

**Securities Industry Association**

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April 15, 1998

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

Re: SR-NASD-97-26

Dear Mr. Katz:

On March 5, 1998, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change to apply permanently the Actual Size Rule to all Nasdaq securities.¹ As part of that filing, the NASD included a study concluding that the Actual Size Rule did not affect market quality of pilot stocks and did not affect the ability of investors to access market maker capital. The Trading Committee ("Committee") of the Securities Industry Association ("SIA")² has long supported eliminating mandatory quotation size requirements. For the reasons discussed in our letter of August 14, 1997, which are supported by the empirical evidence the NASD has compiled, we strongly support the proposal and urge the Commission to extend the Actual Size Rule to all Nasdaq securities as soon as possible.

Thank you for the opportunity to comment. If the Committee can provide further information, please contact the undersigned, or Judith Poppalardo, SIA Associate General Counsel, at 202-296-9410.

Sincerely,

Bernard L. Madoff
Chairman
Trading Committee

CC: Dr. Richard Lindsey, Director, Division of Market Regulation
Alfred R. Berkeley, III, President, The Nasdaq Stock Market

Footnotes:

1. See Securities Exchange Act Release No. 39760 (March 16, 1998), 63 FR 13894 (March 23, 1998).
- 2 The Securities Industry Association brings together the shared interests of nearly 800 securities firms, employing more than 380,000 individuals, to accomplish common goals. SIA membersincluding investment banks, broker-dealers, and mutual fund companiesare 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.