

OMB APPROVAL

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

File No. SR - 2005 - 135

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

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐ Extension of Time Period
for Commission Action ☐ Date Expires

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).

Amendments relating to the status of former registered persons serving in the Armed Forces of the United States.

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
(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 EDFS 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

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Exhibit Sent As Paper Document

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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 NASD IM-1000-2 to toll the two-year expiration provisions for qualification examination requirements set forth in Rules 1021(c), 1031(c), and 1041(c) for certain former registered persons serving in the Armed Forces of the United States, including persons who commence their active military duty within two years after they have ceased to be registered with a member and persons who terminate their registration with a member while on active military duty.

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

* * * * *

IM-1000-2. Status of Persons Serving in the Armed Forces of the United States

(a) through (b) No Change.

(c) Status of Formerly Registered Persons

(1) If a person who is currently not registered with a member volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceases to be registered with a member, NASD will defer the lapse of registration requirements set forth in Rules 1021(c), 1031(c), and 1041(c) (i.e., toll the two-year expiration provisions for qualification examination requirements). NASD will defer the lapse of

registration requirements commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that NASD is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 1021(c), 1031(c), and 1041(c) reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.

(2) If a person placed upon inactive status while serving in the Armed Forces of the United States ceases to be registered with a member, NASD will defer the lapse of registration requirements set forth in Rules 1021(c), 1031(c), and 1041(c) (i.e., toll the two-year expiration provisions for qualification examination requirements) during the pendency of his or her active service in the Armed Forces of the United States. NASD will defer the lapse of registration requirements based on existing information in the Central Registration Depository, provided that NASD is properly notified of the person's period of

¹ 15 U.S.C. 78s(b)(1).

active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 1021(c), 1031(c), and 1041(c).

* * * * *

(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 20, 2005, which authorized the filing of the proposed rule change with the Commission. The Nasdaq Stock Market, Inc. and NASD Dispute Resolution, Inc. were provided an opportunity to consult with respect to the proposed rule change pursuant to the Plan of Allocation and Delegation of Functions by NASD to its Subsidiaries. The Board of Governors of NASD had an opportunity to review the proposed rule change at its meeting on July 21, 2005. No other action by NASD is necessary for the filing of this proposed rule change. Section 1(a)(ii) of Article VII of the NASD By-Laws permits the 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 (“NTM”) to be published no later than 60 days following Commission approval. The effective date will be 30 days following publication of the NTM announcing Commission approval.

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

(a) Purpose

Since the September 11, 2001 attacks, NASD has provided tailored regulatory relief to securities industry professionals who volunteer for or are called into active military duty. In January 2002, NASD filed with the SEC for immediate effectiveness a rule change that amended NASD IM-1000-2 to codify the staff’s position regarding the relief from Rule 1120 (Continuing Education Requirements) for securities industry professionals who volunteer for or are called into active military duty.² In addition, in conjunction with the current filing, NASD has filed with the SEC for immediate effectiveness a rule change³ that amends IM-1000-2 to clarify its scope with respect to registered persons and sole proprietors and to codify NASD’s existing guidance relating to the receipt of transaction-related compensation by registered persons actively serving in the Armed Forces of the United States.

² See Securities Exchange Act Release No. 45259 (January 9, 2002), 67 FR 2256 (January 16, 2002) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Relieve Registered Representatives Serving in the Armed Forces From Continuing Education Requirements; File No. SR-NASD-2002-03).

³ See SR-NASD-2005-134.

Recently, members have requested that NASD toll the two-year expiration period for securities licenses (“two-year licensing expiration provisions”)⁴ in certain cases, such as where a person commences active military duty within two years of his or her having been registered with a member or where a person on active military duty ceases to be registered with a member, but seeks employment in the industry following completion of active service.

In response, NASD is proposing to amend IM-1000-2 to toll the “two-year licensing expiration provisions” for a person previously registered with a member who commences his or her active military duty within two years after he or she has ceased to be registered with the member. Under the proposal, the tolling would start on the date such person enters active military service and would terminate 90 days following the person’s completion of active service in the Armed Forces of the United States. The proposal requires that NASD be properly notified of the person’s period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The proposal also provides that if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the “two-year licensing expiration provisions” will consist of the

⁴ NASD Rules 1021(c), 1031(c), and 1041(c) provide that if a person does not register with a member within two years of his or her last registration, his or her qualification as a principal, representative, or assistant representative will lapse and the person must then retest to function as a principal, representative, or assistant representative.

standard two-year period reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.⁵

In addition, NASD is proposing to amend IM-1000-2 to toll the "two-year licensing expiration provisions" for a person placed upon "inactive" status pursuant to IM-1000-2 who while serving in the Armed Forces of the United States ceases to be registered with a member.⁶ Under the proposal, the tolling would start on the date such person ceases to be registered with the member and would terminate 90 days following the person's completion of active service in the Armed Forces of the United States. The proposal requires that NASD be properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. NASD is proposing to toll the "two-year licensing expiration provisions" for such persons based on available information in the Central Registration Depository (CRD) regarding their active military status. The proposal further provides that if such person does not re-register

⁵ For instance, under the proposal, if a person terminates his registration with a firm on August 1, 2005, is called into active military duty on November 1, 2005, and returns from active military duty on May 1, 2006, NASD would toll the "two-year licensing expiration provisions" beginning on November 1, 2005, until July 30, 2006 (which is 90 days following completion of his active military duty). In this example, NASD would have to be notified of his period of active military service by no later than July 30, 2006. Further, if he does not re-register with a member by July 30, 2006, he would then have 21 months remaining (24 months less the three months that ran prior to his entering active service) to re-register with a firm without having to re-take a qualification exam or seek a waiver.

⁶ Persons on "inactive" status due to active military duty who do not cease their registration with a member while serving in the Armed Forces of the United States are not subject to the "two-year licensing expiration provisions" because they are considered registered for purposes of NASD Rules. See NASD IM-1000-2.

with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the person would have 90 days plus two years following the end of the person's active service in the Armed Forces of the United States to become re-registered with a member.⁷

As stated above, NASD will announce the effective date of the proposed rule change in an NTM to be published no later than 60 days following Commission approval. The effective date will be 30 days following publication of the NTM 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,⁸ which requires, among other things, that NASD's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that the proposed rule change provides appropriate tailored

⁷ For example, under the proposal, assume a person registered with Firm A, enters active military duty on January 1, 2006, and is placed on "inactive" status for purposes of NASD registration. He then terminates his registration with Firm A on July 1, 2006 while still on active military duty. He returns from active military duty on December 1, 2006. In this example, NASD would remove his "inactive" status designation on July 1, 2006 because he has ceased to be registered with a member. However, NASD would toll the "two-year licensing expiration provisions" beginning on July 1, 2006, until March 1, 2007 (which is 90 days following completion of his active military duty). NASD would have to be notified of his period of active military service by no later than December 1, 2008 (which is two years following completion of his active military duty).

⁸ 15 U.S.C. 78o-3(b)(6).

relief to persons actively serving in the Armed Forces of the United States in a manner consistent with NASD's goals of investor protection and market integrity.

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.

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.⁹

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 Federal Register.

⁹ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2005-135)
SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the Status of Former Registered Persons Serving in the Armed Forces of the United States

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 NASD IM-1000-2 to toll the two-year expiration provisions for qualification examination requirements set forth in Rules 1021(c), 1031(c), and 1041(c) for certain former registered persons serving in the Armed Forces of the United States, including persons who commence their active military duty within two years after they have ceased to be registered with a member and persons who terminate their registration with a member while on active military duty.

¹ 15 U.S.C. 78s(b)(1).

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

* * * * *

IM-1000-2. Status of Persons Serving in the Armed Forces of the United States

(a) through (b) No Change.

(c) Status of Formerly Registered Persons

(1) If a person who is currently not registered with a member volunteers for or is called into active duty in the Armed Forces of the United States at any time within two years after the date the person ceases to be registered with a member, NASD will defer the lapse of registration requirements set forth in Rules 1021(c), 1031(c), and 1041(c) (i.e., toll the two-year expiration provisions for qualification examination requirements). NASD will defer the lapse of registration requirements commencing on the date the person begins actively serving in the Armed Forces of the United States, provided that NASD is properly notified of the person's period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination

requirements shall consist of the standard two-year period provided in Rules 1021(c), 1031(c), and 1041(c) reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.

(2) If a person placed upon inactive status while serving in the Armed Forces of the United States ceases to be registered with a member, NASD will defer the lapse of registration requirements set forth in Rules 1021(c), 1031(c), and 1041(c) (i.e., toll the two-year expiration provisions for qualification examination requirements) during the pendency of his or her active service in the Armed Forces of the United States. NASD will defer the lapse of registration requirements based on existing information in the Central Registration Depository, provided that NASD is properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The deferral will terminate 90 days following the person's completion of active service in the Armed Forces of the United States. Accordingly, if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the qualification examination requirements shall consist of the standard two-year period provided in Rules 1021(c), 1031(c), and 1041(c).

* * * * *

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

Since the September 11, 2001 attacks, NASD has provided tailored regulatory relief to securities industry professionals who volunteer for or are called into active military duty. In January 2002, NASD filed with the SEC for immediate effectiveness a rule change that amended NASD IM-1000-2 to codify the staff's position regarding the relief from Rule 1120 (Continuing Education Requirements) for securities industry professionals who volunteer for or are called into active military duty.³ In addition, in conjunction with the current filing, NASD has filed with the SEC for immediate effectiveness a rule change⁴ that amends IM-1000-2 to clarify its scope with respect to registered persons and sole proprietors and to codify NASD's existing guidance relating to the receipt of transaction-related compensation by registered persons actively serving in the Armed Forces of the United States.

³ See Securities Exchange Act Release No. 45259 (January 9, 2002), 67 FR 2256 (January 16, 2002) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Relieve Registered Representatives Serving in the Armed Forces From Continuing Education Requirements; File No. SR-NASD-2002-03).

⁴ See SR-NASD-2005-134.

Recently, members have requested that NASD toll the two-year expiration period for securities licenses (“two-year licensing expiration provisions”)⁵ in certain cases, such as where a person commences active military duty within two years of his or her having been registered with a member or where a person on active military duty ceases to be registered with a member, but seeks employment in the industry following completion of active service.

In response, NASD is proposing to amend IM-1000-2 to toll the “two-year licensing expiration provisions” for a person previously registered with a member who commences his or her active military duty within two years after he or she has ceased to be registered with the member. Under the proposal, the tolling would start on the date such person enters active military service and would terminate 90 days following the person’s completion of active service in the Armed Forces of the United States. The proposal requires that NASD be properly notified of the person’s period of active military service within 90 days following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. The proposal also provides that if such person does not re-register with a member within 90 days following his or her completion of active service in the Armed Forces of the United States, the amount of time in which the person must become re-registered with a member without being subject to the “two-year licensing expiration provisions” will consist of the

⁵ NASD Rules 1021(c), 1031(c), and 1041(c) provide that if a person does not register with a member within two years of his or her last registration, his or her qualification as a principal, representative, or assistant representative will lapse and the person must then retest to function as a principal, representative, or assistant representative.

standard two-year period reduced by the period of time between the person's termination of registration and beginning of active service in the Armed Forces of the United States.⁶

In addition, NASD is proposing to amend IM-1000-2 to toll the "two-year licensing expiration provisions" for a person placed upon "inactive" status pursuant to IM-1000-2 who while serving in the Armed Forces of the United States ceases to be registered with a member.⁷ Under the proposal, the tolling would start on the date such person ceases to be registered with the member and would terminate 90 days following the person's completion of active service in the Armed Forces of the United States. The proposal requires that NASD be properly notified of the person's period of active military service within two years following his or her completion of active service or upon his or her re-registration with a member, whichever occurs first. NASD is proposing to toll the "two-year licensing expiration provisions" for such persons based on available information in the Central Registration Depository (CRD) regarding their active military status. The proposal further provides that if such person does not re-register with a member within 90 days following his or her completion of active service in the

⁶ For instance, under the proposal, if a person terminates his registration with a firm on August 1, 2005, is called into active military duty on November 1, 2005, and returns from active military duty on May 1, 2006, NASD would toll the "two-year licensing expiration provisions" beginning on November 1, 2005, until July 30, 2006 (which is 90 days following completion of his active military duty). In this example, NASD would have to be notified of his period of active military service by no later than July 30, 2006. Further, if he does not re-register with a member by July 30, 2006, he would then have 21 months remaining (24 months less the three months that ran prior to his entering active service) to re-register with a firm without having to re-take a qualification exam or seek a waiver.

⁷ Persons on "inactive" status due to active military duty who do not cease their registration with a member while serving in the Armed Forces of the United States are not subject to the "two-year licensing expiration provisions" because

Armed Forces of the United States, the person would have 90 days plus two years following the end of the person's active service in the Armed Forces of the United States to become re-registered with a member.⁸

NASD will announce the effective date of the proposed rule change in a Notice to Members ("NTM") to be published no later than 60 days following Commission approval. The effective date will be 30 days following publication of the NTM 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,⁹ which requires, among other things, that NASD's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that the proposed rule change provides appropriate tailored relief to persons actively serving in the Armed Forces of the United States in a manner consistent with NASD's goals of investor protection and market integrity.

they are considered registered for purposes of NASD Rules. See NASD IM-1000-2.

⁸ For example, under the proposal, assume a person registered with Firm A, enters active military duty on January 1, 2006, and is placed on "inactive" status for purposes of NASD registration. He then terminates his registration with Firm A on July 1, 2006 while still on active military duty. He returns from active military duty on December 1, 2006. In this example, NASD would remove his "inactive" status designation on July 1, 2006 because he has ceased to be registered with a member. However, NASD would toll the "two-year licensing expiration provisions" beginning on July 1, 2006, until March 1, 2007 (which is 90 days following completion of his active military duty). NASD would have to be notified of his period of active military service by no later than December 1, 2008 (which is two years following completion of his active military duty).

⁹ 15 U.S.C. 78o-3(b)(6).

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-2005-135 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary,
Securities and Exchange Commission, 100 F Street, NE, Washington, DC
20549-0303.

All submissions should refer to File Number SR-NASD-2005-135. 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, 100 F Street, NE, 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-2005-135 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.¹⁰

Secretary

¹⁰ 17 CFR 200.30-3(a)(12).