

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-50403A; File No. SR-NASD-2004-110)

September 29, 2004

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Divestiture of American Stock Exchange

Correction

In FR Doc. E4-2354, issued on September 23, 2004,<sup>1</sup> the Commission notes that the proposed rule text in subsection (cc) on page 57120, column 3 should state as follows below. Proposed new language is in italics; proposed deletions are in brackets.

“(cc) "Non-Industry Governor" or "Non-Industry committee member" means a Governor (excluding the Chief Executive Officer and any other officer of the NASD, the President of NASD Regulation)[, any Floor Governor, and the Chief Executive Officer of Amex)] or committee member who is: (1) a Public Governor or committee member; (2) an officer or employee of an issuer of securities listed on [Nasdaq or Amex, or] a market for which NASD provides regulation; (3) an officer or employee of an issuer of unlisted securities that are traded in the over-the-counter market; or ([3]4) any other individual who would not be an Industry Governor or committee member;”

In the corresponding paragraph describing the proposed rule text, appearing on page 57124, beginning in column 1, the first, second and third complete sentences in column 2 should read as follows:

“Under the proposed amendments, the “Industry Governor” definition will include persons with a consulting or employment relationship with “a market for which NASD provides regulation,” a term that embraces both markets with which NASD has entered a

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<sup>1</sup> See Exchange Act Release No. 50403 (September 16, 2004), 69 FR 57119.

contract to provide regulatory services, and those in which NASD has an ownership interest. Because NASD has entered into a regulatory services agreement with Amex, and continues both to maintain an ownership interest in and to provide regulatory services to Nasdaq, the amended definition of “Industry Governor” will continue to encompass individuals who have a consulting or employment relationship with Amex or Nasdaq. NASD believes that, given the difficulty and expense involved in amending the NASD By-Laws when regulatory clients are added or deleted, substituting “a market for which NASD provides regulation” is preferable to identifying such clients by name in the By-Laws.”

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>2</sup>

Margaret H. McFarland  
Deputy Secretary

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<sup>2</sup> 17 CFR 200.30-3(a)(12).