

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"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<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 checked="" type="checkbox"/> 19b-4(f)(6)	

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).

Proposed Rule Change to Extend the Hours of Operations of the NASD/Nasdaq TRF, the OTC Reporting Facility and the Trade Reporting of Non-Nasdaq Exchange-Listed Securities under the Rule 6400 Series

**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  Last Name   
 Title   
 E-mail   
 Telephone  Fax

**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  Vice President and Associate 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.

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) under the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> the National Association of Securities Dealers, Inc. (“NASD”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to extend the hours of operation of (1) the Trade Reporting Facility established by NASD and the Nasdaq Stock Market, Inc. (the “NASD/Nasdaq TRF”);<sup>2</sup> (2) the trade reporting of non-Nasdaq exchange-listed securities under the Rule 6400 Series; and (3) the trade reporting of OTC Equity Securities to the OTC Reporting Facility (“ORF”)<sup>3</sup> under the Rule 6600 Series, until 8:00 p.m. Eastern Time (ET).

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.<sup>4</sup>

---

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

<sup>2</sup> During the initial transitional period, the NASD/Nasdaq TRF is used to report transactions executed otherwise than on an exchange in all Nasdaq Global Market, Nasdaq Capital Market securities and convertible bonds listed on Nasdaq. See NASD Rule 4000 Series and Rule 6100 Series. NASD filed a separate proposed rule change to expand the scope of the NASD/Nasdaq TRF rules to include trade reporting in non-Nasdaq exchange-listed securities. See Exchange Act Release No. 54451 (September 15, 2006), 71 FR 55243 (September 21, 2006) (notice of filing of SR-NASD-2006-104).

<sup>3</sup> For purposes of the Rule 6600 Series, the ORF is the service provided by NASD that accommodates reporting and dissemination of last sale reports in OTC Equity Securities. Regarding those OTC Equity Securities that are not eligible for clearance and settlement through the facilities of the National Securities Clearing Corporation, the ORF comparison function is not available. However, the ORF supports the entry and dissemination of last sale data on such securities. See NASD Rule 6610(k).

<sup>4</sup> Note: NASD has proposed changes to Rule 4632(e), among other NASD rules, in SR-NASD-2006-104, which is currently pending at the SEC. Those proposed changes include the insertion of “NASD/Nasdaq” before each reference to the Trade Reporting Facility in Rule 4632, which also is reflected in the proposed rule text. Further, the SEC has approved changes to Rules 4632(e), 6420(e) and

\* \* \* \* \*

**4632. Transaction Reporting**

**(a) When and How Transactions are Reported**

(1) No Change.

**(2) Transaction Reporting to the NASD/Nasdaq Trade Reporting Facility Outside Normal Market Hours**

(A) Last sale reports of transactions in designated securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported within 90 seconds after execution and shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds also shall be designated as .T trades.

Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(B) Last sale reports of transactions in designated securities executed between the hours of 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time shall be reported within 90 seconds after execution and be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds also shall be designated as .T trades. Transactions not reported before [6:30] 8:00 p.m.

---

6620(e) in SR-NASD-2006-055, which becomes effective on December 1, 2006. See Exchange Act Release No. 53977 (June 12, 2006), 71 FR 34976 (June 16, 2006) (order approving SR-NASD-2006-055). Lastly, the SEC also has approved changes to Rule 6420, among others, in SR-NASD-2006-091, which is scheduled to become effective on February 5, 2007. Upon the implementation of SR-NASD-2006-091, the requirements in Rule 6420, among others, will no longer be necessary as they will be incorporated directly into NASD’s Alternative Display Facility rules.

shall be reported on an “as/of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m.

(C) Last sale reports of transactions executed between midnight and 8:00 a.m. Eastern Time shall be reported between 8:00 a.m. and 9:30 a.m. Eastern Time on trade date as “.T” trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(D) Last sale reports of transactions executed between [6:30] 8:00 p.m. and midnight Eastern Time shall be reported on the next business day (T+1) between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time and be designated “as/of” trades.

(3) through (10) No Change.

(b) through (f) No Change.

**(g) Reporting Cancelled Trades**

(1) No Change.

**(2) Deadlines for Reporting Cancelled Trades**

(A) No Change.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:13:30 p.m., but before 5:15 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall use its best efforts to report the cancellation not later than 5:15 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:15 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to [6:30] 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (g)(1) shall report the cancellation by [6:30] 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after [6:30] 8:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation (i) by [6:30] 8:00 p.m. on the date of cancellation if the trade is cancelled before [6:30] 8:00 p.m., or (ii) by [6:30] 8:00 p.m. on the following business day if the trade is cancelled at or after [6:30] 8:00 p.m.

(G) No Change.

\* \* \* \* \*

## **6420. Transaction Reporting**

### **(a) When and How Transactions are Reported**

(1) (A) No Change.

(B) Registered Reporting Members shall transmit to Nasdaq, within 90 seconds after execution, last sale reports of transactions in eligible securities executed in the United States otherwise than on a national securities exchange between 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time; trades executed and reported after 4:00 p.m. Eastern Time shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds after execution must be designated as .T trades. Transactions not reported by [6:30] 8:00 p.m. shall be reported on an “as of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time.

(2) (A) No Change.

(B) Non-registered Reporting Members shall, within 90 seconds after execution, transmit to Nasdaq, or by telephone to the Nasdaq Operations Department if the Nasdaq reporting service is unavailable due to system or transmission failure, last sale reports of transactions in eligible securities executed in the United States otherwise than on a national securities exchange between the hours of 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time; trades executed and reported after 4:00 p.m. Eastern Time shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds after execution must be designated as .T trades. Transactions not reported by [6:30] 8:00 p.m. shall be reported on an “as of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m.

(3) (A) All members shall report transactions in eligible securities executed outside the hours of 9:30 a.m. and [6:30] 8:00 p.m. Eastern Time as follows:

(i) Last sale reports of transactions in eligible securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported within 90 seconds after execution and shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds shall also be designated as .T trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(ii) Last sale reports of transactions executed between midnight and 8:00 a.m. Eastern Time shall be reported between 8:00 a.m. and 9:30 a.m. Eastern Time on trade date as “.T” trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(iii) Last sale reports of transactions executed between [6:30] 8:00 p.m. and midnight Eastern Time shall be reported on the next business day (T+1) between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time and be designated “as/of” trades.

(iv) No Change.

(B) No Change.

(4) through (10) No Change.

(b) through (e) No Change.

**(f) Reporting Cancelled Trades**

(1) No Change.

**(2) Deadlines for Reporting Cancelled Trades**

(A) No Change.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:13:30 p.m., but before 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall use its best efforts to report the cancellation not later than 5:15 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior [6:30] 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (f)(1) shall report the cancellation by [6:30] 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after [6:30] 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation (i) by [6:30] 8:00 p.m. on the date of cancellation if the trade is cancelled before [6:30] 8:00 p.m., or (ii) by [6:30] 8:00 p.m. on the following business day if the trade is cancelled at or after [6:30] 8:00 p.m.

(G) No Change.

\* \* \* \* \*

## **6620. Transaction Reporting**

### **(a) When and How Transactions are Reported**

(1) through (2) No Change.

### **(3) Transaction Reporting Outside Normal Market Hours**

(A) Last sale reports of transactions in OTC Equity Securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be transmitted to the OTC Reporting Facility within 90 seconds after execution and shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds must be designated as .T trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(B) Last sale reports of transactions in OTC Equity Securities executed between the hours of 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time shall be transmitted to the OTC Reporting Facility within 90 seconds after execution; trades executed and reported after 4:00 p.m. Eastern Time

shall be designated as “.T” to denote their execution outside normal market hours. Transactions not reported within 90 seconds must be designated as .T trades. Transactions not reported before [6:30] 8:00 p.m. shall be reported on an “as of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m.

(C) Last sale reports of transactions in OTC Equity Securities executed outside the hours of 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time shall be reported as follows:

(i) Last sale reports of transactions in American Depositary Receipts (ADRs), Canadian issues, or domestic OTC Equity Securities that are executed between midnight and 8:00 a.m. Eastern Time shall be transmitted to the OTC Reporting Facility between 8:00 a.m. and 9:30 a.m. Eastern Time on trade date and be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades. The party responsible for reporting on trade date, the trade details to be reported, and the applicable procedures shall be governed, respectively, by paragraphs (b), (c), and (d) below;

(ii) Last sale reports of transactions in ADRs, Canadian issues, or domestic OTC Equity Securities that are executed between [6:30] 8:00 p.m. and midnight Eastern Time shall be transmitted to the OTC Reporting Facility on the next business day

(T+1) between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time and be designated “as of” trades to denote their execution on a prior day. The party responsible for reporting on T+1, the trade details to be reported, and the applicable procedures shall be governed, respectively, by paragraphs (b), (c), and (d) below; and

(iii) No Change.

(4) through (9) No Change.

(b) through (e) No Change.

**(f) Reporting Cancelled Trades**

(1) No Change.

**(2) Deadlines for Reporting Cancelled Trades**

(A) No Change.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:13:30 p.m., but before 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall use its best efforts to report the cancellation not later than 5:15 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to [6:30] 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (f)(1) shall report the cancellation by [6:30] 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after [6:30] 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation (i) by [6:30] 8:00 p.m. on the date of cancellation if the trade is cancelled before [6:30] 8:00 p.m., or (ii) by [6:30] 8:00 p.m. on the following business day if the trade is cancelled at or after [6:30] 8:00 p.m.

(G) No Change.

\* \* \* \* \*

## **6920. Transaction Reporting**

### **(a) When and How Transactions are Reported**

(1) Reports of secondary market transactions in direct participation programs shall be transmitted to the OTC Reporting Facility on the next business day (“T+1”) after the date of execution between 8:00 a.m. and 1:30 p.m. Eastern Time, be designated “as of” trades to denote their execution on a prior day, and be accompanied by the time of execution. The party responsible for reporting on T+1, the trade details to be reported, and the applicable procedures shall be

governed, respectively, by paragraphs (b), (c), and (d) below. Member firms that have the operational capability to report transactions within 90 seconds of execution, between the hours of 8:00 a.m. and [5:15] 8:00 p.m. Eastern Time, may do so at their option. If a firm chooses this option, it need not report the same transaction(s) on T+1 as prescribed above.

(2) through (3) No Change.

(b) through (e) No Change.

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

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

The Board of Governors of NASD approved the proposed rule change at its meeting on July 20, 2006, which authorized the filing of the rule change with the Commission. Section 1(a)(ii) of Article VII of the NASD By-Laws permits the Board of Governors of NASD to adopt amendments to NASD Rules without recourse to the membership for approval. No other action by the NASD is necessary for the filing of the rule change.

NASD has filed the proposed rule change for immediate effectiveness. NASD proposes to make the proposed rule change operative on November 6, 2006.

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

(a) Purpose

On June 30, 2006, the Commission approved SR-NASD-2005-087, which amended certain NASD rules to reflect separation of The Nasdaq Stock Market, Inc. from

NASD upon the operation of the Nasdaq Stock Market LLC as a national securities exchange.<sup>5</sup> As part of SR-NASD-2005-087, the Commission approved the establishment of, and rules governing, the NASD/Nasdaq TRF, which currently provides members another mechanism for reporting transactions in Nasdaq-listed securities effected otherwise than on an exchange.<sup>6</sup>

Pursuant to the Rule 6600 Series, members use the ORF for purposes of reporting transactions in OTC Equity Securities to NASD.<sup>7</sup> In addition, pursuant to the Rule 6400 Series, members report over-the-counter trade reporting requirements for non-Nasdaq exchange-listed securities to NASD. Nasdaq's Automated Confirmation Transaction Service (ACT) is the system used for each of these purposes.

Currently, the NASD/Nasdaq TRF trade reporting rules reflect a system closing time of 6:30 p.m. (ET), which was consistent with the system closing time of the UTP Securities Information Processor ("UTP SIP"). Effective September 18, 2006, the UTP SIP system closing time was extended from 6:30 p.m. (ET) to 8:00 p.m. (ET). To accommodate the extended UTP SIP system closing time, NASD is proposing to extend the closing time of the NASD/Nasdaq TRF from 6:30 p.m. to 8:00 p.m. (ET). In addition, to keep the hours of operation uniform across the ACT system, NASD is proposing to extend the closing time to 8:00 p.m. for reporting OTC Equity Securities under Rule 6600 and non-Nasdaq exchange-listed securities under Rule 6400.

---

<sup>5</sup> See Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006).

<sup>6</sup> See supra note 2.

<sup>7</sup> Rule 6610(d) defines "OTC Equity Securities" as any non-exchange-listed security and certain exchange-listed securities that do not otherwise qualify for real-time trade reporting.

Finally, the text of Rule 6920 incorrectly reflects a system closing time of 5:15 p.m. (ET). This closing time should have been amended at the time that the other NASD trade reporting rules were amended to reflect a system closing time of 6:30 p.m.

Accordingly, as part of this proposed rule change, NASD also proposes to amend Rule 6920 to extend the time from 5:15 p.m. until 8:00 p.m., the closing time of the ORF.

NASD has filed the proposed rule change for immediate effectiveness. NASD proposes to make the proposed rule change operative on November 6, 2006. To ensure that market participants have sufficient time to program their internal systems to accommodate a new closing time of 8:00 p.m. for the NASD/Nasdaq TRF and ORF, the proposed operative date of the extended closing time was announced in a Nasdaq Head Trader Alert on August 23, 2006.<sup>8</sup>

Extension of the system hours for the NASD/Nasdaq TRF and ORF will allow market participants to timely report more trades taking place after normal market hours. NASD believes that the proposed effective date draws an appropriate balance between the benefits of expanded access to the NASD/Nasdaq TRF and ORF systems with the needs of market participants to prepare for it.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,<sup>9</sup> in general and with Section 15A(b)(6) of the Act,<sup>10</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to

---

<sup>8</sup> See Nasdaq Head Trader Alert 2006-120 (August 23, 2006) (available at <http://www.nasdaqtrader.com>).

<sup>9</sup> 15 U.S.C. 78o-3.

<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and, in general, to protect investors and the public interest. NASD believes that the proposed rule change will afford market participants additional time to report trades taking place after normal market hours, resulting in more timely and accurate trade reporting, which in turn will result in greater transparency.

**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 Act and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>11</sup> in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing (subject to waiver by the Commission). In accordance with Rule 19b-4,<sup>12</sup> NASD submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days

---

<sup>11</sup> 17 CFR 240.19b-4.

<sup>12</sup> Id.

prior to the date of filing. In addition, NASD requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii),<sup>13</sup> because the proposed operative date of the extended closing time was announced in a Nasdaq Head Trader Alert on August 23, 2006, and therefore members were provided advance notice of the change.<sup>14</sup> If such waiver is granted by the Commission, the proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder and will become operative on November 6, 2006.

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

Not applicable.

**9. Exhibits**

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

---

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> See Nasdaq Head Trader Alert 2006-120 (August 23, 2006) (available at <http://www.nasdaqtrader.com>).

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

(Release No. 34- ; File No. SR-NASD-2006-120)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Hours of Operations of the NASD/Nasdaq TRF, the OTC Reporting Facility and the Trade Reporting of Non-Nasdaq Exchange-Listed Securities under the Rule 6400 Series

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 , 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 “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</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.

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

NASD is proposing to extend the hours of operation of (1) the Trade Reporting Facility established by NASD and the Nasdaq Stock Market, Inc. (the “NASD/Nasdaq

---

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

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

<sup>3</sup> 17 CFR 240.19b-4.

TRF”);<sup>4</sup> (2) the trade reporting of non-Nasdaq exchange-listed securities under the Rule 6400 Series; and (3) the trade reporting of OTC Equity Securities to the OTC Reporting Facility (“ORF”)<sup>5</sup> under the Rule 6600 Series, until 8:00 p.m. Eastern Time (ET).

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

\* \* \* \* \*

#### **4632. Transaction Reporting**

---

<sup>4</sup> During the initial transitional period, the NASD/Nasdaq TRF is used to report transactions executed otherwise than on an exchange in all Nasdaq Global Market, Nasdaq Capital Market securities and convertible bonds listed on Nasdaq. See NASD Rule 4000 Series and Rule 6100 Series. NASD filed a separate proposed rule change to expand the scope of the NASD/Nasdaq TRF rules to include trade reporting in non-Nasdaq exchange-listed securities. See Exchange Act Release No. 54451 (September 15, 2006), 71 FR 55243 (September 21, 2006) (notice of filing of SR-NASD-2006-104).

<sup>5</sup> For purposes of the Rule 6600 Series, the ORF is the service provided by NASD that accommodates reporting and dissemination of last sale reports in OTC Equity Securities. Regarding those OTC Equity Securities that are not eligible for clearance and settlement through the facilities of the National Securities Clearing Corporation, the ORF comparison function is not available. However, the ORF supports the entry and dissemination of last sale data on such securities. See NASD Rule 6610(k).

<sup>6</sup> Note: NASD has proposed changes to Rule 4632(e), among other NASD rules, in SR-NASD-2006-104, which is currently pending at the SEC. Those proposed changes include the insertion of “NASD/Nasdaq” before each reference to the Trade Reporting Facility in Rule 4632, which also is reflected in the proposed rule text. Further, the SEC has approved changes to Rules 4632(e), 6420(e) and 6620(e) in SR-NASD-2006-055, which becomes effective on December 1, 2006. See Exchange Act Release No. 53977 (June 12, 2006), 71 FR 34976 (June 16, 2006) (order approving SR-NASD-2006-055). Lastly, the SEC also has approved changes to Rule 6420, among others, in SR-NASD-2006-091, which is scheduled to become effective on February 5, 2007. Upon the implementation of SR-NASD-2006-091, the requirements in Rule 6420, among others, will no longer be necessary as they will be incorporated directly into NASD’s Alternative Display Facility rules.

**(a) When and How Transactions are Reported**

(1) No Change.

**(2) Transaction Reporting to the NASD/Nasdaq Trade Reporting Facility Outside Normal Market Hours**

(A) Last sale reports of transactions in designated securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported within 90 seconds after execution and shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds also shall be designated as .T trades.

Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(B) Last sale reports of transactions in designated securities executed between the hours of 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time shall be reported within 90 seconds after execution and be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds also shall be designated as .T trades. Transactions not reported before [6:30] 8:00 p.m. shall be reported on an “as/of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m.

(C) Last sale reports of transactions executed between midnight and 8:00 a.m. Eastern Time shall be reported between 8:00 a.m. and 9:30 a.m. Eastern Time on trade date as “.T” trades. Transactions not reported

before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(D) Last sale reports of transactions executed between [6:30] 8:00 p.m. and midnight Eastern Time shall be reported on the next business day (T+1) between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time and be designated “as/of” trades.

(3) through (10) No Change.

(b) through (f) No Change.

**(g) Reporting Cancelled Trades**

(1) No Change.

**(2) Deadlines for Reporting Cancelled Trades**

(A) No Change.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:13:30 p.m., but before 5:15 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall use its best efforts to report the cancellation not later than 5:15 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:15 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to [6:30] 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (g)(1) shall report the cancellation by [6:30] 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after [6:30] 8:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation (i) by [6:30] 8:00 p.m. on the date of cancellation if the trade is cancelled before [6:30] 8:00 p.m., or (ii) by [6:30] 8:00 p.m. on the following business day if the trade is cancelled at or after [6:30] 8:00 p.m.

(G) No Change.

\* \* \* \* \*

## **6420. Transaction Reporting**

### **(a) When and How Transactions are Reported**

(1) (A) No Change.

(B) Registered Reporting Members shall transmit to Nasdaq, within 90 seconds after execution, last sale reports of transactions in eligible securities executed in the United States otherwise than on a national securities exchange between 4:00 p.m. and [6:30] 8:00 p.m.

Eastern Time; trades executed and reported after 4:00 p.m. Eastern Time shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds after execution must be designated as .T trades. Transactions not reported by [6:30] 8:00 p.m. shall be reported on an “as of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time.

(2) (A) No Change.

(B) Non-registered Reporting Members shall, within 90 seconds after execution, transmit to Nasdaq, or by telephone to the Nasdaq Operations Department if the Nasdaq reporting service is unavailable due to system or transmission failure, last sale reports of transactions in eligible securities executed in the United States otherwise than on a national securities exchange between the hours of 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time; trades executed and reported after 4:00 p.m. Eastern Time shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds after execution must be designated as .T trades. Transactions not reported by [6:30] 8:00 p.m. shall be reported on an “as of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m.

(3) (A) All members shall report transactions in eligible securities executed outside the hours of 9:30 a.m. and [6:30] 8:00 p.m. Eastern Time as follows:

(i) Last sale reports of transactions in eligible securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported within 90 seconds after execution and shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds shall also be designated as .T trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(ii) Last sale reports of transactions executed between midnight and 8:00 a.m. Eastern Time shall be reported between 8:00 a.m. and 9:30 a.m. Eastern Time on trade date as “.T” trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(iii) Last sale reports of transactions executed between [6:30] 8:00 p.m. and midnight Eastern Time shall be reported on the next business day (T+1) between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time and be designated “as/of” trades.

(iv) No Change.

(B) No Change.

(4) through (10) No Change.

(b) through (e) No Change.

**(f) Reporting Cancelled Trades**

(1) No Change.

**(2) Deadlines for Reporting Cancelled Trades**

(A) No Change.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:13:30 p.m., but before 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall use its best efforts to report the cancellation not later than 5:15 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior [6:30] 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (f)(1) shall report the cancellation by [6:30] 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after [6:30] 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation (i) by [6:30] 8:00 p.m. on the date of cancellation if the trade is cancelled before [6:30] 8:00 p.m., or (ii) by [6:30] 8:00 p.m. on the following business day if the trade is cancelled at or after [6:30] 8:00 p.m.

(G) No Change.

\* \* \* \* \*

## **6620. Transaction Reporting**

### **(a) When and How Transactions are Reported**

(1) through (2) No Change.

### **(3) Transaction Reporting Outside Normal Market Hours**

(A) Last sale reports of transactions in OTC Equity Securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be transmitted to the OTC Reporting Facility within 90 seconds after execution and shall be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds must be designated as .T trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades.

(B) Last sale reports of transactions in OTC Equity Securities executed between the hours of 4:00 p.m. and [6:30] 8:00 p.m. Eastern Time shall be transmitted to the OTC Reporting Facility within 90 seconds

after execution; trades executed and reported after 4:00 p.m. Eastern Time shall be designated as “.T” to denote their execution outside normal market hours. Transactions not reported within 90 seconds must be designated as .T trades. Transactions not reported before [6:30] 8:00 p.m. shall be reported on an “as of” basis the following day between 8:00 a.m. and [6:30] 8:00 p.m.

(C) Last sale reports of transactions in OTC Equity Securities executed outside the hours of 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time shall be reported as follows:

(i) Last sale reports of transactions in American Depositary Receipts (ADRs), Canadian issues, or domestic OTC Equity Securities that are executed between midnight and 8:00 a.m. Eastern Time shall be transmitted to the OTC Reporting Facility between 8:00 a.m. and 9:30 a.m. Eastern Time on trade date and be designated as “.T” trades to denote their execution outside normal market hours. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before [6:30] 8:00 p.m. as .T trades. The party responsible for reporting on trade date, the trade details to be reported, and the applicable procedures shall be governed, respectively, by paragraphs (b), (c), and (d) below;

(ii) Last sale reports of transactions in ADRs, Canadian issues, or domestic OTC Equity Securities that are executed

between [6:30] 8:00 p.m. and midnight Eastern Time shall be transmitted to the OTC Reporting Facility on the next business day (T+1) between 8:00 a.m. and [6:30] 8:00 p.m. Eastern Time and be designated “as of” trades to denote their execution on a prior day. The party responsible for reporting on T+1, the trade details to be reported, and the applicable procedures shall be governed, respectively, by paragraphs (b), (c), and (d) below; and

(iii) No Change.

(4) through (9) No Change.

(b) through (e) No Change.

**(f) Reporting Cancelled Trades**

(1) No Change.

**(2) Deadlines for Reporting Cancelled Trades**

(A) No Change.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:13:30 p.m., but before 5:15 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall use its best efforts to report the cancellation not later than 5:15 p.m. on the date of execution, and otherwise it shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 5:15 p.m. on the date of execution, the member

responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to [6:30] 8:00 p.m. on the date of execution, the member responsible for reporting under paragraph (f)(1) shall report the cancellation by [6:30] 8:00 p.m.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after [6:30] 8:00 p.m. on the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation on the following business day by [6:30] 8:00 p.m.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (f)(1) shall report the cancellation (i) by [6:30] 8:00 p.m. on the date of cancellation if the trade is cancelled before [6:30] 8:00 p.m., or (ii) by [6:30] 8:00 p.m. on the following business day if the trade is cancelled at or after [6:30] 8:00 p.m.

(G) No Change.

\* \* \* \* \*

## **6920. Transaction Reporting**

### **(a) When and How Transactions are Reported**

(1) Reports of secondary market transactions in direct participation programs shall be transmitted to the OTC Reporting Facility on the next business day (“T+1”) after the date of execution between 8:00 a.m. and 1:30 p.m. Eastern

Time, be designated “as of” trades to denote their execution on a prior day, and be accompanied by the time of execution. The party responsible for reporting on T+1, the trade details to be reported, and the applicable procedures shall be governed, respectively, by paragraphs (b), (c), and (d) below. Member firms that have the operational capability to report transactions within 90 seconds of execution, between the hours of 8:00 a.m. and [5:15] 8:00 p.m. Eastern Time, may do so at their option. If a firm chooses this option, it need not report the same transaction(s) on T+1 as prescribed above.

(2) through (3) No Change.

(b) through (e) 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

On June 30, 2006, the Commission approved SR-NASD-2005-087, which amended certain NASD rules to reflect separation of The Nasdaq Stock Market, Inc. from

NASD upon the operation of the Nasdaq Stock Market LLC as a national securities exchange.<sup>7</sup> As part of SR-NASD-2005-087, the Commission approved the establishment of, and rules governing, the NASD/Nasdaq TRF, which currently provides members another mechanism for reporting transactions in Nasdaq-listed securities effected otherwise than on an exchange.<sup>8</sup>

Pursuant to the Rule 6600 Series, members use the ORF for purposes of reporting transactions in OTC Equity Securities to NASD.<sup>9</sup> In addition, pursuant to the Rule 6400 Series, members report over-the-counter trade reporting requirements for non-Nasdaq exchange-listed securities to NASD. Nasdaq's Automated Confirmation Transaction Service (ACT) is the system used for each of these purposes.

Currently, the NASD/Nasdaq TRF trade reporting rules reflect a system closing time of 6:30 p.m. (ET), which was consistent with the system closing time of the UTP Securities Information Processor ("UTP SIP"). Effective September 18, 2006, the UTP SIP system closing time was extended from 6:30 p.m. (ET) to 8:00 p.m. (ET). To accommodate the extended UTP SIP system closing time, NASD is proposing to extend the closing time of the NASD/Nasdaq TRF from 6:30 p.m. to 8:00 p.m. (ET). In addition, to keep the hours of operation uniform across the ACT system, NASD is proposing to extend the closing time to 8:00 p.m. for reporting OTC Equity Securities

---

<sup>7</sup> See Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006).

<sup>8</sup> See supra note 4.

<sup>9</sup> Rule 6610(d) defines "OTC Equity Securities" as any non-exchange-listed security and certain exchange-listed securities that do not otherwise qualify for real-time trade reporting.

under Rule 6600 and non-Nasdaq exchange-listed securities under Rule 6400.

Finally, the text of Rule 6920 incorrectly reflects a system closing time of 5:15 p.m. (ET). This closing time should have been amended at the time that the other NASD trade reporting rules were amended to reflect a system closing time of 6:30 p.m. Accordingly, as part of this proposed rule change, NASD also proposes to amend Rule 6920 to extend the time from 5:15 p.m. until 8:00 p.m., the closing time of the ORF.

NASD has filed the proposed rule change for immediate effectiveness. NASD proposes to make the proposed rule change operative on November 6, 2006. To ensure that market participants have sufficient time to program their internal systems to accommodate a new closing time of 8:00 p.m. for the NASD/Nasdaq TRF and ORF, the proposed operative date of the extended closing time was announced in a Nasdaq Head Trader Alert on August 23, 2006.<sup>10</sup>

Extension of the system hours for the NASD/Nasdaq TRF and ORF will allow market participants to timely report more trades taking place after normal market hours. NASD believes that the proposed effective date draws an appropriate balance between the benefits of expanded access to the NASD/Nasdaq TRF and ORF systems with the needs of market participants to prepare for it.

## 2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of

---

<sup>10</sup> See Nasdaq Head Trader Alert 2006-120 (August 23, 2006) (available at <http://www.nasdaqtrader.com>).

Section 15A of the Act,<sup>11</sup> in general and with Section 15A(b)(6) of the Act,<sup>12</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and, in general, to protect investors and the public interest. NASD believes that the proposed rule change will afford market participants additional time to report trades taking place after normal market hours, resulting in more timely and accurate trade reporting, which in turn will result in greater transparency.

**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**

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to

---

<sup>11</sup> 15 U.S.C. 78o-3.

<sup>12</sup> 15 U.S.C. 78o-3(b)(6).

Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

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:

- 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-2006-120 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-2006-120. 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

---

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

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-2006-120 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>14</sup>

Nancy M. Morris

Secretary

---

<sup>14</sup> 17 CFR 200.30-3(a)(12).