

Proposed Rule Change by National Association of Securities Dealers
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input type="checkbox"/>	Amendment <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Lisa"/>	Last Name	<input type="text" value="Horrigan"/>
Title	<input type="text" value="Assistant General Counsel"/>		
E-mail	<input type="text" value="lisa.horrigan@nasd.com"/>		
Telephone	<input type="text" value="(202) 728-8190"/>	Fax	<input type="text" value="(202) 728-8264"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date

By (Name)
 Vice President and Associate General Counsel (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

On July 21, 2006, the National Association of Securities Dealers, Inc. (“NASD”) filed with the Securities and Exchange Commission (the “Commission”) proposed rule change SR-NASD-2006-090, which proposed to adopt a new NASD Rule 7000B Series relating to fees and credits for The Trade Reporting Facility LLC (the “NASD/Nasdaq TRF”) established by NASD and The Nasdaq Stock Market, Inc. (the “original filing”). On August 7, 2006, NASD filed with the Commission Amendment No. 1 to SR-NASD-2006-090 in response to the Commission’s request for certain clarifying changes to the original rule filing. NASD is filing this Partial Amendment No. 2 to make the following changes in response to the Commission’s comments.

In Amendment No. 1, NASD inadvertently included language that the amendment superseded and replaced the original filing in its entirety. It was not NASD’s intention to supersede the original filing or the original filing date of July 21, 2006. Accordingly, please delete the following sentence from the first paragraph on page 3 of Amendment No. 1:

Amendment No. 1 replaces the original rule filing of July 21, 2006 in its entirety.

On page 8 of Amendment No. 1, please delete the following sentence from the first full paragraph:

Amendment No. 1 supersedes and replaces the original rule filing in its entirety.

On page 14 of Amendment No. 1 (Exhibit 1), please delete footnote 3, which reads:

Amendment No. 1 superseded and replaced the original rule filing in its entirety.

In addition, the Commission has asked NASD to further explain the grounds for its assertion that the proposed rule change is appropriately designated as non-controversial. Accordingly, please replace the text of the first full paragraph on page 10 of Amendment No. 1 and the text of the last paragraph beginning on page 21 and carrying over to page 22 of Amendment No. 1 (Exhibit 1) to read as follows:

NASD is also proposing to adopt under new Rule 7001B an equivalent transaction credit program for securities listed on the Nasdaq Stock Market (“Tape C”). The proposed program for Tape C stocks is not identical to the existing Tape A and B programs because there is a difference in the manner in which the underlying Tape A and Tape B revenue versus Tape C revenue is distributed to NASD and the exchanges. Tape A and Tape B revenue is currently distributed to NASD and

exchanges based on number of trades reported, while Tape C revenue is distributed based on an average of number of trades and number of shares reported. There is no difference, however, in the manner in which members will share in Tape A and B revenue versus Tape C revenue because the proposed rule language bases the credits on the pro rata share of revenue attributable to a member's trade reports. Thus, a member will receive 50% of the revenue attributable to its trade reports in each of the three tapes. The proposed transaction credit program for Tape C stocks is identical to the National Stock Exchange's ("NSX") existing Tape C program. The NSX's program provides a 50% transaction credit on revenue generated by transactions in Tape C securities and is allocated to members on a pro rata basis based upon the Tape C revenue generated by such member.¹

Please replace the text of the first full paragraph on page 11 of Amendment No. 1 to read as follows:

NASD believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,² in general, and with Section 15A(b)(5) of the Act,³ in particular, which requires, among other things, that NASD rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASD operates or controls. NASD believes that the proposed rule change is a reasonable and equitable fee and credit structure in that the proposed fees are identical to pre-existing fees established by Nasdaq during its operation as a facility of NASD and the credits are identical to pre-existing credits established by Nasdaq and the NSX.

Please replace the text of the first full paragraph on page 12 of Amendment No. 1 to read as follows:

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act and paragraph (f)(6) of Rule 19b-4 thereunder,⁴ in that

¹ See Exchange Act Release No. 53860 (May 24, 2006), 71 FR 31250 (June 1, 2006) (Notice of filing and immediate effectiveness of SR-NSX-2006-07).

² 15 U.S.C. 78o-3.

³ 15 U.S.C. 78o-3(b)(5).

⁴ 17 CFR 240.19b-4.

the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing. NASD believes that the filing is appropriately designated as “non-controversial” because the proposed fees are identical to the current fee schedule under Rule 7010(g). Similarly, the proposed transaction credit program for transactions in Tape A and Tape B stocks is identical to the current transaction credit program under NASD Rule 7010(b)(2). The proposed transaction credit program for transactions in Tape C stocks is equivalent to the transaction credit program for Tape A and B stocks (the only difference between the programs being the manner in which the underlying revenue is distributed to NASD and the exchanges) and is identical to the NSX’s existing transaction credit program for Tape C stocks. In accordance with Rule 19b-4,⁵ NASD submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.

⁵ 17 CFR 240.19b-4.