



Andrew C. Small  
General Counsel  
12800 Corporate Hill Drive  
St. Louis, MO 63131  
314-965-1555 x1379  
FAX 314-835-3050  
EMAIL [Asmall@scottrade.com](mailto:Asmall@scottrade.com)

March 8, 2005

**Via Electronic Mail (rule-comments@sec.gov)**

Mr. Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: SR-NASD-2004-171

Dear Mr. Katz:

Scottrade, Inc. ("Scottrade") appreciates the opportunity to comment on the proposed amendment to NASD Rule 2340 relating to a requirement to provide a new disclosure to customers "in" the customer's account statement.

While we support the NASD's efforts to improve disclosures to customers, we believe that the current proposal is too limiting in how the new disclosures must be provided. As an online broker, most of the communications that we have with our customers is done electronically over the Internet. The NASD's proposal does not provide for the use of certain click through processes that we and many other firms use to deliver regulatory disclosures to customers.

We believe that online click through processes are an effective means of delivering regulatory disclosures and should not be precluded as a means to deliver disclosures. Although we concede that there is a certain practical simplicity in how the rule is drafted, simplicity itself should not be an overriding factor, especially since there are other effective methods in use today for delivering regulatory disclosures. We believe that broadening the rule to allow for alternative delivery mechanisms would not, in any way, dilute the intent of proposed rule.

In summary, we would like the NASD to amend the proposed rule to allow for the delivery of the new disclosures "with" (as opposed to "in") the account statement. We believe that this envelope type approach to disclosure would be beneficial to other firms and the intended audience of this rule - our customers.

We appreciate the opportunity to comment on this proposal. If we can answer any questions or provide further insights, Scottrade would be happy to discuss these issues.

Sincerely,

/s/ Andrew C. Small

Andrew C. Small  
General Counsel

cc: Jeff Holik – NASD eBrokerage Committee

