

OMB APPROVAL

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

File No. SR - 2006 - 073

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 Interpretive Material 2210-4 to require a member firm or a person associated with a member firm that refers, on its internet web site, to the firm's membership in NASD to provide a hyperlink to NASD's web site.

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

☐

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ the National Association of Securities Dealers, Inc. ("NASD") is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change to amend Interpretive Material ("IM") 2210-4 to require a member firm or a person associated with a member firm that refers, on its internet web site, to the firm's membership in NASD to provide a hyperlink to NASD's web site. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

IM-2210-4. Limitations on Use of NASD's Name

Members may indicate NASD membership in conformity with Article XV, Section 2 of the NASD By-Laws in one or more of the following ways:

(1) through (2). No change.

(3) on a member's internet web site provided that the member provides a hyperlink to NASD's internet homepage, www.nasd.com, in close proximity to the member's most prominent indication of NASD membership. A member is not required to provide more than one such hyperlink on its web site. This provision also shall apply to an internet web site relating to the member's investment banking or securities business maintained by or on behalf of any person associated with a member.

¹ 15 U.S.C. 78s(b)(1).

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of NASD Regulation, Inc. at its meeting on April 19, 2006, which authorized the filing of the rule change with the SEC. Counsel for The Nasdaq Stock Market and NASD Dispute Resolution have been provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by NASD to its Subsidiaries. The Board of Governors of NASD had the opportunity to review the proposed rule change at its meeting on April 20, 2006. No other action by NASD is necessary for the filing of the proposed rule change. Section 1(a)(iii) of Article VII of the NASD By-Laws permits the Board of Governors of NASD to issue orders/interpretations, including interpretations of 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 180 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

Currently, many broker-dealers refer to their membership in NASD on their

internet web sites, often in a description of the firm or in an “about us” section. The proposed rule change would require a firm, when referencing membership in NASD on its web site, to include an accompanying hyperlink to NASD’s internet homepage, www.nasd.com. The proposed rule change also would apply to an internet web site relating to a firm’s investment banking or securities business that is maintained by or on behalf of any person associated with the firm.² The proposed rule change would require a firm (and persons associated with a firm where applicable) to provide a hyperlink in close proximity to the most prominent indication of the firm’s membership in NASD.³ However, the proposed rule change would not create an independent obligation requiring a firm (or persons associated with a firm where applicable) to refer to the firm’s NASD membership on an internet web site. The proposed rule change only would apply to the extent that a firm or a person associated with a firm chooses to represent on its web site that the firm is a member of NASD.

The proposed rule change is intended to help investors understand the significance of a firm being an NASD member and also is designed to facilitate access to

² This requirement is intended to capture, among other things, situations where a person associated with an NASD member firm maintains its own internet web site or “home page” that relates to a member’s investment banking or securities business. For example, NASD understands that independent contractors or their firms sometimes maintain a separate “home page” for each independent contractor for marketing purposes.

³ While a member would be free to provide hyperlinks relating to subsequent or additional references to NASD on its web site, it would not be required to provide more than one hyperlink. In addition, a member would be permitted to make the word NASD itself a live hyperlink or to provide a separate hyperlink to NASD’s home page so long as it is in “close proximity” to the member’s most prominent indication of its NASD membership.

the information on www.nasd.com. NASD believes that facilitating investor access to NASD's web site will enhance investor protection and lead to better educated and informed investors. The proposed rule change is similar to a rule adopted by the Securities Investor Protection Corporation ("SIPC"), which requires that its members provide a live hyperlink to SIPC's website, www.SIPC.org, when referring to membership in SIPC.⁴

As noted in Item 2 of this filing, 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 180 days following publication of the Notice to Members 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,⁵ which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that facilitating investor access to NASD's web site will lead to better educated and informed investors and help investors understand the significance of NASD membership.

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

⁴ See Article 11, Section 4 of SIPC Bylaws.

⁵ 15 U.S.C. 78o-3(b)(6).

competition that is not necessary or appropriate in furtherance of the purposes of the Act.

5. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

6. **Extension of Time Period for Commission Action**

NASD does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.⁶

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.

⁶ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2006-073)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Change Relating to the Amendment of Interpretive Material 2210-4 to Require Certain Member Firms to Provide a Hyperlink to www.nasd.com

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 Interpretive Material ("IM") 2210-4 to require a member firm or a person associated with a member firm that refers, on its internet web site, to the firm's membership in NASD to provide a hyperlink to NASD's web site. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

IM-2210-4. Limitations on Use of NASD's Name

Members may indicate NASD membership in conformity with Article XV, Section 2 of the NASD By-Laws in one or more of the following ways:

(1) through (2). No change.

(3) on a member's internet web site provided that the member provides a hyperlink to NASD's internet homepage, www.nasd.com, in close proximity to the member's most prominent indication of NASD membership. A member is not required to provide more than one such hyperlink on its web site. This provision also shall apply to an internet web site relating to the member's investment banking or securities business maintained by or on behalf of any person associated with a member.

* * * * *

(b) Not applicable.

(c) Not applicable.

* * * * *

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

Currently, many broker-dealers refer to their membership in NASD on their internet web sites, often in a description of the firm or in an “about us” section. The proposed rule change would require a firm, when referencing membership in NASD on its web site, to include an accompanying hyperlink to NASD’s internet homepage, www.nasd.com. The proposed rule change also would apply to an internet web site relating to a firm’s investment banking or securities business that is maintained by or on behalf of any person associated with the firm.³ The proposed rule change would require a firm (and persons associated with a firm where applicable) to provide a hyperlink in close proximity to the most prominent indication of the firm’s membership in NASD.⁴ However, the proposed rule change would not create an independent obligation requiring a firm (or persons associated with a firm where applicable) to refer to the firm’s NASD membership on an internet web site. The proposed rule change only would apply to the extent that a firm or a person associated with a firm chooses to represent on its web site

³ This requirement is intended to capture, among other things, situations where a person associated with an NASD member firm maintains its own internet web site or “home page” that relates to a member’s investment banking or securities business. For example, NASD understands that independent contractors or their firms sometimes maintain a separate “home page” for each independent contractor for marketing purposes.

⁴ While a member would be free to provide hyperlinks relating to subsequent or additional references to NASD on its web site, it would not be required to provide more than one hyperlink. In addition, a member would be permitted to make the word NASD itself a live hyperlink or to provide a separate hyperlink to NASD’s home page so long as it is in “close proximity” to the member’s most prominent indication of its NASD membership.

that the firm is a member of NASD.

The proposed rule change is intended to help investors understand the significance of a firm being an NASD member and also is designed to facilitate access to the information on www.nasd.com. NASD believes that facilitating investor access to NASD's web site will enhance investor protection and lead to better educated and informed investors. The proposed rule change is similar to a rule adopted by the Securities Investor Protection Corporation ("SIPC"), which requires that its members provide a live hyperlink to SIPC's website, www.SIPC.org, when referring to membership in SIPC.⁵

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 180 days following publication of the Notice to Members 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,⁶ which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that facilitating investor access to NASD's web site will lead to better educated and informed investors and help investors understand the significance of

⁵ See Article 11, Section 4 of SIPC Bylaws.

⁶ 15 U.S.C. 78o-3(b)(6).

NASD membership.

B. Self-Regulatory Organization's Statement on Burden on Competition

NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

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-2006-073 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASD-2006-073. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of NASD.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASD-2006-073 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.⁷

Nancy M. Morris

Secretary

⁷ 17 CFR 200.30-3(a)(12).