

February 21, 2001

Florence Harmon
Senior Special Counsel
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-1001

Re: File No. SR-NASD-01-08 - Amendment No. 2 – Amendment to Code of Arbitration Procedure Rule 10301 Relating to Enforcement of Predispute Arbitration Agreements by Terminated or Suspended Members

Dear Ms. Harmon:

NASD Dispute Resolution, Inc. hereby amends the last paragraph of Section 3(a) of the rule filing, and the last paragraph of Section A(a) of Exhibit 1 thereto, as follows:

The proposed rule change precludes terminated, suspended, barred, or otherwise defunct members from requiring a customer to arbitrate in the NASD forum under Rule 10301, unless the customer agrees in writing to arbitrate the claim in the NASD forum after the claim has arisen. The proposed rule change is similar to Rule 10301(d) of the Code of Arbitration Procedure, which provides that class actions are ineligible for arbitration in the NASD forum. [, and NASD Rule 10201(b), which provides that statutory discrimination claims in intra-industry disputes are not required to be arbitrated unless the parties have agreed to arbitrate them, either before or after the dispute arose.] It is also similar in principle to New York Stock Exchange (“NYSE”) Rule 600(f), which makes employment discrimination claims ineligible for arbitration in the NYSE forum unless the parties agree to arbitrate after the claim has arisen.

A 3-1/2" disk containing a revised Exhibit 1 in Microsoft Word is enclosed to facilitate production of the Federal Register release.

If you have any questions, please contact Laura Leedy Gansler, Counsel, NASD Dispute Resolution, Inc., at (202) 728-8275; e-mail laura.gansler@nasd.com. The fax number of NASD Dispute Resolution, Inc. is (202) 728-8833.

Very truly yours,

Laura Leedy Gansler
Counsel
NASD Dispute Resolution, Inc.