulatory Services and Operations, at (202) 728-8405; e-mail elliott.levine@nasd.com. The fax numbers of the Office of General Counsel and Market Operations and Information Services, are, respectively, (202) 728-8264 and (202) 858-4083.

Very truly yours,

Marc Menchel
Executive Vice President and
General Counsel
Regulatory Policy and Oversight

cc: Stephen L. Williams
Gordon K. Fuller
Mary N. Simpkins