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March 3, 2006

Ms. Barbara Z. Sweeney
Office of the Corporate Secretary
National Association of Securities Dealers, Inc.
1735 K Street, NW
Washington, D.C. 2006-1506

Re: Notice to Members 06-06 – Proposed Interpretive
Material Addressing Gifts and Business Entertainment

Dear Ms. Sweeney:

Wachovia Capital Markets, LLC (“Wachovia”) appreciates this opportunity to respond to your request for comments on Notice to Members 06-06 (“NTM”) relating to gifts and business entertainment by member firms of the National Association of Securities Dealers, Inc. (“NASD”). Wachovia strongly supports the proposed interpretation of NASD Rule 3060 (the “Proposal”) put forth in the NTM and believes that the “principles-based” approach to business entertainment set forth in the Proposal is an effective method of dealing with this important issue.

Wachovia writes first to express our full support of, and agreement with, the comments made in Bond Market Association’s letter (the “BMA Letter”) to you dated March 3, 2006. Specifically, we believe (i) the modification to the definition of “customer” in the BMA Letter is a helpful clarification, (ii) the implementation of an effective record keeping requirement will take some time and accordingly, a significant transition period is warranted, and (iii) it is critical that the NYSE and other regulatory organizations who address this issue do so in a manner consistent, if not identical to, the NASD. Lastly, we strongly encourage the NASD to incorporate all prior related guidance, or expressly disclaim any guidance that the NASD believes is no longer applicable.

As stated above, Wachovia strongly supports the NASD’s “principles-based” approach to interpreting Rule 3060. At the same time, we believe it would be very helpful, and not inconsistent with that approach, for the NASD to give some specific clarifying guidance on certain issues that have been giving members some difficulty and to entertain some modest changes to the gift rules. Following are our suggestions for your consideration.

Ms. Barbara Z. Sweeney

March 3, 2006

Page 2

- Gifts. We recognize and accept the NASD's position that rules regarding gifts, as opposed to entertaining, require bright lines as opposed to utilizing a principles-based approach. Given that position, we would suggest the NASD modify and/or clarify the rules by:
 - Confirming that the calculation of the value of a gift under Rule 3060 does not include tax and shipping costs.
 - Confirming that a gift given to a client for speaking at a member-sponsored conference is not subject to Rule 3060 (provided non-client speakers received comparable gifts or remuneration).
 - Amending the Rule 3060 to apply the \$100 limit on a per gift basis as opposed to an aggregate basis. This would prevent inadvertent, technical violations without raising a concern about influence.
 - Increasing the aggregate limit to \$300. This number is still well below any threshold amount for inappropriately influencing an employee.

- Closing Mementos. We ask that the NASD confirm that gifts given at a closing event memorializing a transaction are not subject to the \$100 limit. It has been standard industry practice to present participants in a transaction with some items that memorialize the transactions (historically, a Lucite cube with a deal tombstone on it). More recently, firms have begun presenting other items that may have some use beyond memorializing the transaction (i.e. a wine bottle, an electronic device). These items typically have been embossed with the same transaction information you would find on a Lucite cube). Provided it is not extravagant, such an item should be outside the scope of the gift rules. Such items are meant as a thank you for a transaction already completed, not as a method of "causing an employee to act in a manner inconsistent with the best interests of the customer." Further, it can be construed as the kind of promotional items permitted by the NASD Notice to Members 99-55.

- Entertainment. Transportation to an Event – it is very helpful that the NASD clarified that transportation and hotel costs are part of the entertainment cost. It would be useful if it was confirmed that transportation may include reimbursing client's travel costs to an event even if the client travels unaccompanied by an employee of the member of the firm who is his or her host. We believe this is the intent of the language in the Release but would appreciate a confirmation of that.

- Educational, Philanthropic and Charitable Events – We appreciate and support the NASD's view that these events should be considered in a different context than pure "entertainment events". We assume that sponsored professional golf and tennis events in which significant amounts of revenue go to charity are included in this definition. We

Ms. Barbara Z. Sweeney
March 3, 2006
Page 3

would ask that you inform us if this is not the case. Also, any examples of how these events can be treated differently would be helpful.

- Monitoring. We understand the requirement in the NTM for periodic monitoring by an independent reviewer can be done by an independent department within or affiliated with the Member, such as the Compliance Department or Internal Audit. It would be helpful if this was confirmed.
- Consistency with NYSE Exchange Proposal. As stated above, we believe it is critical that the NASD, NYSE and other regulatory organizations that address this issue do so in a consistent, if not identical manner. In developing such consistency, we would request that the NASD consider adjusting the view expressed by the NYSE in SR-NYSE-2006-06 in which they make an exception to the general rule that tickets given to a client for an entertainment event are gifts if the client is unaccompanied by an associated person of the broker-dealer if "...exigent circumstances make it impractical for an associated person to attend." We believe this is a very useful exemption which will avoid technical violations of Rule 3060 without risk of abuse. As a practical matter, it will avoid the unnecessary awkwardness of having to stop a client on his way to an event from entering because a last-minute emergency prevents the associated person from attending. We believe that the NYSE requirement of pre-approval (or immediate post approval) along with other controls can ensure that this exemption is not abused.

We appreciate the NASD's approach to interpreting Rule 3060 as well as your consideration of our comments. Please feel free to contact Donna Harris at (704) 383-4900 or Vince Altamura at (704) 383-4903 if you wish to discuss any of the comments with us.

Sincerely,

s/Vincent Altamura

Vincent Altamura