

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

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
			<input checked="" 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)	

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

Proposed rule change to amend Rule 6957(c) to reflect July 10, 2006 as the revised effective date for the recent amendments to NASD's Order Audit Trail System Rules.

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="Andrea"/>	Last Name	<input type="text" value="Orr"/>
Title	<input type="text" value="Assistant General Counsel"/>		
E-mail	<input type="text" value="andrea.orr@nasd.com"/>		
Telephone	<input type="text" value="(202) 728-8156"/>	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	<input type="text" value="05/15/2006"/>
By	<input type="text" value="Stephanie M. Dumont"/>
	(Name)
	<input type="text" value="Vice President, Associate 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.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ the National Association of Securities Dealers, Inc. (“NASD”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Rule 6957(c) to reflect July 10, 2006 as the effective date for the Order Audit Trail System (OATS) reporting requirements for manual orders on an immediately effective basis.²

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.³

* * * * *

6950. Order Audit Trail System

* * * * *

¹ 15 U.S.C. 78s(b)(1).

² The SEC recently approved amendments to the Rule 6950 Series (OATS Rules) relating to OATS. See Securities Exchange Act Release No. 52521 (September 28, 2005), 70 FR 57909 (October 4, 2005) (File No. SR-NASD-00-23). See also *Notice to Members 05-78* (November 2005).

NASD recently filed a proposed rule change for immediate effectiveness that extends the effective date of these amendments to the OATS Rules until July 10, 2006. See File No. SR-NASD-2006-052. See also *Notice to Members 06-17* (April 2006).

³ The proposed changes indicated below are based on the current text of Rule 6957 and, thus, do not reflect the amendments to the rule text that are effective on July 10, 2006. See supra note 2. As part of SR-NASD-2006-052, NASD is amending Rule 6957(c) to make it identical to the proposed changes in this filing.

6957. Effective Date

The requirements of the Order Audit Trail System shall be effective in accordance with the following schedule:

(a) and (b) No Change.

(c) Manual Orders

The requirements of the Order Audit Trail System shall be effective on July 10, 2006[120 days after SEC approval of SR-NASD-00-23,] for all manual orders, provided that firms shall be required to report information item (18) specified in Rule 6954(b) only to the extent such item is available to them[and shall not be required to record and report information items (4) and (5) specified in Rule 6954(b) and information item (1) specified in Rule 6954(c)].

(d) No Change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Governors of NASD (“Board”) and authorized for filing with the SEC pursuant to a delegation of authority granted by the Board at its meeting on January 23, 2003, to the General Counsel of NASD Regulatory Policy and Oversight (or his officer designee) (“Delegation of Authority”) to file, without further specific Board authorization, administrative, technical, conforming, and non-substantive changes to NASD rules.

Counsel for The Nasdaq Stock Market and NASD Dispute Resolution were 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 staff will advise the Board of any action taken pursuant to the Delegation of Authority. No other action by NASD is necessary for the filing of this proposed rule change. Section 1(a)(ii) of Article VII of the NASD By-Laws permits the NASD Board of Governors to adopt amendments to NASD Rules without recourse to the membership for approval.

NASD has filed the proposed rule change for immediate effectiveness.

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

(a) Purpose

NASD is proposing to amend Rule 6957(c) to reflect that July 10, 2006 is the effective date for the Order Audit Trail System (OATS) reporting requirements for manual orders. Specifically, on September 28, 2005, the SEC approved amendments to the OATS Rules which, among other things,⁴ implement the OATS reporting

⁴ These amendments to the OATS Rules also: (1) provide that members are required to capture and report the time the order is received by the member from the customer for all orders; (2) expand the order transmittal requirements to include orders routed to a member's trading desk or trading department; (3) exclude certain members from the definition of "Reporting Member" for those orders that meet specified conditions and are recorded and reported to OATS by another member; and (4) permit NASD to grant exemptive relief from the OATS requirements in certain circumstances to members that meet specified criteria. In SR-NASD-2006-052, NASD revised the effective date of these amendments to the OATS Rules to July 10, 2006. See File No. SR-NASD-2006-052. See also *Notice to Members 06-17* (April 2006).

requirements for manual orders.⁵ On April 20, 2006, NASD filed a proposed rule change for immediate effectiveness that extends the effective date of these recent amendments to the OATS Rules until July 10, 2006.⁶ In doing so, NASD, among other things, amended Rule 6957(c), relating to the effective date for manual orders, to reflect the revised effective date.

Because these changes to Rule 6957(c) will not be incorporated into the NASD manual until July 10, 2006, NASD is proposing to amend Rule 6957(c) to reflect the new implementation date on an immediately effective basis.⁷ In doing so, the proposed rule change will make transparent in the current version of NASD Rules the effective date of the OATS requirements for manual orders.

NASD has filed the proposed rule change for immediate effectiveness.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ 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

⁵ See supra note 2.

⁶ Id.

⁷ NASD also is proposing to amend the rule text to reflect certain technical amendments to Rule 6957(c) to clarify that the OATS order information required under Rule 6954(b)(4) and (5) and the OATS transmittal requirements under Rule 6951(c)(1) apply to manual orders. These technical amendments were approved by Commission in SR-NASD-00-23. See Securities Exchange Act Release No. 52521 (September 28, 2005), 70 FR 57909 (October 4, 2005).

⁸ 15 U.S.C. 78o-3(b)(6).

interest. NASD believes that the proposed rule change will provide transparency regarding the effective date of the OATS reporting requirements for manual orders.

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) of the Act⁹ and paragraph (f)(1) of Rule 19b-4 thereunder,¹⁰ 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.

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.

⁹ 15 U.S.C. 78s(b)(3).

¹⁰ 17 CFR 240.19b-4(f)(1).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2006-062)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Reflect the Revised Effective Date of Certain Amendments to NASD's Order Audit Trail System Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on , 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 Act³ and Rule 19b-4(f)(1) thereunder,⁴ 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

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

NASD is proposing to amend Rule 6957(c) to reflect July 10, 2006 as the effective date for the Order Audit Trail System (OATS) reporting requirements for manual orders on an immediately effective basis.⁵

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.⁶

* * * * *

6950. Order Audit Trail System

* * * * *

6957. Effective Date

The requirements of the Order Audit Trail System shall be effective in accordance with the following schedule:

(a) and (b) No Change.

⁵ The SEC recently approved amendments to the Rule 6950 Series (OATS Rules) relating to OATS. See Securities Exchange Act Release No. 52521 (September 28, 2005), 70 FR 57909 (October 4, 2005) (File No. SR-NASD-00-23). See also *Notice to Members 05-78* (November 2005).

NASD recently filed a proposed rule change for immediate effectiveness that extends the effective date of these amendments to the OATS Rules until July 10, 2006. See File No. SR-NASD-2006-052. See also *Notice to Members 06-17* (April 2006).

⁶ The proposed changes indicated below are based on the current text of Rule 6957 and, thus, do not reflect the amendments to the rule text that are effective on July 10, 2006. See supra note 5. As part of SR-NASD-2006-052, NASD is amending Rule 6957(c) to make it identical to the proposed changes in this filing.

(c) Manual Orders

The requirements of the Order Audit Trail System shall be effective on July 10, 2006[120 days after SEC approval of SR-NASD-00-23,] for all manual orders, provided that firms shall be required to report information item (18) specified in Rule 6954(b) only to the extent such item is available to them[and shall not be required to record and report information items (4) and (5) specified in Rule 6954(b) and information item (1) specified in Rule 6954(c)].

(d) No Change.

* * * * *

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 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

NASD is proposing to amend Rule 6957(c) to reflect that July 10, 2006 is the effective date for the Order Audit Trail System (OATS) reporting requirements for manual orders. Specifically, on September 28, 2005, the SEC approved amendments to

the OATS Rules which, among other things,⁷ implement the OATS reporting requirements for manual orders.⁸ On April 20, 2006, NASD filed a proposed rule change for immediate effectiveness that extends the effective date of these recent amendments to the OATS Rules until July 10, 2006.⁹ In doing so, NASD, among other things, amended Rule 6957(c), relating to the effective date for manual orders, to reflect the revised effective date.

Because these changes to Rule 6957(c) will not be incorporated into the NASD manual until July 10, 2006, NASD is proposing to amend Rule 6957(c) to reflect the new implementation date on an immediately effective basis.¹⁰ In doing so, the proposed rule

⁷ These amendments to the OATS Rules also: (1) provide that members are required to capture and report the time the order is received by the member from the customer for all orders; (2) expand the order transmittal requirements to include orders routed to a member's trading desk or trading department; (3) exclude certain members from the definition of "Reporting Member" for those orders that meet specified conditions and are recorded and reported to OATS by another member; and (4) permit NASD to grant exemptive relief from the OATS requirements in certain circumstances to members that meet specified criteria. In SR-NASD-2006-052, NASD revised the effective date of these amendments to the OATS Rules to July 10, 2006. See File No. SR-NASD-2006-052. See also *Notice to Members 06-17* (April 2006).

⁸ See supra note 5.

⁹ Id.

¹⁰ NASD also is proposing to amend the rule text to reflect certain technical amendments to Rule 6957(c) to clarify that the OATS order information required under Rule 6954(b)(4) and (5) and the OATS transmittal requirements under Rule 6951(c)(1) apply to manual orders. These technical amendments were approved by Commission in SR-NASD-00-23. See Securities Exchange Act Release No. 52521 (September 28, 2005), 70 FR 57909 (October 4, 2005).

change will make transparent in the current version of NASD Rules the effective date of the OATS requirements for manual orders.

NASD has filed the proposed rule change for immediate effectiveness.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹¹ 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 the proposed rule change will provide transparency regarding the effective date of the OATS reporting requirements for manual orders.

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) of the Act and paragraph (f) of Rule 19b-4 thereunder.¹² At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such

¹¹ 15 U.S.C. 78o-3(b)(6).

¹² 17 CFR 240.19b-4.

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:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASD-2006-062 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-2006-062. 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-2006-062 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.¹³

Nancy M. Morris

Secretary

¹³ 17 CFR 200.30-3(a)(12).