

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 type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" 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).

Amendment to Section 7 of Schedule A to NASD By-Laws to adjust fees for filing documents pursuant to Rule 2710 (Corporation Financing Rule)

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="Kathryn"/>	Last Name	<input type="text" value="Moore"/>
Title	<input type="text" value="Assistant General Counsel"/>		
E-mail	<input type="text" value="kathryn.moore@nasd.com"/>		
Telephone	<input type="text" value="(202) 974-2974"/>	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="01/24/2007"/>
By	<input type="text" value="Gary L. Goldsholle"/>
	(Name)
	<input type="text" value="Vice President and 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 Section 7 of Schedule A to the NASD By-Laws to adjust fees for filing documents pursuant to Rule 2710 (Corporate Financing Rule – Underwriting Terms and Arrangements). Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

Section 7 — Fees for Filing Documents Pursuant to the Corporate Financing Rule

(a) There shall be a fee imposed for the filing of initial documents relating to any offering filed with NASD pursuant to the Corporate Financing Rule equal to: (1) \$500 plus .01% of the proposed maximum aggregate offering price or other applicable value of all securities registered on an SEC registration statement or included on any other type of offering document (where not filed with the SEC), but shall not exceed \$75,500; or (2) \$75,500 for an offering of securities on an automatically effective Form S-3 or F-3 registration statement filed with the SEC and offered pursuant to SEC Rule 415 by a Well-Known Seasoned Issuer as defined in SEC Rule 405. The amount of the filing fee may be rounded to the nearest dollar.

(b) No Change.

* * * * *

¹ 15 U.S.C. 78s(b)(1).

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of NASD Regulation, Inc. at its meeting on July 19, 2006, which authorized the filing of the rule change with the SEC. Counsel for The Nasdaq Stock Market and NASD Dispute Resolution have been provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by NASD to its Subsidiaries. The Board of Governors of NASD had an opportunity to review the proposed rule change at its meeting on July 20, 2006. No other action by NASD is necessary for the filing of the 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. The implementation date will be February 26, 2007.

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

(a) Purpose

Under Section 7 of Schedule A to the NASD By-Laws, the current fee for filing offering documents with NASD pursuant to Rule 2710 (Corporate Financing Rule – Underwriting Term and Arrangements) is equal to \$500 plus .01% of the proposed maximum aggregate offering price or other applicable value of all securities registered,

but not to exceed \$75,500.² However, as part of the SEC's Securities Offering Reform,³ which became effective on December 1, 2005, the rules permit, among other things, "well-known seasoned issuers" or "WKSIs" to file automatically effective shelf registration statements without specifying the amount or value of the securities that may be offered off the registration statement for up to three years. WKSIs are large issuers that generally must have either \$700 million of worldwide equity market capitalization or an aggregate of \$1 billion of non-convertible securities issued within the past three years.⁴

Most WKSIs are exempt from filing shelf offerings with NASD under Rule 2710(b)(7), which exempts an issuer that is eligible to use a Form S-3 or F-3 registration statement and has been a reporting company under Section 13(a) or 15(d) of the Act for at least 36 months. In addition, NASD has proposed amendments to Rule 2710 to expressly exempt WSKI shelf registration statements from the filing requirements of Rule 2710.⁵ Thus, NASD intends that only those WKSIs with a conflict of interest as defined under Rule 2720 will be required to file shelf registration statements with

² Thus, under Section 7 of Schedule A to the NASD By-Laws, fees are capped with respect to offerings with an aggregate offering price of \$750 million or more.

³ See Securities Exchange Act Release No. 52056 (July 19, 2005), 70 FR 44722 (August 3, 2005).

⁴ See SEC Rule 405.

⁵ See SR-NASD-2004-022. Amendment No. 4 to SR-NASD-2004-022 was filed with the Commission on April 28, 2006. See Securities Exchange Act Release No. 50749 (November 29, 2004), 69 FR 70735 (December 7, 2004) (Notice of Filing of SR-NASD-2004-22).

NASD.⁶ For these issuers filing documents with NASD pursuant to Rule 2720, NASD will review the proposed underwriting terms and arrangements to determine whether they comply with the substantive requirements of the rule, including limits on underwriting compensation and use of a qualified independent underwriter to provide a pricing opinion and conduct due diligence. Upon completion of the review, if the terms and arrangements comply with the rule, NASD will issue an opinion that it has no objection to the filing.

Section 7 of Schedule A to the NASD By-Laws provides that the fee imposed for filing documents required pursuant to Rule 2710 is based on the proposed maximum aggregate offering price or other applicable value of all securities registered on an SEC registration statement or included on any other type of offering document. However, because WKSIs are not required to specify a proposed maximum aggregate offering price or other applicable value on a registration statement, assessing the NASD's fee has been problematic. In their filings pursuant to Rule 2710, most WKSIs provided a value of securities that will be offered at or above \$750 million, corresponding with the maximum filing fee. Since the SEC's Securities Offering Reform has been in effect, NASD has received 71 WKSI filings, of which 62 (or 87%) have provided a value of \$750 million or more.⁷ Nine (or 13%) have specified amounts of securities with an aggregate value of

⁶ See NASD Rule 2720(m). Pursuant to Rule 2720(m), all offerings that are within the scope of Rule 2720 are required to be filed with NASD and have the fee paid as required by Rule 2710, even if the offering would be otherwise exempt from Rule 2710.

⁷ As noted above, under SEC rules, a WKSI registration statement is not required to register a specific value of securities. Nevertheless, for purposes of NASD's

less than \$750 million; however, these issuers are eligible to amend their registration during the three year effective period to increase the value of securities registered. Given this activity, and the fact that a WKSI shelf registration filing allows the issuer to offer securities on a registration statement for a three year period in amounts above \$750 million, NASD is imposing the maximum filing fee on all WKSI filings.⁸

Accordingly, NASD proposes to amend Section 7 of Schedule A to the NASD By-Laws expressly to require that offering documents that are required to be filed with NASD relating to an automatically effective shelf registration statement by a WKSI (which prior to the approval of SR-NASD-2004-022 includes all WKSIs not otherwise exempt from Rule 2710 and after the approval of SR-NASD-2004-022 only includes WKSIs that are broker-dealers or affiliates of broker-dealers) shall pay a \$75,500 fee.

As noted in Item 2 of this filing, NASD has filed the proposed rule change for immediate effectiveness. The implementation date will be February 26, 2007.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,⁹ which requires, among other things, that NASD rules

filing requirements, a value must be provided and most issuers have indicated that they intend to offer at least \$750 million.

⁸ NASD's electronic filing system does not track subsequent amendments to WKSI registration statements to determine whether new securities have been registered by an amendment, thereby increasing the size of the offering. Moreover, if multiple members participate in takedowns of securities off of a WKSI shelf registration statement over time, no one member would have the ability to track the aggregate value of the securities sold by the multiple members and ensure that the proper filing fee is paid in connection with the offerings.

⁹ 15 U.S.C. 78o-3(b)(5).

provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASD operates or controls. NASD believes that the proposed rule change, which specifies the filing fee required for shelf offerings by WKSIs where no proposed maximum aggregate offering or other applicable value of all securities registered is required to be stated, is necessary to ensure the appropriate review of offerings by WKSIs under NASD rules.

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)(2) of Rule 19b-4 thereunder,¹⁰ in that the proposed rule change establishes or changes a due, fee, or other charge applicable only to a member. NASD proposes to make the proposed rule change operative on February 26, 2007.

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

¹⁰ 17 CFR 240.19b-4.

Not applicable.

9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2007-006)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees for Filing Documents Pursuant to the Corporate Financing Rule

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 “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) 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.

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

NASD is proposing to amend Section 7 of Schedule A to the NASD By-Laws to adjust fees for filing documents pursuant to Rule 2710 (Corporate Financing Rule –

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

Underwriting Terms and Arrangements). Below is the text of the proposed rule change.

Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

Section 7 — Fees for Filing Documents Pursuant to the Corporate Financing Rule

(a) There shall be a fee imposed for the filing of initial documents relating to any offering filed with NASD pursuant to the Corporate Financing Rule equal to: (1) \$500 plus .01% of the proposed maximum aggregate offering price or other applicable value of all securities registered on an SEC registration statement or included on any other type of offering document (where not filed with the SEC), but shall not exceed \$75,500; or (2) \$75,500 for an offering of securities on an automatically effective Form S-3 or F-3 registration statement filed with the SEC and offered pursuant to SEC Rule 415 by a Well-Known Seasoned Issuer as defined in SEC Rule 405. The amount of the filing fee may be rounded to the nearest dollar.

(b) 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

Under Section 7 of Schedule A to the NASD By-Laws, the current fee for filing offering documents with NASD pursuant to Rule 2710 (Corporate Financing Rule – Underwriting Term and Arrangements) is equal to \$500 plus .01% of the proposed maximum aggregate offering price or other applicable value of all securities registered, but not to exceed \$75,500.⁵ However, as part of the SEC's Securities Offering Reform,⁶ which became effective on December 1, 2005, the rules permit, among other things, “well-known seasoned issuers” or “WKSIs” to file automatically effective shelf registration statements without specifying the amount or value of the securities that may be offered off the registration statement for up to three years. WKSIs are large issuers that generally must have either \$700 million of worldwide equity market capitalization or an aggregate of \$1 billion of non-convertible securities issued within the past three years.⁷

Most WKSIs are exempt from filing shelf offerings with NASD under Rule 2710(b)(7), which exempts an issuer that is eligible to use a Form S-3 or F-3 registration statement and has been a reporting company under Section 13(a) or 15(d) of the Act for at least 36 months. In addition, NASD has proposed amendments to Rule 2710 to

⁵ Thus, under Section 7 of Schedule A to the NASD By-Laws, fees are capped with respect to offerings with an aggregate offering price of \$750 million or more.

⁶ See Securities Exchange Act Release No. 52056 (July 19, 2005), 70 FR 44722 (August 3, 2005).

⁷ See SEC Rule 405.

expressly exempt WKSI shelf registration statements from the filing requirements of Rule 2710.⁸ Thus, NASD intends that only those WKSIs with a conflict of interest as defined under Rule 2720 will be required to file shelf registration statements with NASD.⁹ For these issuers filing documents with NASD pursuant to Rule 2720, NASD will review the proposed underwriting terms and arrangements to determine whether they comply with the substantive requirements of the rule, including limits on underwriting compensation and use of a qualified independent underwriter to provide a pricing opinion and conduct due diligence. Upon completion of the review, if the terms and arrangements comply with the rule, NASD will issue an opinion that it has no objection to the filing.

Section 7 of Schedule A to the NASD By-Laws provides that the fee imposed for filing documents required pursuant to Rule 2710 is based on the proposed maximum aggregate offering price or other applicable value of all securities registered on an SEC registration statement or included on any other type of offering document. However, because WKSIs are not required to specify a proposed maximum aggregate offering price or other applicable value on a registration statement, assessing the NASD's fee has been problematic. In their filings pursuant to Rule 2710, most WKSIs provided a value of securities that will be offered at or above \$750 million, corresponding with the maximum

⁸ See SR-NASD-2004-022. Amendment No. 4 to SR-NASD-2004-022 was filed with the Commission on April 28, 2006. See Securities Exchange Act Release No. 50749 (November 29, 2004), 69 FR 70735 (December 7, 2004) (Notice of Filing of SR-NASD-2004-22).

⁹ See NASD Rule 2720(m). Pursuant to Rule 2720(m), all offerings that are within the scope of Rule 2720 are required to be filed with NASD and have the fee paid as required by Rule 2710, even if the offering would be otherwise exempt from Rule 2710.

filing fee. Since the SEC's Securities Offering Reform has been in effect, NASD has received 71 WKSI filings, of which 62 (or 87%) have provided a value of \$750 million or more.¹⁰ Nine (or 13%) have specified amounts of securities with an aggregate value of less than \$750 million; however, these issuers are eligible to amend their registration during the three year effective period to increase the value of securities registered. Given this activity, and the fact that a WKSI shelf registration filing allows the issuer to offer securities on a registration statement for a three year period in amounts above \$750 million, NASD is imposing the maximum filing fee on all WKSI filings.¹¹

Accordingly, NASD proposes to amend Section 7 of Schedule A to the NASD By-Laws expressly to require that offering documents that are required to be filed with NASD relating to an automatically effective shelf registration statement by a WKSI (which prior to the approval of SR-NASD-2004-022 includes all WKSIs not otherwise exempt from Rule 2710 and after the approval of SR-NASD-2004-022 only includes WKSIs that are broker-dealers or affiliates of broker-dealers) shall pay a \$75,500 fee.

NASD has filed the proposed rule change for immediate effectiveness. The implementation date will be February 26, 2007.

¹⁰ As noted above, under SEC rules, a WKSI registration statement is not required to register a specific value of securities. Nevertheless, for purposes of NASD's filing requirements, a value must be provided and most issuers have indicated that they intend to offer at least \$750 million.

¹¹ NASD's electronic filing system does not track subsequent amendments to WKSI registration statements to determine whether new securities have been registered by an amendment, thereby increasing the size of the offering. Moreover, if multiple members participate in takedowns of securities off of a WKSI shelf registration statement over time, no one member would have the ability to track the aggregate value of the securities sold by the multiple members and ensure that the proper filing fee is paid in connection with the offerings.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,¹² which requires, among other things, that NASD rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASD operates or controls. NASD believes that the proposed rule change, which specifies the filing fee required for shelf offerings by WKSIs where no proposed maximum aggregate offering or other applicable value of all securities registered is required to be stated, is necessary to ensure the appropriate review of offerings by WKSIs under NASD rules.

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)(2) of Rule 19b-4 thereunder.¹³ At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such

¹² 15 U.S.C. 78o-3(b)(5).

¹³ 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-2007-006 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-2007-006. 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-2007-006 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.¹⁴

Nancy M. Morris

Secretary

¹⁴ 17 CFR 200.30-3(a)(12).