

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 checked="" type="checkbox"/>	Section 19(b)(3)(A) <input 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"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires <input type="text"/>			<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).

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

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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 to operate NASD’s Alternative Display Facility (“ADF”) on a permanent basis. The ADF pilot program, as approved by the SEC on July 24, 2002, and extended on April 7, 2003, January 26, 2004, October 21, 2004, July 20, 2005, and April 26, 2006, will expire on January 26, 2007. Below is the text of the proposed rule change.² Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4000A. NASD ALTERNATIVE DISPLAY FACILITY

4100A. General

NASD Alternative Display Facility (also referred to as “ADF”) is the facility operated by NASD [on a pilot basis] for members that choose to quote or effect trades in [Nasdaq National Market and Nasdaq Capital Markets securities and convertible bonds listed on Nasdaq (“ADF-eligible securities”)] ADF-eligible securities otherwise than on an exchange. The ADF collects and disseminates quotations and trade reports, and compares trades through TRACS Trade Comparison Service. Those NASD members that use ADF systems for quotation or trade reporting activities must comply with the

¹ 15 U.S.C. 78s(b)(1).

² On September 28, 2006, the Commission approved SR-NASD-2006-091 that, among other things, amended Rule 4100A. This proposed rule change also incorporates technical changes made to Rule 4100A in SR-NASD-2006-091, which were approved but are not yet effective.

Rule 4000A and Rule 6000A Series, as well as all other applicable NASD Rules and the federal securities laws. [The ADF pilot will expire on January 26, 2007.]

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved on June 9, 2005 by the Executive Committee of the Board of Governors of NASD, which authorized the filing of a rule change with the Commission. No other action by NASD is necessary for the filing of the proposed rule change. Section 1(a)(ii) of Article VII of NASD By-Laws permits NASD Board to adopt amendments to NASD Rules without recourse to the membership for approval.

NASD has filed the proposed rule change with the SEC for accelerated effectiveness and is proposing an operative date of January 27, 2007.

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

(a) Purpose

On July 24, 2002, the Commission approved SR-NASD-2002-97,³ which authorized NASD to operate the ADF on a pilot basis for nine months. NASD subsequently filed for immediate effectiveness proposed rule change SR-NASD-2003-

³ Securities Exchange Act Release No. 46249 (July 24, 2002), 67 FR 49822 (July 31, 2002).

067 to extend the pilot until January 26, 2004;⁴ SR-NASD-2004-012 to extend the pilot until October 26, 2004;⁵ SR-NASD-2004-160 to extend the pilot until July 26, 2005;⁶ SR-NASD-2005-092 to extend the pilot until April 26, 2006,⁷ and SR-NASD-2006-050 to extend the pilot until January 26, 2007.⁸ As described in detail in SR-NASD-2005-087, which replaced withdrawn rule filing SR-NASD-2001-090, the ADF is a quotation collection, trade comparison, and trade reporting facility developed by NASD in accordance with the Commission's SuperMontage Approval Order⁹ and in conjunction with Nasdaq's then anticipated registration as a national securities exchange.¹⁰ In addition, since the Commission gave its initial approval to the ADF pilot, NASD has filed several other ADF-related rule change proposals that have been incorporated into

⁴ Securities Exchange Act Release No. 47663 (April 10, 2003), 68 FR 19043 (April 17, 2003).

⁵ Securities Exchange Act Release No. 49131 (January 27, 2004), 69 FR 5229 (February 3, 2004).

⁶ Securities Exchange Act Release No. 50601 (October 28, 2004), 69 FR 64611 (November 5, 2004).

⁷ Securities Exchange Act Release No. 52122 (July 25, 2005), 70 FR 44133 (August 1, 2005).

⁸ Securities Exchange Act Release No. 53699 (April 21, 2006), 71 FR 25271 (April 28, 2006).

⁹ Securities Exchange Act Release No. 43863 (January 19, 2001), 66 FR 8020 (January 26, 2001) (approval of File No. SR-NASD-99-53).

¹⁰ Securities Exchange Act Release No. 44396 (June 7, 2001), 66 FR 31952 (June 13, 2001) (File No. 10-131). The SEC approved the Nasdaq Exchange application on January 13, 2006. See Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

the operation and administration of the pilot,¹¹ and accordingly, will now operate on a permanent basis as well.¹²

The ADF has been operating successfully during the pilot period. The SEC

¹¹ On January 30, 2003, NASD filed proposed rule change SR-NASD-2003-009 to revise the transaction and quotation-related fees applicable to ADF activity during the pilot program. The rule change proposal became effective upon filing, with an implementation date of February 17, 2003. On January 6, 2004, the Commission granted accelerated approval to SR-NASD-2003-145, a proposal to amend the ADF pilot rules to give jurisdiction to a three-member subcommittee of NASD's Market Regulation Committee to review system outage determinations under NASD Rule 4300A(f) and excused withdrawal denials under NASD Rule 4619A. The rule change proposal became effective contemporaneous with the Commission's approval. On December 4, 2003, NASD filed for immediate effectiveness SR-NASD-2003-181 to amend Rule 4613A(c) to clarify that NASD may suspend quotations in the ADF displayed by any market participant, including an ECN, that are no longer reasonably related to the prevailing market.

Additionally, NASD filed with the Commission a series of other rule change proposals. On March 12, 2004, the Commission approved SR-NASD-2003-175, a proposal to repeal Rule 4613A(e)(1), which required members that display priced quotations for a Nasdaq security in two or more market centers to display the same priced quotations for that security in each market center. On August 18, 2004, the Commission approved SR-NASD-2004-002, a proposed rule change to amend NASD Rule 4300A to require an ADF Market Participant to provide advance written notice to NASD's ADF Market Operations before denying electronic access to its ADF quote to any NASD member in the limited circumstances where a broker-dealer fails to pay contractually obligated costs for access to the Market Participant's quotations. On March 10, 2005, the Commission approved SR-NASD-2004-159, a proposed rule change to establish Rule 4400A, which gives NASD authority to receive and review complaints against ADF Market Participants that allege denial of direct or indirect access pursuant to NASD Rule 4300A.

¹² On August 8, 2006, NASD filed SR-NASD-2006-096 as an immediately effective rule change. This rule change amended Rule 4613A and adopted IM-4613A-1 to enable ECN members that post quotations through the ADF to request and receive multiple market participant identifiers. It should be noted that NASD is not requesting that SR-NASD-2006-096 operate on a permanent basis. Rather, NASD is requesting that this remain a pilot and will address this in a separate rule filing.

acknowledged this fact when it approved the launch of SuperMontage, stating that the ADF met the conditions set forth in its SuperMontage Approval Order to provide an alternative quotation collection, trade comparison, and trade reporting facility. The ADF has since continued to honor those conditions. Moreover, on September 28, 2006, the Commission approved SR-NASD-2006-91, which, among other things, amended the ADF rules governing quoting, trade reporting, and clearing applicable to the ADF and extended this functionality to all NMS stocks.¹³ Accordingly, NASD believes it is appropriate to approve the operation of ADF on a permanent basis.

As noted in Item 2 above, NASD is proposing that the proposed rule change be operative on January 27, 2007.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁴ 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 approval of the operation of ADF rules on a permanent

¹³ In addition, on January 5, 2007, NASD filed SR-NASD-2007-001 for immediate effectiveness. This rule filing amended certain ADF rules to: (1) expand the prohibition on locking and crossing quotations in NMS stocks to include pre-opening and post-closing quotations; (2) extend the obligation to comply with ADF rules to pre-opening quotes; and (3) replace the specific modifiers identified in Rule 4632(A)(a)(4) with a more general reference to modifiers as specified by NASD. While NASD is requesting that the amendments made to ADF rules in both SR-NASD 2006-091 and SR-NASD-2007-001 also become permanent, it should be noted that they will not be implemented until the Regulation NMS Trading Phase Date.

¹⁴ 15 U.S.C. 78o-3(b)(6).

basis provides an effective mechanism for quoting and trading activities otherwise than on an exchange.

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

NASD does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.¹⁵

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

NASD requests the Commission to find good cause pursuant to Section 19(b)(2) of the Act¹⁶ for approving the proposed rule change prior to the 30th day after its publication in the Federal Register. Because NASD seeks to prevent the benefits currently provide by the ADF pilot program from lapsing, NASD requests the Commission to accelerate the effectiveness of the proposed rule change prior to the 30th day after its publication in the Federal Register.

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

Not applicable.

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 15 U.S.C. 78s(b)(2).

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-2007-005)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to Operating NASD's Alternative Display Facility on a Permanent Basis

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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

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

NASD is proposing to amend NASD Rule 4100A to operate NASD's Alternative Display Facility ("ADF") on a permanent basis. The ADF pilot program, as approved by the SEC on July 24, 2002, and extended on April 7, 2003, January 26, 2004, October 21, 2004, July 20, 2005, and April 26, 2006, will expire on January 26, 2007. NASD has filed the proposed rule change with the SEC for accelerated effectiveness and is proposing an operative date of January 27, 2007.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

* * * * *

4000A. NASD ALTERNATIVE DISPLAY FACILITY

4100A. General

NASD Alternative Display Facility (also referred to as “ADF”) is the facility operated by NASD [on a pilot basis] for members that choose to quote or effect trades in [Nasdaq National Market and Nasdaq Capital Markets securities and convertible bonds listed on Nasdaq (“ADF-eligible securities”)] ADF-eligible securities otherwise than on an exchange. The ADF collects and disseminates quotations and trade reports, and compares trades through TRACS Trade Comparison Service. Those NASD members that use ADF systems for quotation or trade reporting activities must comply with the Rule 4000A and Rule 6000A Series, as well as all other applicable NASD Rules and the federal securities laws. [The ADF pilot will expire on January 26, 2007.]

* * * * *

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 July 24, 2002, the Commission approved SR-NASD-2002-97,³ which authorized NASD to operate the ADF on a pilot basis for nine months. NASD subsequently filed for immediate effectiveness proposed rule change SR-NASD-2003-067 to extend the pilot until January 26, 2004;⁴ SR-NASD-2004-012 to extend the pilot until October 26, 2004;⁵ SR-NASD-2004-160 to extend the pilot until July 26, 2005;⁶ SR-NASD-2005-092 to extend the pilot until April 26, 2006,⁷ and SR-NASD-2006-050 to extend the pilot until January 26, 2007.⁸ As described in detail in SR-NASD-2005-087, which replaced withdrawn rule filing SR-NASD-2001-090, the ADF is a quotation collection, trade comparison, and trade reporting facility developed by NASD in accordance with the Commission's SuperMontage Approval Order⁹ and in conjunction

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⁵ Securities Exchange Act Release No. 49131 (January 27, 2004), 69 FR 5229 (February 3, 2004).

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⁷ Securities Exchange Act Release No. 52122 (July 25, 2005), 70 FR 44133 (August 1, 2005).

⁸ Securities Exchange Act Release No. 53699 (April 21, 2006), 71 FR 25271 (April 28, 2006).

⁹ Securities Exchange Act Release No. 43863 (January 19, 2001), 66 FR 8020 (January 26, 2001) (approval of File No. SR-NASD-99-53).

with Nasdaq's then anticipated registration as a national securities exchange.¹⁰ In addition, since the Commission gave its initial approval to the ADF pilot, NASD has filed several other ADF-related rule change proposals that have been incorporated into the operation and administration of the pilot,¹¹ and accordingly, will now operate on a

¹⁰ Securities Exchange Act Release No. 44396 (June 7, 2001), 66 FR 31952 (June 13, 2001) (File No. 10-131). The SEC approved the Nasdaq Exchange application on January 13, 2006. See Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

¹¹ On January 30, 2003, NASD filed proposed rule change SR-NASD-2003-009 to revise the transaction and quotation-related fees applicable to ADF activity during the pilot program. The rule change proposal became effective upon filing, with an implementation date of February 17, 2003. On January 6, 2004, the Commission granted accelerated approval to SR-NASD-2003-145, a proposal to amend the ADF pilot rules to give jurisdiction to a three-member subcommittee of NASD's Market Regulation Committee to review system outage determinations under NASD Rule 4300A(f) and excused withdrawal denials under NASD Rule 4619A. The rule change proposal became effective contemporaneous with the Commission's approval. On December 4, 2003, NASD filed for immediate effectiveness SR-NASD-2003-181 to amend Rule 4613A(c) to clarify that NASD may suspend quotations in the ADF displayed by any market participant, including an ECN, that are no longer reasonably related to the prevailing market.

Additionally, NASD filed with the Commission a series of other rule change proposals. On March 12, 2004, the Commission approved SR-NASD-2003-175, a proposal to repeal Rule 4613A(e)(1), which required members that display priced quotations for a Nasdaq security in two or more market centers to display the same priced quotations for that security in each market center. On August 18, 2004, the Commission approved SR-NASD-2004-002, a proposed rule change to amend NASD Rule 4300A to require an ADF Market Participant to provide advance written notice to NASD's ADF Market Operations before denying electronic access to its ADF quote to any NASD member in the limited circumstances where a broker-dealer fails to pay contractually obligated costs for access to the Market Participant's quotations. On March 10, 2005, the Commission approved SR-NASD-2004-159, a proposed rule change to establish Rule 4400A, which gives NASD authority to receive and review complaints against ADF Market Participants that allege denial of direct or indirect access pursuant to NASD Rule 4300A.

permanent basis as well.¹²

The ADF has been operating successfully during the pilot period. The SEC acknowledged this fact when it approved the launch of SuperMontage, stating that the ADF met the conditions set forth in its SuperMontage Approval Order to provide an alternative quotation collection, trade comparison, and trade reporting facility. The ADF has since continued to honor those conditions. Moreover, on September 28, 2006, the Commission approved SR-NASD-2006-91, which, among other things, amended the ADF rules governing quoting, trade reporting, and clearing applicable to the ADF and extended this functionality to all NMS stocks.¹³ Accordingly, NASD believes it is appropriate to approve the operation of ADF on a permanent basis.

NASD is proposing that the proposed rule change be operative on January 27, 2007.

2. Statutory Basis

¹² On August 8, 2006, NASD filed SR-NASD-2006-096 as an immediately effective rule change. This rule change amended Rule 4613A and adopted IM-4613A-1 to enable ECN members that post quotations through the ADF to request and receive multiple market participant identifiers. It should be noted that NASD is not requesting that SR-NASD-2006-096 operate on a permanent basis. Rather, NASD is requesting that this remain a pilot and will address this in a separate rule filing.

¹³ In addition, on January 5, 2007, NASD filed SR-NASD-2007-001 for immediate effectiveness. This rule filing amended certain ADF rules to: (1) expand the prohibition on locking and crossing quotations in NMS stocks to include pre-opening and post-closing quotations; (2) extend the obligation to comply with ADF rules to pre-opening quotes; and (3) replace the specific modifiers identified in Rule 4632(A)(a)(4) with a more general reference to modifiers as specified by NASD. While NASD is requesting that the amendments made to ADF rules in both SR-NASD 2006-091 and SR-NASD-2007-001 also become permanent, it should be noted that they will not be implemented until the Regulation NMS Trading Phase Date.

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁴ 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 approval of the operation of ADF rules on a permanent basis provides an effective mechanism for quoting and trading activities otherwise than on an exchange.

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

NASD has requested that the Commission find good cause pursuant to Section 19(b)(2) of the Act¹⁵ for approving the proposed rule change prior to the 30th day after publication in the Federal Register. The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to NASD and, in particular, the requirements of Section 15A of the Act and the rules and regulations thereunder. The Commission finds good cause for approving

¹⁴ 15 U.S.C. 78o-3(b)(6).

¹⁵ 15 U.S.C. 78s(b)(2).

the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof in that accelerated approval will prevent the benefits currently provide by the ADF pilot program from lapsing.

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2007-005 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-2007-005. 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-2007-005 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.¹⁶

Nancy M. Morris

Secretary

¹⁶ 17 CFR 200.30-3(a)(12).