

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

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

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--	--

**Description**  
Provide a brief description of the proposed rule change (limit 250 characters).

Extension of effective date of NASD Rule 3010(g)(2)(A) and IM-3010-1 ("Uniform Branch Office Definition") and certain Form BR and Form U4 Filing Requirements

**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="Kosha"/>	Last Name	<input type="text" value="Dalal"/>
Title	<input type="text" value="Associate General Counsel"/>		
E-mail	<input type="text" value="kosha.dalal@nasd.com"/>		
Telephone	<input type="text" value="(202) 728-6903"/>	Fax	<input type="text" value="(202) 728-8264"/>

**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

By  Senior Vice President and Deputy General Counsel

(Name)

(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.

PATRICE GLINIECKI,

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information**

[Add](#) [Remove](#) [View](#)

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**

[Add](#) [Remove](#) [View](#)

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**

[Add](#) [Remove](#) [View](#)

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**

[Add](#) [Remove](#) [View](#)

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**

[Add](#) [Remove](#) [View](#)

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**

[Add](#) [Remove](#) [View](#)

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**

[Add](#) [Remove](#) [View](#)

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.

**1. Text of Proposed Rule Change**

(a) Pursuant to the provisions of Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”), the National Association of Securities Dealers, Inc. (“NASD”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) an extension of the effective date of amendments to NASD Rule 3010(g)(2)(A) which defines the term “branch office,” and related IM-3010-1 which provides guidance on factors to be considered by members when conducting internal inspections of offices (“Uniform Branch Office Definition”), from May 1, 2006 to July 3, 2006.<sup>2</sup> Further, NASD is extending from May 1, 2006 to July 3, 2006 the transition deadline for compliance with Form BR (Uniform Branch Office Registration Form) and Form U4 (Uniform Application for Securities Industry Registration and Transfer) filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005.<sup>3</sup> NASD is not proposing any textual changes to the Rules of NASD.

(b) Not applicable.

(c) Not applicable.

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> See Exchange Act Release No. 52403 (September 9, 2005); 70 FR 54782 (September 16, 2005); File No. SR-NASD-2003-104 (Order Granting Approval of Proposed Rule Change Relating to Proposed Uniform Branch Office Definition) (“Uniform Branch Office Definition Approval Order”).

<sup>3</sup> See Exchange Act Release No. 52544 (September 30, 2005); 70 FR 58764 (October 7, 2005); File No. SR-NASD-2005-030 (Order Granting Approval of Proposed Rule Change Relating to Proposed Form BR (Uniform Branch Office Registration Form) and Conforming Changes and Technical Revisions to Form U4 and Form U5) (“Form BR Approval Order”).

**2. Procedures of the Self-Regulatory Organization**

The Uniform Branch Office Definition was approved by the Board of Directors of NASD Regulation, Inc. at its meeting on April 23, 2003, which authorized the filing of the rule change with the SEC. Counsel for The Nasdaq Stock Market and NASD Dispute Resolution have been provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by NASD to its Subsidiaries. The Board of Governors of NASD had an opportunity to review the proposed rule change at its meeting on April 24, 2003. The Form BR and technical changes to Form U4 and Form U5 were approved by the Board of Governors of NASD at its meeting on July 22, 2004. No other action by NASD is necessary for the filing of the proposed rule change. Section 1(a)(iii) of Article VII of the NASD By-Laws permits the Board of Governors of NASD to issue orders/interpretations, including interpretations of NASD Rules without recourse to the membership for approval.

As further discussed below, NASD is filing the proposed rule change for immediate effectiveness. The proposed rule change will become effective upon the date of this filing, thereby extending to July 3, 2006 (1) the effective date of the Uniform Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005.

**3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

On September 9, 2005, the SEC approved (1) amendments to NASD Rule 3010(g)(2) which defines the term “branch office,” and (2) the adoption of IM-3010-1 to provide interpretive guidance on factors to be considered by members in conducting internal inspections of offices (“Uniform Branch Office Definition”).<sup>4</sup> In such rule filing, NASD stated that the effective date of the Uniform Branch Office Definition would follow deployment of the new branch office registration system on the Central Registration Depository (CRD®), and that members would have sufficient time to transition to the new Form BR (Uniform Branch Office Registration Form) and associated filing protocols.<sup>5</sup> Following SEC approval of the Uniform Branch Office Definition, NASD announced in a *Notice to Members* that the effective date of the amendments would be May 1, 2006.<sup>6</sup>

In addition, on September 30, 2005, the SEC approved the Form BR and conforming and technical changes to Form U4 (Uniform Application for Securities Industry Registration or Transfer) and Form U5 (Uniform Termination Notice for

---

<sup>4</sup> See Uniform Branch Office Definition Approval Order.

<sup>5</sup> See Form BR Approval Order. See also NASD *Notice to Members* 05-66 (October 2005).

<sup>6</sup> See NASD *Notice to Members* 05-67 (October 2005).

Securities Industry Registration).<sup>7</sup> In such rule filing and subsequent *Notice to Members*, NASD announced May 1, 2006 as the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005. Such firms currently have until May 1, 2006 to (1) complete and file the “conversion” Form BR for each such branch; and (2) with respect to the registered persons employed by such branches, amend all applicable Forms U4 to assign these registered persons to the branch office(s) (or other locations) from which they work.<sup>8</sup>

Numerous members have requested an extension of the May 1, 2006 deadlines as the process for transitioning existing and new branch offices into the new centralized branch office registration system on CRD has been more time consuming than originally anticipated. In particular, members with the largest number of associated persons have stated that the process of completing a Form BR for each branch office location, which form requires more detailed information on each branch location (both existing and new locations) than previously required under Schedule E to Form BD, has been resource and labor intensive. Such members have expressed concern that, despite the allocation of significant resources to meet the May 1, 2006 deadlines, they do not believe they will be able to complete the necessary Forms BR and Forms U4 linking each associated person to a registered office location by such deadline. As a result, NASD believes this one-time extension of the deadlines to July 3, 2006 of (1) the effective date of the Uniform

---

<sup>7</sup> See Form BR Approval Order. See also NASD *Notice to Members* 05-66 (October 2005).

<sup>8</sup> See NASD *Notice to Members* 05-66 (October 2005).

Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005 will allow for a more orderly transition by members to the new Uniform Branch Office Definition and the new centralized branch office registration system on CRD.

NASD is filing the proposed rule change for immediate effectiveness. The proposed rule change will become effective upon the date of this filing, thereby extending to July 3, 2006 (1) the effective date of the Uniform Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act<sup>9</sup>, which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that extending from May 1, 2006 to July 3, 2006 (1) the effective date of the Uniform Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005 will allow for a more orderly transition by members to the Uniform Branch Office

---

<sup>9</sup> 15 U.S.C. 78s(b)(6).

Definition and the new centralized branch office registration system on CRD. The extension will allow members to comply with the Uniform Branch Office Definition and the new Form BR without unduly burdening members.

**4. Self-Regulatory Organization's Statement on Burden on Competition**

NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

**5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

**6. Extension of Time Period for Commission Action**

Not applicable.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act<sup>10</sup> and Rule 19b-4(f)(1)<sup>11</sup> thereunder, in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of NASD. As noted above, the proposed rule change will become effective upon the date of this filing, thereby extending to July 3, 2006 (1) the effective date of the Uniform Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005.

---

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(i).

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**9. Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

(Release No. 34- ; File No. SR-NASD-2006-037)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending Effective Date of Uniform Branch Office Definition and Related Interpretive Material

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March \_\_, 2006, the National Association of Securities Dealers, Inc. (“NASD”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD. NASD has designated the proposed rule change as “constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A)(i) of the Act<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

**I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change**

The National Association of Securities Dealers, Inc. (“NASD”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) an extension of the effective date of amendments to NASD Rule 3010(g)(2)(A) which defines the term “branch office,” and related IM-3010-1 which provides guidance on factors to be considered by members when conducting internal inspections of offices (“Uniform Branch Office Definition”), from May 1, 2006 to July 3, 2006.<sup>5</sup> Further, NASD is extending from May 1, 2006 to July 3, 2006 the transition deadline for compliance with Form BR (Uniform Branch Office Registration Form) and Form U4 (Uniform Application for Securities Industry Registration and Transfer) filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005.<sup>6</sup> NASD is not proposing any textual changes to the Rules of NASD.

**II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, NASD included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

---

<sup>5</sup> See Exchange Act Release No. 52403 (September 9, 2005); 70 FR 54782 (September 16, 2005); File No. SR-NASD-2003-104 (Order Granting Approval of Proposed Rule Change Relating to Proposed Uniform Branch Office Definition) (“Uniform Branch Office Definition Approval Order”).

<sup>6</sup> See Exchange Act Release No. 52544 (September 30, 2005); 70 FR 58764 (October 7, 2005); File No. SR-NASD-2005-030 (Order Granting Approval of Proposed Rule Change Relating to Proposed Form BR (Uniform Branch Office Registration Form) and Conforming Changes and Technical Revisions to Form U4 and Form U5) (“Form BR Approval Order”).

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NASD has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

**A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

1. Purpose

On September 9, 2005, the SEC approved (1) amendments to NASD Rule 3010(g)(2) which defines the term “branch office,” and (2) the adoption of IM-3010-1 to provide interpretive guidance on factors to be considered by members in conducting internal inspections of offices (“Uniform Branch Office Definition”).<sup>7</sup> In such rule filing, NASD stated that the effective date of the Uniform Branch Office Definition would follow deployment of the new branch office registration system on the Central Registration Depository (CRD®), and that members would have sufficient time to transition to the new Form BR (Uniform Branch Office Registration Form) and associated filing protocols.<sup>8</sup> Following SEC approval of the Uniform Branch Office Definition, NASD announced in a *Notice to Members* that the effective date of the amendments would be May 1, 2006.<sup>9</sup>

In addition, on September 30, 2005, the SEC approved the Form BR and conforming and technical changes to Form U4 (Uniform Application for Securities Industry Registration or Transfer) and Form U5 (Uniform Termination Notice for

---

<sup>7</sup> See Uniform Branch Office Definition Approval Order.

<sup>8</sup> See Form BR Approval Order. See also NASD *Notice to Members* 05-66 (October 2005).

<sup>9</sup> See NASD *Notice to Members* 05-67 (October 2005).

Securities Industry Registration).<sup>10</sup> In such rule filing and subsequent *Notice to Members*, NASD announced May 1, 2006 as the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005. Such firms currently have until May 1, 2006 to (1) complete and file the “conversion” Form BR for each such branch; and (2) with respect to the registered persons employed by such branches, amend all applicable Forms U4 to assign these registered persons to the branch office(s) (or other locations) from which they work.<sup>11</sup>

Numerous members have requested an extension of the May 1, 2006 deadlines as the process for transitioning existing and new branch offices into the new centralized branch office registration system on CRD has been more time consuming than originally anticipated. In particular, members with the largest number of associated persons have stated that the process of completing a Form BR for each branch office location, which form requires more detailed information on each branch location (both existing and new locations) than previously required under Schedule E to Form BD, has been resource and labor intensive. Such members have expressed concern that, despite the allocation of significant resources to meet the May 1, 2006 deadlines, they do not believe they will be able to complete the necessary Forms BR and Forms U4 linking each associated person to a registered office location by such deadline. As a result, NASD believes this one-time extension of the deadlines to July 3, 2006 of (1) the effective date of the Uniform Branch

---

<sup>10</sup> See Form BR Approval Order. See also NASD *Notice to Members* 05-66 (October 2005).

<sup>11</sup> See NASD *Notice to Members* 05-66 (October 2005).

Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005 will allow for a more orderly transition by members to the new Uniform Branch Office Definition and the new centralized branch office registration system on CRD.

NASD is filing the proposed rule change for immediate effectiveness. The proposed rule change will become effective upon the date of this filing, thereby extending to July 3, 2006 (1) the effective date of the Uniform Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005.

## 2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act<sup>12</sup>, which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that extending from May 1, 2006 to July 3, 2006 (1) the effective date of the Uniform Branch Office Definition; and (2) the transition deadline for compliance with Form BR and Form U4 filing requirements for firms with respect to those branch offices of a firm in existence before the close of business on October 14, 2005 will allow for a more orderly transition by members to the Uniform Branch Office Definition and the new centralized branch office registration system on CRD. The

---

<sup>12</sup> 15 U.S.C. 78s(b)(6).

extension will allow members to comply with the Uniform Branch Office Definition and the new Form BR without unduly burdening members.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

**C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>13</sup> of the Act and paragraph (f) of Rule 19b-4<sup>14</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

---

<sup>13</sup> 15 U.S.C. 78s(b)(3).

<sup>14</sup> 17 CFR 240.19b-4.

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASD-2006-037 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASD-2006-037. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of NASD.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to

File Number SR-NASD-2006-037 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

Nancy M. Morris

Secretary

---

<sup>15</sup> 17 CFR 200.30-3(a)(12).