

**Securities Industry Association**

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June 8, 1998

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

**Re: Securities Exchange Act Release No. 34-39892;
SR-NASD-98-18**

Dear Mr. Katz:

The Self-Regulation and Supervisory Practices Committee ("Committee") of the Securities Industry Association ("SIA")¹ shares in the comment submitted on behalf of the Legal and Compliance Division and the Federal Regulation Committee in response to the SEC's request for comment on the proposed rule change by the National Association of Securities Dealers, Inc. ("NASD") regarding qualified immunity in arbitration proceedings for statements made on Forms U-4 and U-5.² The Committee has been actively involved in this issue for many years. Meeting schedules, however, precluded the Committee from approving the letter by the close of the original comment period. In light of the extension of the comment period, the Committee appreciates the opportunity to concur with the positions stated in that letter.

Sincerely,

R. Gerald Baker
Chairman
Self-Regulation and Supervisory
Practices Committee

Footnotes:

¹ The Securities Industry Association ("SIA") brings together the shared interests of nearly 800 securities firms, employing more than 380,000

individuals, to accomplish common goals. SIA members including investment banks, broker-dealers, and mutual fund companies--are active in all markets and in all phases of corporate and public finance. The U.S. securities industry manages the accounts of more than 50 million investors directly and tens of millions of investors indirectly through corporate, thrift, and pension plans, and accounts for \$270 billion of revenues in the U.S. economy. This and other recent SIA comment letters can be found on SIA's Internet home page, <http://www.sia.com>.

² See Letter to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, from Robert C. Errico, President, Legal and Compliance Division, and Lee B. Spencer, Jr., Chairman, Federal Regulation Committee, dated May 20, 1998.