



Securities Industry Association

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August 12, 2005

Jonathan G. Katz
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Proposed Amendments to NASD Rules 3150 and 3230 Governing the
Reporting of Data to Clearing Firms by Correspondent Firms (SEC
Release No. 34-52059, File. No. SR-NASD-2005-58).

Dear Mr. Katz:

The Clearing Firms Committee of the Securities Industry Association (“SIA”)* is pleased to comment briefly on the above referenced NASD rule filing which addresses the furnishing of information to clearing firms by an introducing firm that is acting as an intermediary for another introducing firm in obtaining clearing services. These are commonly referred to as “clear through” or “piggy back” arrangements.

Specifically, the committee had a concern with a prior version of a proposed amendment to subsection (b) of Rule 3150 which would have applied the provisions of the rule to accounts relating to existing intermediary account relationships if the account was opened after the effective date of the rule. In subsequent discussions with NASD staff, committee representatives pointed out that the structure of pre-existing intermediary clearing arrangements was such that it would not accommodate the identification of the required data either with respect to pre-existing or new accounts. Therefore, we are pleased to see that, as we understand it, subsection (b) has now been modified so that Rule 3150 will only apply to intermediary clearing arrangements which are actually established after the effective date of the rule.

* The Securities Industry Association brings together the shared interests of approximately 600 securities firms to accomplish common goals. SIA's primary mission is to build and maintain public trust and confidence in the securities markets. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs nearly 800,000 individuals, and its personnel manage the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2004, the industry generated \$236.7 billion in domestic revenue and an estimated \$340 billion in global revenues. (More information about SIA is available at: www.sia.com.)

We wish to thank the NASD for recognizing the practical difficulties that applying the rule to pre-existing arrangements would have engendered, and for modifying the proposed amendment accordingly.

Very truly yours,

James Rogan
Chairman
SIA Clearing Firms Committee

cc: Shirley Weiss, Esq., NASD