SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. SR - 2005 - 026

Amendment No.

Proposed Rule Change by National Association of Securities Dealers

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial ☑	Amendment ☐	Withdrawal ☐	Section 19(b)(2) ☑	Section 19(b)(3)(A) ☐	Section 19(b)(3)(B) ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action ☐	Date Expires	19b-4(f)(1) ◎	19b-4(f)(4) ◎
			19b-4(f)(2) ◎	19b-4(f)(5) ◎
			19b-4(f)(3) ◎	19b-4(f)(6) ◎

Exhibit 2 Sent As Paper Document ◎   Exhibit 3 Sent As Paper Document ◎

Description

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

Proposed Rule change to amend NASD Rule 7010(k) relating to Transaction Reporting and Compliance Engine (TRACE) transaction data and data fees.

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	Sharon	Last Name	Zackula

Title   Associate General Counsel

E-mail   sharon.zackula@nasd.com

Telephone   (202) 728-8985   Fax   (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   02/11/2005

By   Patrice Gliniecki

(Name)

Senior Vice President and Deputy 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.

PATRICE GLINIECKI,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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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
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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

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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

[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

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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"), 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 NASD Rule 7010(k) relating to Transaction Reporting and Compliance Engine ("TRACE") transaction data to: (i) terminate the Bond Trade Dissemination Service ("BTDS") Internal Usage Authorization Fee and the BTDS External Usage Authorization Fee and, in lieu of both fees, establish a Vendor Real-Time Data Feed Fee; (ii) define the term, "Tax-Exempt Organization," and amend the defined term, "Non-Professional," for purposes of Rule 7010(k)(3); and (iii) make other minor, technical amendments. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

7010. System Services

(a) through (j) No change.

(k) Trade Reporting and Compliance Engine (TRACE)

The following charges shall be paid by participants for the use of the Trade Reporting and Compliance Engine ("TRACE"):

System Fees	Transaction Reporting Fees	Market Data Fees
Level I Trade Report Only Web Browser Access - $20/month per user ID Level II Full Service Web Browser Access - $80/month per user ID	Trades up to and including $200,000 par value - $0.475/trade; Trades between $201,000 and $999,999 par value - $0.002375 times the number of bonds traded/trade; Trades of $1,000,000 par value or more - $2.375/trade	BTDS Professional Real-Time Data Display - $60/month per terminal[, except]
CTCI/Third Party - $25/month/per firm	Cancel/Correct - $1.50/trade	Vendor Real-Time Data Feed - $1,500/month for Real-Time TRACE transaction data, except for qualifying Tax-Exempt Organizations
	"As of" Trade Late - $3/trade	Vendor Real-Time Data Feed - $400/month for Real-Time TRACE transaction data for qualifying Tax-Exempt Organizations[BTDS Internal Usage Authorization - $500/month per application/service for Real-Time and Delayed-Time Data]
		BTDS Non-Professional Real-Time Data Display - No charge [BTDS External Usage Authorization - $1,000/month per application/service for Real-Time and Delayed-Time Data]
`		[BTDS Non-Professional Real-Time Data Display – No charge]

(1) through (2) No change.

(3) Market Data Fees

Professionals and Non-Professionals[non-professionals] may subscribe to receive Real-Time [and Delayed-Time]TRACE transaction data disseminated by NASD in one or more of the following ways for the charges specified, as applicable. Members, vendors and other redistributors shall be required to execute appropriate agreements with NASD.

(A) Professional Fees

Professionals may subscribe for the following:

(i) No change.

(ii) [Reserved.]Vendor Real-Time Data Feed Fee of $1,500 per month for Real-Time TRACE transaction data for any person or organization (other than a Tax-Exempt Organization) that receives a Real-Time TRACE transaction data feed. The fee entitles use in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities, and the repackaging of market data for delivery and dissemination outside the organization, such as indices or other derivative products. (This fee does not include per terminal charges for each interrogation or display device receiving Real-Time TRACE transaction data.)[2]

(iii) <u>Vendor Real-Time Data Feed Fee of $400 per month</u>
<u>for Real-Time TRACE transaction data received by a Tax-Exempt</u>
<u>Organization as defined in Rule 7010(k)(3) for the Tax-Exempt</u>
<u>Organization to use solely to provide Non-Professionals access to</u>
<u>Real-Time TRACE transaction data at no charge.</u>

[BTDS Internal Usage Authorization Fee of $500 per
month, per application/service for internal dissemination of Real-
Time and/or Delayed-Time TRACE transaction data used in one or
more of the following ways in a single application/service:
internal operational and processing systems, internal monitoring
and surveillance systems, internal price validation, internal
portfolio valuation services, internal analytical programs leading to
purchase/sale or other trading decisions, and other related
activities.[2]]

[(iv) BTDS External Usage Authorization Fee of $1,000
per month, per application/service for dissemination of Real-Time
and/or Delayed-Time TRACE transaction data used in one or more
of the following ways in a single application/service: repackaging
of market data for delivery and dissemination outside the
organization, such as indices or other derivative products.[3]]

(B) Non-Professional Fees

There shall be no charge paid by a <u>Non-Professional</u>[non-professional] for receiving all or any portion of Real-Time TRACE transaction data disseminated through TRACE.

(C) Definitions

[(i) "Delayed Time" as used in Rule 7010(k)(3) shall mean that period of time starting four hours after the time of dissemination by NASD of transaction data on a TRACE-eligible security, and ending at 11:59:59 p.m. Eastern Time that calendar day.]

<u>(i)</u> [(ii)]"Non-Professional" – [A non-professional subscriber must provide certain information to NASD and shall receive TRACE market data primarily for his or her personal, non-commercial use.] As used in Rule 7010(k)(3) a <u>"Non-Professional"</u> ["non-professional"]is a natural person who [is neither:] <u>uses TRACE transaction data solely for his or her personal, non-commercial use. A Non-Professional subscriber must agree to certain terms of use of the TRACE data, including that he or she receive and use the TRACE transaction data solely for his or her personal, non-commercial use. Persons who are excluded from the definition of "Non-Professional" include a person that:</u>

<u>a.</u> <u>is not a natural person;</u>

[a.]b. is registered or[nor] qualified in any capacity

with the Commission, the Commodity Futures Trading

Commission, any state securities agency, any securities

exchange or association, or any commodities or futures

contract market or association, or an employee of the above

and, with respect to any person identified in this

subparagraph b., uses TRACE transaction data for other

than personal, non-commercial use;[who uses such

information primarily for business-related activities;]

[b.]c. is engaged as an "investment adviser" as that

term is defined in Section 202(a)(11) of the Investment

Advisers Act of 1940 (whether or not registered or

qualified under that Act), or an employee of the above and,

with respect to any person identified in this subparagraph

c., uses TRACE transaction data for other than personal,

non-commercial use;[who uses such information primarily

for business-related activities;]

[c.]d. is employed by a bank, insurance company or

other organization exempt from registration under federal

or state securities laws to perform functions that would

require registration or qualification if such functions were

performed for an organization not so exempt[;], or any

other employee of a bank, insurance company or such other

organization referenced above and, with respect to any person identified in this subparagraph d., uses TRACE transaction data for other than personal, non-commercial use; or

[d.]e. is engaged in, or has the intention to engage in, any redistribution of all or any portion of the TRACE transaction data.[information disseminated through TRACE.]

(ii) "Tax-Exempt Organization" as used in Rule 7010(k)(3) means an organization that is described in Section 501(c) of the Internal Revenue Code (26 U.S.C. §501(c)); has received recognition of the exemption from federal income taxes from the Internal Revenue Service; and obtains and uses Real-Time TRACE transaction data solely for redistribution to Non-Professionals, as defined for purposes of Rule 7010(k)(3), at no charge.

(iii) No change.

(D) No change.

(l) through (v) No change.

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[2] Under the Vendor Real-Time Data Feed Fee and service, Real-Time TRACE transaction data may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.

[2 Under this service, Real-Time and/or Delayed-Time TRACE transaction data may not be used in any interrogation display devices, any systems that permit end users to determine individual transaction pricing, or disseminated to any external source.]

[³ Under this service, Real-Time and/or Delayed-Time TRACE transaction data may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.]

* * * * *

(b) Not applicable.

(c) Not applicable.

2.   Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Governors of NASD at its meeting on November 18, 2004, which authorized the filing of the rule change with the SEC. 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 Board of Governors of NASD to adopt amendments to NASD Rules without recourse to the membership for approval.

NASD will announce the effective date of the proposed rule change in a Notice to Members to be published no later than 60 days following Commission approval. The effective date will be no later than 45 days following publication of the Notice to Members announcing Commission approval.

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

(a)   Purpose

NASD seeks to amend Rule 7010(k) to streamline market data services and fees for TRACE transaction data. Specifically, NASD proposes to replace two fees currently charged to receive Delayed-Time and Real-Time TRACE transaction data -- the BTDS Internal Usage Authorization Fee of $500 per month per application and the BTDS External Usage Authorization Fee of $1,000 per month per application -- with the Vendor

Real-Time Data Feed Fee, a single monthly fee of $1,500 (subject to certain exceptions)

for a feed of Real-Time TRACE transaction data that the recipient may use in multiple

applications. In addition, NASD proposes to amend Rule 7010(k) to define the term,

"Tax-Exempt Organization," for purposes of identifying the tax-exempt organizations

that would qualify to receive a Real-Time TRACE transaction data feed for a reduced fee

of $400. Also, NASD proposes to amend the defined term, "Non-Professional," in Rule

7010(k) to make technical, clarifying amendments to the definition to make explicit

NASD's current interpretation that a natural person who is a financial professional, or an

employee of a financial services entity as specified in the rule, is considered a Non-

Professional in those instances where the person accesses the TRACE transaction data to

use it solely for personal, non-commercial use (e.g., a registered associated person of a

broker-dealer accesses the free TRACE data at home to obtain information about bonds

held in his personal account). Finally, NASD is proposing other minor, technical

amendments to Rule 7010(k).

Current TRACE Market Data Services and Fees.

Currently, under Rule 7010(k)(3)(A)(iii), NASD charges a BTDS Internal Usage

Authorization Fee of $500 per month per application or service. For this fee, a party is

entitled to receive and use Real-Time and/or Delayed-Time TRACE transaction data,[1] for

internal dissemination and use.[2] Under Rule 7010(k)(3)(A)(iv), a party paying a BTDS

External Usage Authorization Fee of $1,000 per month per application or service is

entitled to use Real-Time and/or Delayed Time TRACE transaction data and repackage it

for delivery and dissemination externally (i.e., outside the contracting party's

organization), such as delivering indices or other products derived from the TRACE data.

Proposed Vendor Real-Time Data Feed Fee.

NASD proposes to eliminate the two current fees, the $500 BTDS Internal Usage

Authorization Fee and the $1,000 BTDS External Usage Authorization Fee, and replace

them with one consolidated fee, the Vendor Real-Time Data Feed Fee. The Vendor

Real-Time Data Feed Fee would be $1,500 for most TRACE data recipients and $400 for

certain qualifying Tax-Exempt Organizations that intend to use the data solely to provide

access to TRACE data to Non-Professional users, such as individual investors, at no

charge, as discussed in greater detail below.

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[1]   NASD recently filed a rule change eliminating the fee NASD charges for use solely of Delayed-Time TRACE transaction data, the BTDS Professional Delayed-Time Data Display Fee pilot program (i.e., a $15 fee per month per terminal). The BTDS Professional Delayed-Time Data Display Fee pilot program will end on June 1, 2005. See Securities Exchange Act Release No. 50977 (January 6, 2005), 70 Fed. Reg. 2202 (January 12, 2005) (SR-NASD-2004-189) (notice of rule change for immediate effectiveness filed on December 28, 2004). See also NASD Notice to Members 05-05 (January 2005). In the current proposed rule change, NASD is proposing to eliminate the two remaining fees that are based partially on the receipt of Delayed-Time TRACE transaction data, and proposing a new fee, the Vendor Real-Time Data Feed Fee, that is based upon the receipt of Real-Time TRACE transaction data only.

[2]   Permitted internal uses include, but are not limited to, internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities.

NASD would charge each person or organization that receives Real-Time

TRACE data via any data feed (except certain qualifying Tax-Exempt Organizations) the

Vendor Real-Time Data Feed Fee of $1,500 in proposed Rule 7010(k)(3)(A)(ii), whether

the data is received directly from NASD or from a vendor that redistributes TRACE

transaction data in real-time. As is currently the case, each organization or person

receiving such data, whether from NASD or a vendor, would enter into an agreement

with NASD. The data recipient would be entitled to use the TRACE transaction data in

an unlimited number of internal and external applications, as described in proposed Rule

7010(k)(3)(A)(ii), in contrast to the single-use or single-application limits that are in

effect currently under either the $500 BTDS Internal Usage Authorization Fee or the

$1,000 BTDS External Usage Authorization Fee. However, the Vendor Real-Time Data

Feed Fee of $1,500 would not include NASD's monthly charge for each desktop or other

interrogation display device receiving the Real-Time data.[3]

NASD believes that introducing a single fee for any party that desires to be a

vendor (or a third party recipient) taking a Real-Time TRACE transaction data feed will

better reflect NASD's administrative costs, allocate such costs appropriately among Real-

Time TRACE transaction data recipients based upon use and misappropriation risk, and

simplify the fee structure. Under the current BTDS TRACE transaction data fee

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[3]   Similarly, neither the BTDS Internal Usage Authorization Fee nor the BTDS External Usage Authorization Fee currently in effect includes the monthly charge for each desktop or interrogation display device receiving Real-Time data.

structure, a vendor taking a Real-Time TRACE transaction data feed that uses the data only on a next-day basis does not pay NASD a fee. However, for such vendors, NASD is exposed to the same risk -- the risk of misappropriation of TRACE data -- that it bears in connection with vendors or third party data recipients that pay to receive and use such data Real-Time.

Currently, any vendor taking a Real-Time TRACE transaction data feed has the technical capability to use the Real-Time data wrongfully in violation of the terms of its service and fee agreement with NASD, such as redistributing Real-Time TRACE transaction data without appropriate authorization or failing to maintain proper controls or to adequately track data usage. To prevent or limit such misuse and misappropriation, NASD requires direct contractual relationships with anyone receiving a feed of Real-Time TRACE transaction data. These agreements, and the usage tracking that go along with them, result in NASD bearing the administrative cost for contract creation, management, and the monitoring of the usage of TRACE data through audits. The proposal to apply a single fee to any party desiring to receive a Real-Time TRACE transaction data feed will better reflect and allocate NASD's administrative costs.

The single fee for all recipients of a Real-Time TRACE transaction data feed also simplifies the fee structure and eliminates many of the questions regarding permitted uses by vendors and other TRACE transaction data recipients. For example, the new Vendor Real-Time Data Feed Fee is based on per organization usage, rather than per application, and vendors of Real-Time TRACE transaction data (or recipients of such data through a

vendor) will be better able to use the TRACE data in multiple internal or external applications without bearing additional costs.

Reduced Vendor Real-Time Data Feed Fee for Tax-Exempt Organizations.

NASD is proposing in Rule 7010(k)(3)(A)(iii) that the Vendor Real-Time Data Feed Fee be reduced to $400 per month for qualifying Tax-Exempt Organizations. By reducing the fee, NASD seeks to accommodate such organizations that intend to use the TRACE transaction data solely for distribution to Non-Professionals at no charge.

In proposed Rule 7010(k)(3)(C)(ii), NASD proposes to define "Tax-Exempt Organization" for purposes of Rule 7010(k)(3) to mean "an organization that is described in Section 501(c) of the Internal Revenue Code (26 U.S.C. §501(c)); has received recognition of the exemption from federal income taxes from the Internal Revenue Service; and obtains and uses Real-Time TRACE transaction data solely for redistribution to Non-Professionals, as defined for purposes of Rule 7010(k)(3), at no charge." Tax-exempt organizations that wish to obtain a Real-Time TRACE transaction data feed, but do not intend to provide access or redistribute data exclusively to Non-Professionals as defined under proposed Rule 7010(k)(3)(C)(ii) at no charge would be required to pay the Vendor Real-Time Data Feed Fee of $1,500 per month. Similarly, tax-exempt organizations that intend to obtain a Real-Time TRACE transaction data feed and use it not only for providing access or redistributing the TRACE data to Non-Professionals, but also for other uses, would be required to pay the $1,500 fee per month.

The fee reduction for qualifying Tax-Exempt Organizations providing TRACE information to Non-Professionals at no charge furthers an NASD goal of making TRACE transaction information more accessible to individual investors. The proposed $400

Vendor Real-Time Data Feed Fee for qualifying Tax-Exempt Organizations will

appropriately reduce the costs of obtaining the data when the data will be used

exclusively for the benefit of Non-Professionals (primarily, individual investors).

"Non-Professional."

NASD is proposing to amend Rule 7010(k)(3)(C)(ii) to clarify the definition of

"Non-Professional," and renumber the provision as Rule 7010(k)(3)(C)(i). The current

definition of Non-Professional is unclear as to whether a natural person who is registered

in one of several capacities as a securities or commodities professional, or performs

similar functions but is not required to be registered due to an exemption, or is an

employee of certain financial services businesses,[4] may be a Non-Professional if the

natural person uses TRACE transaction information solely for personal, non-commercial

uses. NASD currently interprets the term Non-Professional to include any natural person

who obtains access to TRACE transaction data and uses it for his or her personal, non-

commercial use, even if such natural persons are registered personnel or other employees

of various financial services entities (e.g., broker-dealers or investment advisers), or are

themselves registered or qualified in some capacity with the Commission, or certain other

federal or state agencies that regulate and monitor financial services business activities

and the individuals engaged in such businesses, as specified in current Rule

7010(k)(3)(C)(ii), subparagraphs a. through c.

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[4]   See Rule 7010(k)(3)(C)(ii), subparagraph a., regarding a natural person "registered" or "qualified
        in any capacity with the Commission, the Commodity Futures Trading Commission, any state
        securities agency, any securities exchange or association, or any commodities or futures contract
        market or association"; subparagraph b., regarding a natural person "engaged as an 'investment
        adviser' as that term is defined in Section 202(a)(11) of the Investment Advisers Act of 1940
        (whether of not registered or qualified under that Act)"; and, subparagraph c., regarding a natural
        person "employed by a bank, insurance company or other organization exempt from registration

NASD is clarifying the rule text to make clear that such professionals and other employees in the financial services industry may be considered Non-Professionals when they are accessing and using the TRACE transaction data solely for personal, non-commercial use. For example, under proposed Rule 7010(k)(3)(C)(i), subparagraph c., a natural person that is engaged as an investment adviser and accesses TRACE data to review transaction pricing in TRACE-eligible bonds in his personal account would be considered using the data solely for his personal, non-commercial use and during that access and use, would be a Non-Professional. Also, NASD is clarifying in subparagraph d. of proposed Rule 7010(k)(3)(C)(i) that, in addition to persons employed by a bank, insurance company or other organization exempt from registration under federal or state securities laws to perform functions that ordinarily would require registration, other employees of such organizations who use TRACE transaction information solely for their personal, non-commercial use, will be Non-Professionals. NASD also is making other technical, clarifying amendments to the term "Non-Professional." Finally, NASD is making other, minor technical amendments to Rule 7010(k).

As noted in Item 2 of this filing, NASD will announce the effective date of the proposed rule change in a <u>Notice to Members</u> to be published no later than 60 days following Commission approval. The effective date will be no later than 45 days following publication of the <u>Notice to Members</u> announcing Commission approval.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that NASD rules must

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under federal or state securities laws to perform functions that would require registration or

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, and Section 15A(b)(5) of the Act, 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 providing a reduced TRACE data fee for qualifying Tax-

Exempt Organizations and clarifying the term Non-Professional will foster the continued

dissemination of TRACE data for the protection of investors and in furtherance of the

public interest.   NASD believes that consolidating the two TRACE data fees into one fee

and providing a reduced TRACE data fee for qualifying Tax-Exempt Organizations will

equitably allocate fees among subscribers of TRACE data that desire TRACE transaction

data for commercial use or benefit, or redistribution to Non-Professionals, and will not

adversely affect the use and distribution of TRACE data, for the protection of investors

and in furtherance of the public interest.

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,

as amended.

**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.

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qualification if such functions were performed for an organization not so exempt."

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.

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

Not applicable.

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

Not applicable.

9.   **Exhibits**

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

<u>Federal</u> <u>Register</u>.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-   ; File No. SR-NASD-2005-026)
SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by National Association of Securities Dealers, Inc.
Relating to TRACE Market Data Fees

      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.

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

      NASD is proposing to amend Rule 7010(k) relating to Transaction Reporting and

Compliance Engine ("TRACE") transaction data to: (i) terminate the Bond Trade

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

Dissemination Service ("BTDS") Internal Usage Authorization Fee and the BTDS

External Usage Authorization Fee and, in lieu of both fees, establish a Vendor Real-Time

Data Feed Fee; (ii) define the term, "Tax-Exempt Organization," and amend the defined

term, "Non-Professional," for purposes of Rule 7010(k)(3); and (iii) make other minor,

technical amendments. Below is the text of the proposed rule change. Proposed new

language is in italics; proposed deletions are in brackets.

* * * * *

7010. System Services

(a) through (j) No change.

(k) Trade Reporting and Compliance Engine (TRACE)

The following charges shall be paid by participants for the use of the Trade

Reporting and Compliance Engine ("TRACE"):

System Fees	Transaction Reporting Fees	Market Data Fees
Level I Trade Report Only Web Browser Access - $20/month per user ID Level II Full Service Web Browser Access - $80/month per user ID	Trades up to and including $200,000 par value - $0.475/trade; Trades between $201,000 and $999,999 par value - $0.002375 times the number of bonds traded/trade; Trades of $1,000,000 par value or more - $2.375/trade	BTDS Professional Real-Time Data Display - $60/month per terminal[, except]
CTCI/Third Party - $25/month/per firm	Cancel/Correct - $1.50/trade	Vendor Real-Time Data Feed - $1,500/month for Real-Time TRACE transaction data, except for qualifying Tax-Exempt Organizations
	"As of" Trade Late - $3/trade	Vendor Real-Time Data Feed - $400/month for Real-Time TRACE transaction data for qualifying Tax-Exempt Organizations[BTDS Internal Usage Authorization - $500/month per application/service for Real-Time and Delayed-Time Data]
		BTDS Non-Professional Real-Time Data Display - No charge [BTDS External Usage Authorization - $1,000/month per application/service for Real-Time and Delayed-Time Data]
`		[BTDS Non-Professional Real-Time Data Display – No charge]

(1) through (2) No change.

(3) Market Data Fees

Professionals and <u>Non-Professionals</u>[non-professionals] may subscribe to receive Real-Time [and Delayed-Time]TRACE <u>transaction</u> data disseminated by NASD in one or more of the following ways for the charges specified, as applicable. Members, vendors and other redistributors shall be required to execute appropriate agreements with NASD.

(A) Professional Fees

Professionals may subscribe for the following:

(i) No change.

(ii) [Reserved.]<u>Vendor Real-Time Data Feed Fee of $1,500 per month for Real-Time TRACE transaction data for any person or organization (other than a Tax Exempt Organization) that receives a Real-Time TRACE transaction data feed. The fee entitles use in one or more of the following ways: internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities, and the repackaging of market data for delivery and dissemination outside the organization, such as indices or other derivative products. (This fee does not include per terminal charges for each interrogation or display device receiving Real-Time TRACE transaction data.)</u> [2]

(iii) <u>Vendor Real-Time Data Feed Fee of $400 per month
for Real-Time TRACE transaction data received by a Tax-Exempt
Organization as defined in Rule 7010(k)(3) for the Tax-Exempt
Organization to use solely to provide Non-Professionals access to
Real-Time TRACE transaction data at no charge.</u> [BTDS Internal
Usage Authorization Fee of $500 per month, per
application/service for internal dissemination of Real-Time and/or
Delayed-Time TRACE transaction data used in one or more of the
following ways in a single application/service: internal operational
and processing systems, internal monitoring and surveillance
systems, internal price validation, internal portfolio valuation
services, internal analytical programs leading to purchase/sale or
other trading decisions, and other related activities.[2]]

[(iv) BTDS External Usage Authorization Fee of $1,000
per month, per application/service for dissemination of Real-Time
and/or Delayed-Time TRACE transaction data used in one or more
of the following ways in a single application/service: repackaging
of market data for delivery and dissemination outside the
organization, such as indices or other derivative products.[3]]

(B) Non-Professional Fees

There shall be no charge paid by a <u>Non-Professional</u>[non-professional] for receiving all or any portion of Real-Time TRACE transaction data disseminated through TRACE.

(C) Definitions

[(i) "Delayed Time" as used in Rule 7010(k)(3) shall mean that period of time starting four hours after the time of dissemination by NASD of transaction data on a TRACE-eligible security, and ending at 11:59:59 p.m. Eastern Time that calendar day.]

<u>(i)</u> [(ii)]"Non-Professional" – [A non-professional subscriber must provide certain information to NASD and shall receive TRACE market data primarily for his or her personal, non-commercial use.] As used in Rule 7010(k)(3) a <u>"Non-Professional"</u> ["non-professional"]is a natural person who [is neither:] <u>uses TRACE transaction data solely for his or her personal, non-commercial use. A Non-Professional subscriber must agree to certain terms of use of the TRACE data, including that he or she receive and use the TRACE transaction data solely for his or her personal, non-commercial use. Persons who are excluded from the definition of "Non-Professional" include a person that:</u>

<u>a.</u> <u>is not a natural person;</u>

[a.]b. is registered or[nor] qualified in any capacity

with the Commission, the Commodity Futures Trading

Commission, any state securities agency, any securities

exchange or association, or any commodities or futures

contract market or association, or an employee of the above

and, with respect to any person identified in this

subparagraph b., uses TRACE transaction data for other

than personal, non-commercial use;[who uses such

information primarily for business-related activities;]

[b.]c. is engaged as an "investment adviser" as that

term is defined in Section 202(a)(11) of the Investment

Advisers Act of 1940 (whether or not registered or

qualified under that Act), or an employee of the above and,

with respect to any person identified in this subparagraph

c., uses TRACE transaction data for other than personal,

non-commercial use;[who uses such information primarily

for business-related activities;]

[c.]d. is employed by a bank, insurance company or

other organization exempt from registration under federal

or state securities laws to perform functions that would

require registration or qualification if such functions were

performed for an organization not so exempt[;], or any

other employee of a bank, insurance company or such other

organization referenced above and, with respect to any

person identified in this subparagraph d., uses TRACE

transaction data for other than personal, non-commercial

use; or

[d.]e. is engaged in, or has the intention to engage

in, any redistribution of all or any portion of the TRACE

transaction data.[information disseminated through

TRACE.]

(ii) "Tax-Exempt Organization" as used in Rule 7010(k)(3)

means an organization that is described in Section 501(c) of the

Internal Revenue Code (26 U.S.C. §501(c)); has received

recognition of the exemption from federal income taxes from the

Internal Revenue Service; and obtains and uses Real-Time TRACE

transaction data solely for redistribution to Non-Professionals, as

defined for purposes of Rule 7010(k)(3), at no charge.

(iii) No change.

(D) No change.

(l) through (v) No change.

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2 Under the Vendor Real-Time Data Feed Fee and service, Real-Time TRACE transaction data may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.

[2 Under this service, Real-Time and/or Delayed-Time TRACE transaction data may not be used in any interrogation display devices, any systems that permit end users to determine individual transaction pricing, or disseminated to any external source.]

[3 Under this service, Real-Time and/or Delayed-Time TRACE transaction data may not be used in any interrogation display devices or any systems that permit end users to determine individual transaction pricing.]

* * * * *

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

In its filing with the Commission, NASD included statements concerning the

purpose of and basis for the proposed rule change and discussed any comments it

received on the proposed rule change. The text of these statements may be examined at

the places specified in Item IV below. NASD has prepared summaries, set forth in

sections A, B, and C below, of the most significant aspects of such statements.

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

1.   Purpose

NASD seeks to amend Rule 7010(k) to streamline market data services and fees

for TRACE transaction data. Specifically, NASD proposes to replace two fees currently

charged to receive Delayed-Time and Real-Time TRACE transaction data -- the BTDS

Internal Usage Authorization Fee of $500 per month per application and the BTDS

External Usage Authorization Fee of $1,000 per month per application -- with the Vendor

Real-Time Data Feed Fee, a single monthly fee of $1,500 (subject to certain exceptions)

for a feed of Real-Time TRACE transaction data that the recipient may use in multiple

applications. In addition, NASD proposes to amend Rule 7010(k) to define the term,

"Tax-Exempt Organization," for purposes of identifying the tax-exempt organizations

that would qualify to receive a Real-Time TRACE transaction data feed for a reduced fee

of $400. Also, NASD proposes to amend the defined term, "Non-Professional," in Rule

7010(k) to make technical, clarifying amendments to the definition to make explicit

NASD's current interpretation that a natural person who is a financial professional, or an

employee of a financial services entity as specified in the rule, is considered a Non-

Professional in those instances where the person accesses the TRACE transaction data to

use it solely for personal, non-commercial use (e.g., a registered associated person of a

broker-dealer accesses the free TRACE data at home to obtain information about bonds

held in his personal account). Finally, NASD is proposing other minor, technical

amendments to Rule 7010(k).

Current TRACE Market Data Services and Fees.

Currently, under Rule 7010(k)(3)(A)(iii), NASD charges a BTDS Internal Usage

Authorization Fee of $500 per month per application or service. For this fee, a party is

entitled to receive and use Real-Time and/or Delayed-Time TRACE transaction data,[3] for

internal dissemination and use.[4] Under Rule 7010(k)(3)(A)(iv), a party paying a BTDS

External Usage Authorization Fee of $1,000 per month per application or service is

entitled to use Real-Time and/or Delayed Time TRACE transaction data and repackage it

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[3]   NASD recently filed a rule change eliminating the fee NASD charges for use solely of Delayed-Time TRACE transaction data, the BTDS Professional Delayed-Time Data Display Fee pilot program (i.e., a $15 fee per month per terminal). The BTDS Professional Delayed-Time Data Display Fee pilot program will end on June 1, 2005. See Securities Exchange Act Release No. 50977 (January 6, 2005), 70 Fed. Reg. 2202 (January 12, 2005) (SR-NASD-2004-189) (notice of rule change for immediate effectiveness filed on December 28, 2004). See also NASD Notice to Members 05-05 (January 2005). In the current proposed rule change, NASD is proposing to eliminate the two remaining fees that are based partially on the receipt of Delayed-Time TRACE transaction data, and proposing a new fee, the Vendor Real-Time Data Feed Fee, that is based upon the receipt of Real-Time TRACE transaction data only.

[4]   Permitted internal uses include, but are not limited to, internal operational and processing systems, internal monitoring and surveillance systems, internal price validation, internal portfolio valuation services, internal analytical programs leading to purchase/sale or other trading decisions, and other related activities.

for delivery and dissemination externally (i.e., outside the contracting party's

organization), such as delivering indices or other products derived from the TRACE data.

Proposed Vendor Real-Time Data Feed Fee.

NASD proposes to eliminate the two current fees, the $500 BTDS Internal Usage

Authorization Fee and the $1,000 BTDS External Usage Authorization Fee, and replace

them with one consolidated fee, the Vendor Real-Time Data Feed Fee. The Vendor Real-

Time Data Feed Fee would be $1,500 for most TRACE data recipients and $400 for

certain qualifying Tax-Exempt Organizations that intend to use the data solely to provide

access to TRACE data to Non-Professional users, such as individual investors, at no

charge, as discussed in greater detail below.

NASD would charge each person or organization that receives Real-Time

TRACE data via any data feed (except certain qualifying Tax-Exempt Organizations) the

Vendor Real-Time Data Feed Fee of $1,500 in proposed Rule 7010(k)(3)(A)(ii), whether

the data is received directly from NASD or from a vendor that redistributes TRACE

transaction data in real-time. As is currently the case, each organization or person

receiving such data, whether from NASD or a vendor, would enter into an agreement

with NASD. The data recipient would be entitled to use the TRACE transaction data in

an unlimited number of internal and external applications, as described in proposed Rule

7010(k)(3)(A)(ii), in contrast to the single-use or single-application limits that are in

effect currently under either the $500 BTDS Internal Usage Authorization Fee or the

$1,000 BTDS External Usage Authorization Fee. However, the Vendor Real-Time Data

Feed Fee of $1,500 would not include NASD's monthly charge for each desktop or other interrogation display device receiving the Real-Time data.[5]

NASD believes that introducing a single fee for any party that desires to be a vendor (or a third party recipient) taking a Real-Time TRACE transaction data feed will better reflect NASD's administrative costs, allocate such costs appropriately among Real-Time TRACE transaction data recipients based upon use and misappropriation risk, and simplify the fee structure. Under the current BTDS TRACE transaction data fee structure, a vendor taking a Real-Time TRACE transaction data feed that uses the data only on a next-day basis does not pay NASD a fee. However, for such vendors, NASD is exposed to the same risk -- the risk of misappropriation of TRACE data -- that it bears in connection with vendors or third party data recipients that pay to receive and use such data Real-Time.

Currently, any vendor taking a Real-Time TRACE transaction data feed has the technical capability to use the Real-Time data wrongfully in violation of the terms of its service and fee agreement with NASD, such as redistributing Real-Time TRACE transaction data without appropriate authorization or failing to maintain proper controls or to adequately track data usage. To prevent or limit such misuse and misappropriation, NASD requires direct contractual relationships with anyone receiving a feed of Real-Time TRACE transaction data. These agreements, and the usage tracking that go along with them, result in NASD bearing the administrative cost for contract creation, management, and the monitoring of the usage of TRACE data through audits. The

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[5]   Similarly, neither the BTDS Internal Usage Authorization Fee nor the BTDS External Usage Authorization Fee currently in effect includes the monthly charge for each desktop or interrogation display device receiving Real-Time data.

proposal to apply a single fee to <u>any</u> party desiring to receive a Real-Time TRACE

transaction data feed will better reflect and allocate NASD's administrative costs.

      The single fee for all recipients of a Real-Time TRACE transaction data feed also

simplifies the fee structure and eliminates many of the questions regarding permitted uses

by vendors and other TRACE transaction data recipients. For example, the new Vendor

Real-Time Data Feed Fee is based on per organization usage, rather than per application,

and vendors of Real-Time TRACE transaction data (or recipients of such data through a

vendor) will be better able to use the TRACE data in multiple internal or external

applications without bearing additional costs.

      <u>Reduced Vendor Real-Time Data Feed Fee for Tax-Exempt Organizations</u>.

      NASD is proposing in Rule 7010(k)(3)(A)(iii) that the Vendor Real-Time Data

Feed Fee be reduced to $400 per month for qualifying Tax-Exempt Organizations. By

reducing the fee, NASD seeks to accommodate such organizations that intend to use the

TRACE transaction data solely for distribution to Non-Professionals at no charge.

      In proposed Rule 7010(k)(3)(C)(ii), NASD proposes to define "Tax-Exempt

Organization" for purposes of Rule 7010(k)(3) to mean "an organization that is described

in Section 501(c) of the Internal Revenue Code (26 U.S.C. §501(c)); has received

recognition of the exemption from federal income taxes from the Internal Revenue

Service; and obtains and uses Real-Time TRACE transaction data solely for

redistribution to Non-Professionals, as defined for purposes of Rule 7010(k)(3), at no

charge." Tax-exempt organizations that wish to obtain a Real-Time TRACE transaction

data feed, but do not intend to provide access or redistribute data <u>exclusively</u> to Non-

Professionals as defined under proposed Rule 7010(k)(3)(C)(ii) at no charge would be required to pay the Vendor Real-Time Data Feed Fee of $1,500 per month. Similarly, tax-exempt organizations that intend to obtain a Real-Time TRACE transaction data feed and use it not only for providing access or redistributing the TRACE data to Non-Professionals, but also for other uses, would be required to pay the $1,500 fee per month.

The fee reduction for qualifying Tax-Exempt Organizations providing TRACE information to Non-Professionals at no charge furthers an NASD goal of making TRACE transaction information more accessible to individual investors. The proposed $400 Vendor Real-Time Data Feed Fee for qualifying Tax-Exempt Organizations will appropriately reduce the costs of obtaining the data when the data will be used exclusively for the benefit of Non-Professionals (primarily, individual investors).

"Non-Professional."

NASD is proposing to amend Rule 7010(k)(3)(C)(ii) to clarify the definition of "Non-Professional," and renumber the provision as Rule 7010(k)(3)(C)(i). The current definition of Non-Professional is unclear as to whether a natural person who is registered in one of several capacities as a securities or commodities professional, or performs similar functions but is not required to be registered due to an exemption, or is an employee of certain financial services businesses,[6] may be a Non-Professional if the

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[6]   See Rule 7010(k)(3)(C)(ii), subparagraph a., regarding a natural person "registered" or "qualified in any capacity with the Commission, the Commodity Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association"; subparagraph b., regarding a natural person "engaged as an 'investment adviser' as that term is defined in Section 202(a)(11) of the Investment Advisers Act of 1940 (whether of not registered or qualified under that Act)"; and, subparagraph c., regarding a natural person "employed by a bank, insurance company or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt."

natural person uses TRACE transaction information solely for personal, non-commercial

uses. NASD currently interprets the term Non-Professional to include any natural person

who obtains access to TRACE transaction data and uses it for his or her personal, non-

commercial use, even if such natural persons are registered personnel or other employees

of various financial services entities (e.g., broker-dealers or investment advisers), or are

themselves registered or qualified in some capacity with the Commission, or certain other

federal or state agencies that regulate and monitor financial services business activities

and the individuals engaged in such businesses, as specified in current Rule

7010(k)(3)(C)(ii), subparagraphs a. through c.

NASD is clarifying the rule text to make clear that such professionals and other

employees in the financial services industry may be considered Non-Professionals when

they are accessing and using the TRACE transaction data solely for personal, non-

commercial use. For example, under proposed Rule 7010(k)(3)(C)(i), subparagraph c., a

natural person that is engaged as an investment adviser and accesses TRACE data to

review transaction pricing in TRACE-eligible bonds in his personal account would be

considered using the data solely for his personal, non-commercial use and during that

access and use, would be a Non-Professional. Also, NASD is clarifying in subparagraph

d. of proposed Rule 7010(k)(3)(C)(i) that, in addition to persons employed by a bank,

insurance company or other organization exempt from registration under federal or state

securities laws to perform functions that ordinarily would require registration, other

employees of such organizations who use TRACE transaction information solely for their

personal, non-commercial use, will be Non-Professionals. NASD also is making other

technical, clarifying amendments to the term "Non-Professional." Finally, NASD is

making other, minor technical amendments to Rule 7010(k).

NASD will announce the effective date of the proposed rule change in a <u>Notice to</u>

<u>Members</u> to be published no later than 60 days following Commission approval. The

effective date will be no later than 45 days following publication of the <u>Notice to</u>

<u>Members</u> announcing Commission approval.

2.   Statutory Basis

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

Section 15A(b)(6) of the Act, 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, and Section 15A(b)(5) of the Act, 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 providing a reduced TRACE data fee for qualifying Tax-

Exempt Organizations and clarifying the term Non-Professional will foster the continued

dissemination of TRACE data for the protection of investors and in furtherance of the

public interest. NASD believes that consolidating the two TRACE data fees into one fee

and providing a reduced TRACE data fee for qualifying Tax-Exempt Organizations will

equitably allocate fees among subscribers of TRACE data that desire TRACE transaction

data for commercial use or benefit, or redistribution to Non-Professionals, and will not

adversely affect the use and distribution of TRACE data, for the protection of investors

and in furtherance of the public interest.

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,

as amended.

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

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-2005-026 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-NASD-2005-026. 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, 450 Fifth Street, NW, Washington, DC 20549. 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 the File Number SR-NASD-2005-026and

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.[7]

Secretary

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[7]   17 CFR 200.30-3(a)(12).