

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 checked="" type="checkbox"/>	Section 19(b)(3)(A) <input 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 type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--	--

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 Vice President and Associate General Counsel
(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.

Stephanie Dumont,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

Add Remove View

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

Add Remove View

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

Add Remove View

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

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

Add Remove View

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

Add Remove View

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 August 25, 2005, NASD filed with the Commission proposed rule change SR-NASD-2005-101, which proposed amendments to NASD Rules 6951 and 6952 to require members to record and report to OATS order information relating to OTC equity securities (the "original filing"). NASD proposed in the original filing to amend Rule 6951 to include a definition of "OTC equity security" for purposes of the OATS Rules. In addition, NASD proposed to amend Rule 6952(c) because limiting the applicability of the rules to orders for "equity securities traded in the Nasdaq Stock Market" is no longer appropriate in light of the proposed expansion of OATS recording and reporting requirements to OTC equity securities.¹

On October 18, 2005, the Commission published for comment the proposed rule change in the Federal Register. NASD is filing this Partial Amendment No. 1 to SR-NASD-2005-101 to respond to the comments received in response to the publication of the original filing in the Federal Register and to propose the following changes in response thereto: (1) amend Rule 6955(b)(2), which will clarify that pursuant to this rule, members will not be required to comply with their OATS reporting obligations with respect to an OTC equity security until a symbol has been assigned to the security; (2) exclude direct participation programs ("DPPs") from the proposed definition of "OTC equity security;" and (3) extend the implementation period in light of the system and technological changes the proposed rule change will require. In addition, as discussed below, NASD is proposing two technical changes that are necessary in light of recent amendments to NASD rules reflecting the commencement of operation of the Nasdaq Stock Market LLC (the "Nasdaq Exchange") as a national securities exchange on August 1, 2006.²

NASD is also including with this Partial Amendment No. 1: (1) Exhibit 4 (see below), which reflects changes to the text of the proposed rule change pursuant to this Partial Amendment No. 1, marked to show additions to and deletions from the text as proposed in the original filing; and (2) Exhibit 5 (see below), which reflects the changes to the current rule text that are proposed in SR-NASD-2005-101, as amended by this

¹ The original filing also proposed, as a clarifying change, to amend the definition of "Order Audit Trail System" in Rule 6951 to delete the reference to the Nasdaq Market Center because OATS information is also integrated with trade information reported to NASD's Alternative Display Facility. A substantially similar amendment was included in proposed rule change SR-NASD-2005-087, which was approved by the Commission on June 30, 2006 and became effective on August 1, 2006. See Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006) (File No. SR-NASD-2005-087). Accordingly, the proposed amendment to the definition of "Order Audit Trail System" in Rule 6951 is no longer necessary as part of this filing.

² See Exchange Act Release No. 54084 (June 30, 2006), 71 FR 38935 (July 10, 2006) (File No. SR-NASD-2005-087).

Partial Amendment No.1.³

Comments to the Proposed Rule Change

The Commission received two comment letters in response to the publication of the original filing in the Federal Register.⁴ The commenters raised issues generally relating to the scope of a member's obligations to record and report OATS information relating to OTC equity securities and the timing of the proposed rule change, among others. Those issues are summarized and responded to below.

Scope of a Member's OATS Obligations Relating to OTC Equity Securities

Comments relating to the issuance of a security symbol

One of the commenters requested clarification of the definition and scope of "OTC equity security" and suggested that the appropriate scope of OATS reporting should include only those securities currently subject to Automated Confirmation Transaction (ACT) Service reporting requirements.⁵ It is NASD's understanding that from time to time, members receive and execute orders in securities that do not have a symbol associated with the security, which may result in delays in reporting of the transaction to NASD.

The intention of the original filing was to include a broad definition of "OTC equity security" that would encompass not only OTCBB-eligible securities under Rule 6530, but also those securities captured under the Rule 6600 Series. NASD does not believe that the scope of the proposed definition of "OTC equity security" should be limited in response to this commenter's suggestion. Accordingly, members will be required to record and report OATS information for all OTC equity securities, as proposed in the original filing. However, to address the situation where an OTC equity security does not have a symbol assigned to it at the time an OATS order event occurs, NASD is clarifying that pursuant to Rule 6955(b)(2), members would not be required to comply with their OATS reporting obligations with respect to an OTC equity security until a symbol has been assigned, as directed by NASD, to that security.

³ SR-NASD-2005-087, discussed in supra note 1, amended the text of Rule 6951, including renumbering paragraphs (c) through (n) as (b) through (m). Additionally, SR-NASD-2005-087 made certain changes to paragraphs (i) and (j) of Rule 6951, which NASD is proposing to amend pursuant to this proposed rule change. Exhibits 4 and 5 included herewith reflect the rule text as it appears in the Manual today (i.e., the rule text approved pursuant to SR-NASD-2005-087) and not the rule text that was in effect at the time of the original filing on August 25, 2005.

⁴ Comment letters were submitted by Ameritrade Inc. and the Securities Industry Association (SIA) Self-Regulatory and Supervisory Practices Committee.

⁵ SIA.

Specifically, Rule 6955(b)(2) requires a Reporting Member to transmit to OATS a report containing each applicable item of order information identified in Rule 6954(b), (c) and (d)⁶ whenever an order is originated, received, transmitted to another department within the member or to another member, modified, canceled or executed. Rule 6955(b)(2) further provides that "[e]ach report shall be transmitted on the day such event occurred, or with respect to any such information that is not available on such day, on the day that such information first becomes available." NASD is proposing to amend this provision to clarify that if any item of information identified in Rule 6954(b), (c), and (d) is not available on the day the event occurs, then the report shall be transmitted on the day that all such items of information become available. Such an amendment is consistent with the current interpretation and application of this provision; today, an OATS report that is missing a required item of information will be rejected.⁷ Thus, although a member would be required to comply with the recording requirements under Rule 6954, the member would not be required to report any information to OATS until a symbol has been assigned to the security. However, once a symbol is assigned, the member must report all applicable order information to OATS and must properly code the report to indicate that the reported event occurred prior to the date of the OATS report.

NASD believes that it is appropriate to allow members to rely on Rule 6955(b)(2) to delay reporting OATS information where an OTC equity security does not have a symbol or is in the process of having a symbol assigned, given that there could be a delay in obtaining the symbol through no fault of the member. As noted above, members will still have an obligation to immediately record all other applicable OATS information in accordance with the provisions of Rule 6954, irrespective of whether the security has a symbol assigned to it at the time the order is originated or received.⁸ NASD will detail

⁶ Rule 6954 sets forth the order information that must be recorded when an order is received or originated, including the identification symbol assigned by NASD to the security to which the order applies. See Rule 6954(b)(2).

⁷ NASD staff notes that most, if not all, OATS information should be available on the date on which the OATS event occurs. The security symbol, however, is a unique data element in that the timing of its issuance is not wholly within the control of the member.

In this regard, NASD emphasizes that members should be diligent in their efforts to obtain a symbol, as necessary, for securities they wish to trade, so that they can comply with their trade reporting obligations under Rule 6620. Rule 6620(c)(1) requires that each trade report include the symbol of the OTC Equity Security; trade reports that do not contain this information are rejected by the system. Additionally, members have an obligation to report trades within 90 seconds of execution or on a next day basis, as applicable, under Rule 6620(a).

⁸ NASD does not believe that members should face any technological difficulties in recording OATS information for an OTC equity security that does not have a symbol assigned to it. However, the extended implementation period proposed below should allow sufficient time to address any such problems.

these obligations under Rules 6954 and 6955 in a Notice to Members and the revised OATS Technical Specifications,⁹ both of which will be published following Commission approval of this proposed rule change.

Comments relating to direct participation programs

One commenter stated that DPPs should not be OATS reportable because they are "effectively subscriptions, not trades" and sold through a process that is not captured in automated systems within the firm.¹⁰ Additionally, this commenter stated that the volume for these securities is low and OATS reporting may discourage the sale of such products. In response to the concerns raised by this commenter, NASD is proposing to exclude DPPs from the proposed definition of "OTC equity security" at this time. However, NASD staff intends to continue to monitor member activities relating to DPPs and may determine, at a later date, that applying OATS requirements to DPPs is appropriate and will re-submit a proposed rule change accordingly.

Additional comments

One commenter stated that members should not be required to identify the type of security (*e.g.*, Nasdaq, OTCBB, Pink Sheets) in OATS reports and suggested that NASD provide a list of all OATS reportable securities, so that members do not have to rely on third party vendors for this information.¹¹ NASD does not intend to require at this time that members identify the type of security as part of their OATS obligations. In addition, NASD will provide a list of OTC equity securities that are subject to the OATS requirements on the OATS web site. This list can currently be found under the Symbol Directory at <http://www.nasdaqtrader.com/trader/symboldirectory/symbol.stm>.

This same commenter also suggested that OATS should be capable of recognizing stocks that have had symbol changes and suggested that using the CUSIP number instead of the security symbol may be appropriate.¹² A change to CUSIP number rather than security symbol would be costly and burdensome, and is unnecessary because NASD's OATS system is able to track symbol changes (*e.g.*, where an "E" is appended to the symbol of an OTCBB issuer that is delinquent in its SEC filings).

One commenter stated that based on discussions with NASD staff, OATS reporting is not required for OTC options, derivatives or swaps, and with respect to foreign securities, trades effected by NASD members in the U.S. would be reportable,

⁹ As discussed below, because OATS Phase III has been implemented, NASD does not anticipate significant changes to the OATS Technical Specifications as a result of this proposed rule change. At present, NASD anticipates that the only such change will be expansion of the list of securities that are OATS reportable.

¹⁰ SIA.

¹¹ Ameritrade.

¹² Ameritrade.

while trades effected by a foreign affiliate of a member would not be reportable.¹³ NASD is confirming that the commenter's understanding relating to the proposed OATS reporting requirements as respects OTC options, derivatives and swaps is correct. In addition, with respect to non-member foreign affiliates of members, OATS obligations do not apply, provided that the order is never received or held by the member, for example, where the order originates with a foreign affiliate and is not routed to the member. NASD is clarifying that, with respect to orders received by members for foreign securities that otherwise meet the definition of an OTC equity security, members would have an OATS obligation, irrespective of whether the order is ultimately effected in the U.S. or outside the U.S. For example, if a member receives an order in a foreign security and routes that order to a foreign exchange for handling and execution, the member would need to record and report to OATS the receipt of that order and the route to the foreign exchange.

Finally, this commenter also stated that an audit trail is not necessary for all markets and that NASD should be required to make the case that the accretive value of an order audit trail to the surveillance of the OTC market outweighs the imposition of additional costs and burdens on member firms.¹⁴ NASD does not agree that it is required to make such a showing. The standards that NASD must satisfy in any proposed rule change are set forth in Sections 15A and 19(b) of the Act. Section 15A(b)(6) of the Act requires, among other things, that NASD rules 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. Section 19(b)(2) of the Act provides that the Commission shall approve a proposed rule change if it finds that the proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder and shall disapprove the proposed rule change if it does not make such finding. As set forth in Section 3(b) of the original filing, NASD has made the requisite showing. NASD recognizes that the proposed rule change may impose additional costs and burdens on member firms; however, OATS reporting of OTC equity securities is important to NASD's surveillance systems and regulatory program. As discussed in more detail below, in recognition of the potential additional burden on members, NASD is extending the implementation period of the proposed rule change.

Timing of Proposed Rule Change

Both of the commenters raised the issue of the timing of implementation of the proposed rule change. One commenter stated that NASD should allow a minimum of six months for implementation of the changes necessary for OATS reporting of OTC equity securities.¹⁵ The other commenter stated that OATS for OTC equity securities should not

¹³ SIA. This commenter also suggested that NASD exclude from the requirements of Rule 6620 transactions executed on a foreign exchange that is an "affiliate member" of the Intermarket Surveillance Group. However, Rule 6620 is not at issue in this rule filing.

¹⁴ SIA.

¹⁵ Ameritrade.

be implemented until the industry can properly devote the personnel and technical resources necessary to achieve compliance.¹⁶ This commenter also stated that OTC markets are manual by nature and expanding OATS reporting to OTC equity securities at this time could render obsolete all of the work that has been put into production for OATS Phase III compliance.¹⁷

Although NASD does not agree that the proposed expansion of OATS reporting to OTC equity securities will have a negative impact on the work done relating to OATS Phase III, NASD acknowledges the technological burdens that may be imposed on members as a result of this proposal, as well as the fact that members have a number of regulatory initiatives requiring technological and system changes. Accordingly, NASD is proposing an implementation date of six months following publication of revised OATS Technical Specifications incorporating the proposed rule change, which will be published no later than 60 days following Commission approval.¹⁸ NASD believes that the extended implementation period will address the additional burdens imposed on members by the proposed rule change. As noted by one commenter, OTC transactions are manual by nature. OATS Phase III, which implemented the OATS requirements for manual orders, became effective on July 10, 2006. Because the technical specifications for OATS reporting of OTC equity securities will be substantially similar to the technical specifications in place for OATS Phase III, NASD believes that the extended implementation period will provide members sufficient time to make any adjustments necessary to implement OATS reporting for OTC equity securities.

Additionally, one commenter suggested that NASD implement certain operational/procedural regulations relating to the OTC marketplace, such as expansion of the trade-through protections and limit order display requirements, prior to implementation of OATS reporting requirements and that until such time, best execution standards for NMS stocks and OTC stocks will remain unequal.¹⁹ In response to this comment, NASD notes that it already has order handling and trading rules in effect that apply to the OTC marketplace, including, but not limited to, Rule 2320 (Best Execution and Interpositioning) and Rule 6541 (Limit Order Protection). OATS reporting is necessary to enhance NASD's ability to review and examine for member compliance with these and other rules.

Comments Relating to OATS in General

The deadline for comments regarding the original filing was November 8, 2005. On September 7, 2006, an additional comment was filed ostensibly relating to proposed

¹⁶ SIA.

¹⁷ SIA.

¹⁸ The original filing proposed an implementation date of 120 days from publication of the OATS Reporting Technical Specifications.

¹⁹ Ameritrade.

rule change SR-NASD-2005-101.²⁰ However, the majority of the issues raised by the commenter did not address any aspect of the proposed amendments to expand members' OATS recording and reporting obligations to OTC equity securities. Rather, the commenter expressed his general opposition to OATS and asserted that OATS is a mechanism for NASD to generate income through fines. The commenter also asserted that there has been no evidence that OATS has helped the investing public or assisted in any way in improving the capital markets. Finally, the commenter suggested that some broker-dealers may send all their order flow to their clearing firms, for example, to take advantage of exemptions for OATS reporting. These comments are not germane to the proposed changes in this filing, as they relate to compliance with the OATS rules in general, which previously were subject to notice and comment and subsequently approved by the Commission.

In addition, the commenter noted the burdens that OATS imposes on members and in particular, small firms. As described above, NASD is aware of the costs and technological burdens associated with the proposed rule change and thus has proposed an extended implementation period.

Proposed Technical Changes

Pursuant to this Partial Amendment No. 1, NASD is proposing two technical changes that are necessary given the implementation of SR-NASD-2005-087 and the operation of the Nasdaq Exchange as a national securities exchange. First, NASD is proposing to amend the proposed definition of "OTC equity security." In the original filing, NASD proposed to define OTC equity security to include, *inter alia*, any equity security that is not listed on The Nasdaq Stock Market or a national securities exchange. NASD is proposing to delete the reference to the Nasdaq Stock Market in proposed Rule 6951(k)(1), which reference is now redundant with national securities exchange. This additional proposed change is reflected in Exhibits 4 and 5.

In addition, pursuant to SR-NASD-2005-087, the definition of "Order Audit Trail System" in Rule 6951(j) was amended to refer to "order information in equity securities listed on the Nasdaq Stock Market reported by members." Prior to SR-NASD-2005-087 and at the time of the original filing, this definition referred only to "order information reported by members." As a result of this change, NASD is proposing to amend Rule 6951(j) to clarify that order information reported by members will include OTC equity securities as well as Nasdaq-listed equity securities. This additional proposed change is reflected in Exhibits 4 and 5.

Request for Accelerated Approval

NASD requests that the Commission find good cause pursuant to Section 19(b)(2) of the Act for approving the proposed rule change, as amended, prior to the 30th day after publication of the notice of filing of this Partial Amendment No. 1 in the Federal Register. NASD filed Partial Amendment No. 1 in response to comments it received

²⁰ See Letter from Rich Bertematti dated September 7, 2006.

after publication of the notice of filing of the proposed rule change. Because Partial Amendment No. 1 is responsive to the commenters' concerns and clarifies how the proposed rule change would operate, NASD believes that good cause exists for accelerating approval of the proposed rule change, as amended. NASD further believes that accelerated approval will enhance NASD's ability to conduct surveillance and investigations of member firms for violations of NASD's rules and federal securities laws. Accordingly, NASD requests that the Commission accelerate the effectiveness of the proposed rule change, as amended, prior to the 30th day after publication of the notice of filing of Partial Amendment No. 1 in the Federal Register.

EXHIBIT 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 1, with the proposed changes in the original filing shown as if adopted. Proposed new language in this Partial Amendment No. 1 is underlined; proposed deletions in this Partial Amendment No. 1 appear in [brackets].*

6950. Order Audit Trail System

6951. Definitions

For purposes of the Rule 6950 Series:

(a) through (i) No Change.

(j) "Order Audit Trail System" shall mean the automated system owned and operated by the Association that is designed to capture order information in equity securities listed on the Nasdaq Stock Market and OTC equity securities reported by members for integration with trade and quotation information to provide the Association with an accurate time sequenced record of orders and transactions.

(k) "OTC equity security" shall mean any equity security that:

(1) [any equity security that] is not listed on [The Nasdaq Stock Market or] a national securities exchange; or

(2) [any equity security that] is listed on one or more regional stock exchanges and does not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape[; or

(3) any Direct Participation Program as defined in Rule 6910 that is not listed on The Nasdaq Stock Market or a national securities exchange].

For purposes of the Rule 6950 Series, the term OTC equity security shall not include direct participation programs, as defined in Rule 6910.

(l) through (n) No Change.

* * * * *

* Exhibit 4 reflects the rule text as it appears in the Manual today (including the rule text approved pursuant to SR-NASD-2005-087), not the rule text that was current at the time of the original filing on August 25, 2005. Only those changes that are proposed pursuant to this Partial Amendment No. 1 to SR-NASD-2005-101 are underlined or bracketed, as applicable, in this Exhibit 4.

6955. Order Data Transmission Requirements

(a) No Change.

(b) Method of Transmitting Data

(1) No change.

(2) Each Reporting Member shall transmit to the Order Audit Trail System a report containing each applicable item of order information identified in Rule 6954(b), (c), and (d) whenever an order is originated, received, transmitted to another department within the member or to another member, modified, canceled, or executed. Each report shall be transmitted on the day such event occurred[,or with respect to any such information that is not available on such day, on the day that such information first becomes available]; provided, however, that if any item of information identified in Rule 6954(b), (c), and (d) is not available on such day, then the report shall be transmitted on the day that all such items of information become available. Order information reports may be aggregated into one or more transmissions, during such business hours as may be prescribed by the Association.

(c) through (d) No change.

* * * * *

EXHIBIT 5

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

* * * * *

6951. Definitions

For purposes of the Rule 6950 Series:

(a) through (h) No Change.

(i) "Order" shall mean any oral, written, or electronic instruction to effect a transaction in an equity security listed on the Nasdaq Stock Market or an OTC equity security that is received by a member from another person for handling or execution, or that is originated by a department of a member for execution by the same or another member, other than any such instruction to effect a proprietary transaction originated by a trading desk in the ordinary course of a member's market making activities.

(j) "Order Audit Trail System" shall mean the automated system owned and operated by the Association that is designed to capture order information in equity securities listed on the Nasdaq Stock Market and OTC equity securities reported by members for integration with trade and quotation information to provide the Association with an accurate time sequenced record of orders and transactions.

(k) "OTC equity security" shall mean any equity security that:

(1) is not listed on a national securities exchange; or

(2) is listed on one or more regional stock exchanges and does not qualify for dissemination of transaction reports via the facilities of the Consolidated Tape.

For purposes of the Rule 6950 Series, the term OTC equity security shall not include direct participation programs, as defined in Rule 6910.

[k)] (l) No Change.

[(l)] (m) No Change.

[(m)] (n) No Change.

*

Exhibit 5 reflects the rule text as it appears in the Manual today (including the rule text approved pursuant to SR-NASD-2005-087), not the rule text that was current at the time of the original filing on August 25, 2005.

6952. Applicability

(a) through (b) No Change.

(c) Unless otherwise indicated, the requirements of the Rule 6950 Series shall apply to all executed or unexecuted orders[for equity securities listed on The Nasdaq Stock Market].

* * * * *

6955. Order Data Transmission Requirements

(a) No Change.

(b) Method of Transmitting Data

(1) No change.

(2) Each Reporting Member shall transmit to the Order Audit Trail System a report containing each applicable item of order information identified in Rule 6954(b), (c), and (d) whenever an order is originated, received, transmitted to another department within the member or to another member, modified, canceled, or executed. Each report shall be transmitted on the day such event occurred[,or with respect to any such information that is not available on such day, on the day that such information first becomes available]; provided, however, that if any item of information identified in Rule 6954(b), (c), and (d) is not available on such day, then the report shall be transmitted on the day that all such items of information become available. Order information reports may be aggregated into one or more transmissions, during such business hours as may be prescribed by the Association.

(c) through (d) No change.

* * * * *