

OMB APPROVAL

OMB Number: 3235-0045
Expires: June 30, 2007
Estimated average burden
hours per response.....38

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

File No. SR - 2006 - 104
Amendment No. 1

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)(2) ☐ 19b-4(f)(3)	☐ 19b-4(f)(4) ☐ 19b-4(f)(5) ☐ 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).

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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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 Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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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 September 5, 2006, the National Association of Securities Dealers, Inc. (“NASD”) filed with the Securities and Exchange Commission (the “Commission”) proposed rule change SR-NASD-2006-104, which proposed to (1) delete the Nasdaq By-Laws and amend the Plan of Allocation and Delegation of Functions by NASD to Subsidiaries (“Delegation Plan”), the By-Laws of NASD, NASD Regulation and NASD Dispute Resolution, and NASD rules to reflect The Nasdaq Stock Market Inc.’s (“Nasdaq”) separation from NASD upon the operation of The NASDAQ Stock Market LLC (the “Nasdaq Exchange”) as a national securities exchange for non-Nasdaq exchange-listed securities; (2) amend NASD rules relating to quoting and trading otherwise than on an exchange in non-Nasdaq exchange-listed securities to reflect changes in the services provided by NASD in this regard; and (3) expand the scope of the NASD/Nasdaq Trade Reporting Facility rules to include trade reporting in non-Nasdaq exchange-listed securities (the “original filing”).

NASD is filing this Partial Amendment No. 1 to make the following changes in response to the Commission’s comments.

- (1) The following paragraph appears on pages 4-5, 18-19, and 37 of the original filing:

The effective date of the proposed rule change will be the date upon which the Nasdaq Exchange operates as an exchange for non-Nasdaq exchange-listed securities, which Nasdaq currently anticipates will be October 1, 2006. The proposed rules relating to the services provided by NASD to facilitate member quoting and trading otherwise than on an exchange in non-Nasdaq exchange-listed securities will be in effect on a temporary basis. These rules will expire upon the implementation of SR-NASD-2006-091, which, among other things, proposes to amend NASD rules that govern quoting, trade reporting and clearing through NASD’s Alternative Display Facility (“ADF”) to extend this functionality to all NMS stock, as defined in SEC Rule 600(b)(47), including New York Stock Exchange, LLC (“NYSE”), American Stock Exchange LLC (“AMEX”) and certain other regional listed-securities.¹ Upon the operation of the ADF for non-Nasdaq exchange-listed securities, the system proposed herein will no longer be necessary for NASD to meet its statutory obligations. The implementation date of SR-NASD-2006-091 is anticipated to be on or before February 5, 2007.

NASD is proposing to replace this paragraph in its entirety on pages 4-5, 18-19, and 37 of the original filing with the following sentence:

The effective date of the proposed rule change will be the date upon which

¹ See Exchange Act Release No. 54277 (August 4, 2006), 71 FR 46527 (August 14, 2006) (File No. SR-NASD-2006-091).

the Nasdaq Exchange operates as an exchange for non-Nasdaq exchange-listed securities, which Nasdaq currently anticipates will be in November 2006.

(2) NASD is proposing to replace the heading “Proposed Implementation and Expiration of Certain Rules” that appears on pages 18 and 37 of the original filing with “Proposed Implementation.”

(3) With respect to NASD’s request for accelerated approval of the proposed rule change, the following sentence appears on pages 20 and 38 of the original filing:

Nasdaq currently anticipates that this date will be October 1, 2006.

NASD is proposing to replace this sentence on pages 20 and 38 of the original filing with the following language:

Nasdaq currently anticipates that this date will be in November 2006.

(4) NASD is proposing to insert the following language at the end of the discussion of Proposed Changes Relating to the Separation of Nasdaq on pages 8 and 26 of the original filing:

As part of the proposed amendments to the Delegation Plan, NASD is proposing to delete Section III of the Delegation Plan relating to the Quality of Markets Committee, which was a Committee appointed by the Nasdaq Board. NASD is clarifying that NASD’s Market Regulation Committee will perform substantially the same functions as performed by Quality of Markets Committee. The Supplemental Delegation Regarding the Market Regulation Committee is set forth in Section II.C.1 of the Delegation Plan.

(5) NASD is clarifying that the proposed rule change reflects NASD’s continued participation in the Intermarket Trading System (ITS) Plan.