

February 26, 2004

Katherine A. England  
Assistant Director  
Division of Market Regulation  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

**Re: File No. SR-NASD-2004-011 - Reorganization and Revision of NASD Rules  
Relating to Industry Disputes – Amendment No. 1**

NASD hereby amends Exhibits 2 and 3 to the above-captioned rule filing to make the technical corrections described below. The rule filing is part of NASD's proposal to revise and reorganize NASD's Code of Arbitration Procedure ("Code") into three new Codes: the NASD Code of Arbitration Procedure for Customer Disputes ("Customer Code")<sup>1</sup>; the NASD Code of Arbitration Procedure for Industry Disputes ("Industry Code"); and the NASD Code of Mediation Procedure ("Mediation Code")<sup>2</sup>. The instant rule filing relates to the proposed Industry Code. Exhibit 2 to the proposed rule filing contains the text of the proposed Industry Code. Exhibit 3 is a comparison chart comparing the proposed Industry Code with NASD's current rule relating to industry disputes.

The following corrections apply to both Exhibits. The page numbers below refer to Exhibits 2 and 3, respectively.

- On pages 87 and 187 of the rule filing, proposed Rule 13403 is amended to include the following paragraph (c), which is in both the current Code, and in the corresponding rule in the proposed Customer Code, but which was inadvertently omitted from the proposed Industry Code:

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<sup>1</sup> SR-NASD-2003-158 (filed October 15, 2003).

<sup>2</sup> SR-NASD-2004-013 (filed January 6, 2004).

(c) Sending Lists to Parties

(1) The Director will send the lists generated by the Neutral List Selection System to all parties at the same time, within approximately 30 calendar days after the last answer is due. The parties will also receive employment history for the past ten years and other background information for each arbitrator listed.

(2) If a party requests additional information about an arbitrator, the Director will request the additional information from the arbitrator, and will send any response to all of the parties at the same time. When a party requests additional information, the Director may, but is not required, to toll the time for parties to return the ranked lists under Rule 13404(c).

- On pages 94 and 223 of the rule filing, proposed Rule 13505 is amended to delete subheading “(a),” and the word “additional” from the first sentence of the rule.
- On pages 104 and 261 of the rule filing, proposed Rule 13802(c)(1) is amended to refer to paragraph (c)(3), rather than (b)(3).
- On pages 105 and 263 of the rule filing, proposed Rule 13802(c)(4) is amended to refer to paragraphs (A) and (B) rather than (a) and (b).
- On pages 114 and 290 of the rule filing, proposed Rule 13901 is amended to delete the heading (a), and paragraphs (1) through (5) are renumbered as paragraphs (a) through (e).

The following change relates only to Exhibit 3.

- On page 140 of the rule filing, in the section of the table relating to proposed Rule 13202, the text under the heading “Current Rule” is deleted and replaced with text from current Rule 10201(c);
- In the same section, the text under the heading “Comments” is deleted and replaced with the phrase “No Substantive Change.”
- On page 260 of the rule filing, in the section of the table relating to proposed Rule 13802, the text of current Rules 12010-12015 is added under the heading “Current Rule.”

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- On page 264 of the rule filing, in the section of the table relating to proposed Rule 13803, the text of current Rule 12016 is added under the heading "Current Rule."
- On page 271 of the rule filing, in the section of the table relating to proposed Rule 13804, the text of current Rule 10335 is added under the heading "Current Rule."

Copies of revised Exhibits 2 and 3 are attached. Also enclosed is a 3-1/2" disk containing the revised Exhibits in Microsoft Word to facilitate production of the Federal Register. If you have any questions, please contact me by telephone at 202-728-8275 or by email at [laura.gansler@nasd.com](mailto:laura.gansler@nasd.com).

Sincerely,

Laura Gansler