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VIA FACSIMILE AND MESSENGER

August 19, 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-2004-121 – Amendment No. 2 to Amendments to NASD's Minor Rule Violation Plan

Dear Ms. England:

NASD hereby files Amendment No. 2 to SR-NASD-2004-121. The purpose of this amendment is to make corrections to the existing rule language. Exhibit 1 should be noticed as follows:

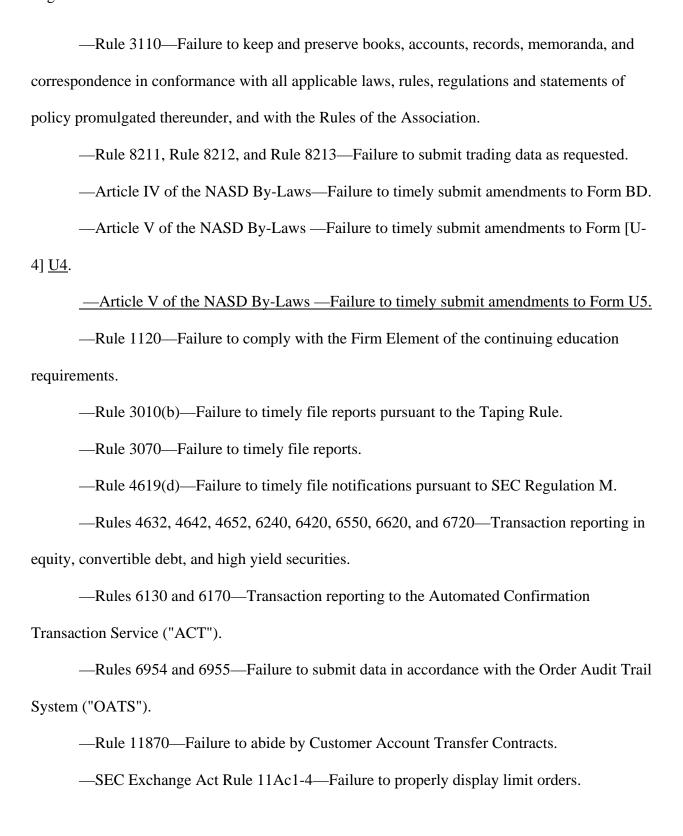
9200. DISCIPLINARY PROCEEDINGS

* * * * *

IM-9216. Violations Appropriate for Disposition Under Plan Pursuant to SEC Rule 19d-1(c)(2)

—Rule 2210(b) and (c) and Rule 2220(b) and (c)—Failure to have advertisements and sales literature approved by a principal prior to use; failure to maintain separate files of advertisements and sales literature containing required information; and failure to file communications with the Association within the required time limits.

—Rule 3360—Failure to timely file reports of short positions on Form NS-1.



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- —SEC Exchange Act Rule 11Ac1-1(c)(5)—Failure to properly update published quotations in certain Electronic Communication Networks ("ECN's").
- —SEC Exchange Act Rule 17a-5—Failure to timely file FOCUS reports and annual audit reports.
 - —SEC Exchange Act Rule 17a-10—Failure to timely file Schedule I.
 - —MSRB Rule A-14—Failure to timely pay annual fee.
 - —MSRB Rule G-12—Failure to abide by uniform practice rules.
 - —MSRB Rule G-14—Failure to submit reports.
 - —MSRB Rule G-36—Failure to timely submit reports.
 - —MSRB Rule G-37—Failure to timely submit reports for political contributions.
 - —MSRB Rule G-38—Failure to timely submit reports detailing consultant activities.

* * * * *

If you have any questions, please contact me at (202) 728-8844, e-mail shirley.weiss@nasd.com. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Shirley H. Weiss

Enclosures

cc: Michael J. Gaw