

November 22, 2000

Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-1001

Re: SR-NASD-99-65, Amendment No.3

Dear Ms. England:

The National Association of Securities Dealers, Inc. (NASD) is filing this letter Amendment No. 3 to make explicit that the statutory basis for SR-NASD-99-65, as amended by letter (Amendment No. 2) dated November 17, 2000 is as follows:

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Securities Exchange Act of 1934 ("Exchange Act"), which requires, among other things, that the NASD's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and, in general, to protect investors and the public interest.

The NASD's proposed rule change, if approved, will establish rules for the reporting and dissemination of information on fixed income transactions that will provide the NASD, as the self-regulatory organization designated to regulate the over-the-counter markets, with heightened capabilities to regulate the fixed income markets in order to prevent fraudulent and manipulative acts and practices. The proposed structure to collect the information, with the NASD as the proposed exclusive securities information processor under Section 11A of the Exchange Act, is consistent with other information processing structures that have been proposed and approved by the SEC, and will foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information with respect to fixed income securities and among persons facilitating transactions in fixed income securities. The proposed rule change, by

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requiring reporting and dissemination of such transaction information, will protect investors and the public interest by, among other things, increasing transparency in the fixed income market.

Sincerely,

Joan C. Conley
Senior Vice President and Corporate
Secretary

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