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Lourdes Gonzalez, Esq.
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Division of Market Regulation
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File No. SR-NASD-2005-052 – Honorarium for Deciding Discovery-Related Motions on the Papers

Dear Ms. Gonzalez:

This letter responds to the comment letter received by the Securities and Exchange Commission in response to the publication in the *Federal Register* of Notice of Filing SR-NASD-2005-052. That filing proposes to amend Interpretive Material (IM) 10104 of the NASD Code of Arbitration Procedure to provide payment to arbitrators for deciding discovery-related motions on the papers.

Section V(B) of the comment letter¹ states that “arbitrator compensation to resolve discovery disputes, as compensation during hearings, should be based upon units of time, e.g., \$200 for every three hours of effort.” NASD considered several options for calculating the arbitrator honorarium. NASD concluded that variable fee structures based on such factors as the number or complexity of motions or the time spent by an arbitrator in deciding a discovery-related motion on the papers could result in unlimited costs for the parties. Therefore, NASD decided that a set fee would be the most efficient way to compensate arbitrators for the additional work in deciding discovery-related motions, while keeping costs to the parties at reasonable and predictable levels.

The remaining comments raised in the letter are beyond the scope of the current proposal.

If you have any questions, I can be reached at (202) 728-8151 or by email at Mignon.McLemore@NASD.com.

Very truly yours,

Mignon McLemore

¹ See letter from Les Greenberg, Arbitrator Compensation – Discovery-Related Motions (SR-NASD-2005-052), dated May 31, 2005.