

Public Investors Arbitration Bar Association

VIA FACSIMILE TRANSMISSION & FIRST CLASS MAIL

May 12, 2006

Robert S. Banks, Jr.
President

Steven B. Caruso
Vice-President/
President-Elect

Brian N. Smiley
Secretary

Scot Bernstein
Treasurer

2006 Directors
Philip M. Aidikoff
Charles W. Austin, Jr.
Robert S. Banks, Jr.
Scot Bernstein
Gail E. Boliver
Steven B. Caruso
James D. Keeney
Jenice L. Malecki
C. Thomas Mason
J. Pat Sadler
Laurence S. Schultz
Rosemary Shockman
Brian N. Smiley
Jeffrey R. Sonn
Mark A. Tepper

Robin S. Ringo
Executive Director

Mark E. Maddox
Director Emeritus

Ms. Lourdes Gonzalez
Assistant Chief Counsel
Division of Market Regulation
Securities and Exchange Commission
100 F Street, N.W.
Washington, D.C. 20549

Re: File Number SR-NASD 2003-158

Dear Ms. Gonzalez:

The Public Investors Arbitration Bar Association ("PIABA") has become aware of the fact that, on May 4, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed Amendment No. 5 to the proposed revisions to the NASD Code of Arbitration Procedure for Customer Disputes ("Customer Code") with the Securities & Exchange Commission ("SEC").

This filing includes substantial and material changes to the proposed revisions to the Customer Code which were not contained in any of the NASD's prior filings with the SEC.

For example, PIABA's initial review of this most recent filing indicates that it appears to include what is, in our opinion, a misleading representation to the SEC in connection with the commentary which accompanies the revisions that are applicable to the issue of "Motions to Decide Claims Before a Hearing on the Merits (Rule 12504)."

Specifically, in the discussion of illustrative "extraordinary circumstances" which may justify the dismissal of investor claims without a full and fair evidentiary hearing, the NASD's letter in

Ms. Lourdes Gonzalez
May 12, 2006
Page -2-

support of its proposal seems to infer that "various constituencies," which included certain unidentified "investor representatives," have "agreed" to the proposed commentary to this particular rule.

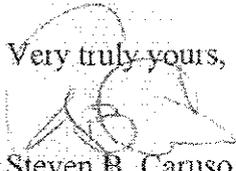
We believe that this inference is not only untrue, but that the stated commentary will cause irreparable harm to the interests of public investors through the proliferation of extended motion practice if permitted to be left unchallenged and/or unmodified.

Moreover, please be advised that PIABA was not consulted with respect to this commentary, is unaware of any other purported "investor representatives" who may have agreed to the same and, in fact, strongly disagrees with its substance.

Based on the numerous comment letters which the SEC previously received in connection with the proposed amendment of the Customer Code, as well as the fact that the final Customer Code which will be approved by the SEC will have a material affect on both the protection of investors and the public interest for many years to come, we would request that the NASD's request for accelerated approval of the proposed rule change be denied unless and until such time as a new period has been established for the submission of public comments by all interested parties.

Thanking you, in advance, for your consideration of our request, I remain,

Very truly yours,



Steven B. Caruso
PIABA Vice President/President-Elect

Ms. Lourdes Gonzalez
May 12, 2006
Page -3-

Please Direct All Replies to:

Steven B. Caruso, Esq.
Maddox Hargett & Caruso, P.C.
80 Broad Street, 5th Floor
New York, N.Y. 10004
Telephone: (212) 837-7908
Facsimile: (212) 837-7998

Copies By Facsimile Transmission To:

Bryan J. Lantagne, Esq.
Rex A. Staples, Esq.
Catherine McGuire, Esq.
Linda D. Fienberg, Esq.