

Proposed Rule Change by National Association of Securities Dealers
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<input type="checkbox"/> Initial	<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Withdrawal	<input checked="" type="checkbox"/> Section 19(b)(2)	<input type="checkbox"/> Section 19(b)(3)(A)	<input type="checkbox"/> Section 19(b)(3)(B)
			Rule		
<input type="checkbox"/> Pilot	<input type="checkbox"/> Extension of Time Period for Commission Action	<input type="text" value=""/> Date Expires	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

<input type="checkbox"/> Exhibit 2 Sent As Paper Document	<input type="checkbox"/> Exhibit 3 Sent As Paper Document
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Sharon"/>	Last Name	<input type="text" value="Zackula"/>
Title	<input type="text" value="Associate General Counsel"/>		
E-mail	<input type="text" value="sharon.zackula@nasd.com"/>		
Telephone	<input type="text" value="(202) 728-8985"/>	Fax	<input type="text" value="(202) 728-8274"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date	<input type="text" value="12/14/2005"/>
By	<input type="text" value="Patrice Gliniecki"/>
	(Name)
	<input type="text" value="Senior Vice President and Deputy General Counsel"/>
	(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

On October 14, 2005, NASD filed SR-NASD-2005-120 with the Securities and Exchange Commission (“Commission”) proposing to amend Rule 6250 of the Trade Reporting and Compliance Engine (“TRACE”) rules to disseminate immediately upon receipt transaction information on TRACE-eligible securities (except transactions effected pursuant to Rule 144A of the Securities Act of 1933). The proposed rule change was published for notice and comment on November 7, 2005.¹ NASD filed a response to comments on December 14, 2005. Based upon comments from the Commission staff, NASD is filing this Partial Amendment No. 1 to the proposed rule change as discussed below.

Implementation Procedures. Provided that the SEC approves the proposed rule change, NASD proposes that, upon the effective date and implementation of the rule change, NASD implement the provisions as follows: For members that execute and report transactions in TRACE-eligible securities that are subject to dissemination delays under current subparagraphs (a)(1) and (a)(2) of Rule 6250 and subparagraphs (b)(2)(A) and (b)(2)(B) of Rule 6250 prior to the effective date of the amendments, NASD will look to the date that the trade was executed and reported to determine the applicable dissemination protocol. For transactions that are both executed and reported prior to the effective date of the proposed amendments, the delayed dissemination protocols in effect prior to the effective date will continue to apply, and information about the transactions will not be disseminated until the period of delay has run.²

The following are examples of how the proposed implementation procedures would be implemented and affect dissemination. The examples assume that NASD would make the proposed rule change effective on Friday, January 6, 2006 at 12:00:01 a.m. E.S.T. (This date was chosen randomly for use in the examples; NASD has not determined the date of effectiveness of the proposed rule change if the rule change is approved by the Commission.)

Example 1: On January 4, 2006, a member executes and reports a transaction subject to a four-business day delay. Under the proposed implementation procedures, the transaction would be disseminated on Tuesday, January 10, 2006 with a “D” As/Of indicator (showing that the trade took place at a prior date and time) and with a time stamp (indicating the exact date and time that the trade took place).

Example 2: On January 4, 2006, a member executes and reports a transaction in a newly issued TRACE-eligible security subject to a 10-business day delay. Under

¹ See Securities Exchange Act Release No. 52700 (October 28, 2005), 70 Fed. Reg. 67523 (November 7, 2005).

² Any transaction that is executed prior to the effective date but reported after the effective date (i.e., reported late on an as/of basis) would be subject to the post-effective date dissemination protocols, rather than the implementation procedures set forth above, and would be disseminated immediately.

the proposed implementation procedures, the transaction would be disseminated on January 19, 2006 with a "D" As/Of indicator (showing that the trade took place at a prior date and time) and with a time stamp (indicating the exact date and time that the trade took place).

When NASD announces the effective date of the proposed rule change in a Notice to Members, NASD will describe the above implementation procedures.

Basis for Accelerated Effectiveness Pursuant to Section 19(b)(2). NASD requests the Commission to find good cause pursuant to Section 19(b)(2) of the Act for approving the proposed rule change prior to the 30th day after its publication in the Federal Register because the partial amendment set forth above merely provides additional clarity to market participants and the investing public about how NASD will implement the proposed rule change for a limited number of transactions during a very limited period when the rule amendments first take effect, market participants and the investing public have received notice and have been provided the opportunity to comment on the proposed rule change, and the proposed implementation procedures will allow NASD to make an orderly transition to full dissemination.