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

File No. SR - 2006 - 115
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)
☐	☑	☐	☑	☐	☐

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

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)

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: Lisa
Last Name: Horrigan
Title: Assistant General Counsel
E-mail: lisa.horrigan@nasd.com
Telephone: (202) 728-8190
Fax: (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: 12/05/2006

By: Stephanie Dumont
(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.

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 September 29, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission (the "Commission") proposed rule change SR-NASD-2006-115, which proposed to adopt a new Rule 4000D Series and Rule 6000D Series relating to a new Trade Reporting Facility (the "NASD/BSE TRF") to be established by NASD, in conjunction with the Boston Stock Exchange ("BSE"), that would provide members another mechanism for reporting trades in exchange-listed securities effected otherwise than on an exchange (the "original filing").

NASD is filing this Partial Amendment No. 1 to (1) amend the proposed NASD/BSE TRF rules to reflect that the NASD/BSE TRF will support certain transactions that the original filing indicated would not be supported; (2) make conforming changes to proposed Rule 6130D to require members to report certain transactions to the NASD/BSE TRF with a special indicator denoting that such transactions are reported in accordance with Section 3 of Schedule A to the NASD By-Laws; (3) make technical and clarifying changes to certain of the NASD/BSE TRF rules; (4) amend proposed Rules 4632D and 6130D to expressly prohibit aggregation of trade reports submitted to the NASD/BSE TRF; and (5) provide notice of final action by NASD for purposes of this rule filing.

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-2006-115, as amended by this Partial Amendment No.1.

<u>Proposed Amendments to Support Certain Transactions</u>

In the original filing, NASD proposed new Rule 4632D(a)(7), which provided that Stop Stock Transactions (as such term is defined in Rule 4200D), transactions at prices based on average-weighting or other special pricing formulae, and transactions that reflect a price different from the current market when the execution price is based on a prior reference point in time could not be reported to the NASD/BSE TRF. As proposed in the original filing, new Rule 4632D(a)(7) would have expressly required members to report such trades to NASD via an alternative electronic mechanism.

In this Partial Amendment No. 1, NASD is proposing to delete proposed new Rule 4632D(a)(7) and adopt new rules to reflect that the NASD/BSE TRF will support these trades and thus will support the .W and .PRP trade report modifiers. Specifically, NASD is proposing new Rule 4632D(a)(4) to require members to append the .W trade report modifier to transaction reports occurring at prices based on average-weighting or other special pricing formulae.

In addition, NASD is proposing new Rule 4632D(a)(7) to require members to append the .PRP trade report modifier to transaction reports that reflect a price different from the current market when the execution price is based on a prior reference point in time. The proposed new rule further requires that such transaction reports must include the prior reference time in lieu of the actual time the trade was executed. The .PRP modifier should not be appended to a report of a transaction whose price is based on a prior reference point in time if the trade is executed and reported within 90 seconds from the prior reference point in time.

Finally, NASD is proposing new Rule 4632D(a)(9) to require members to append the .W trade report modifier to reports of Stop Stock Transactions (as such term is defined in Rule 4200D) and include the time at which the member and the other party agreed to the Stop Stock Price in lieu of including the time of execution on the trade report. The .W modifier should not be appended to a report of a Stop Stock Transaction if the Stop Stock Transaction is executed and reported within 90 seconds of the time the member and the other party agree to the Stop Price.

The proposed new rules mirror Rules 4632(a)(4), (7) and (9) of the NASD/Nasdaq TRF rules.

Proposed Amendments to New Rule 6130D

Consistent with amendments relating to the NASD/Nasdaq TRF rules that became effective on December 1, 2006,[1] NASD is proposing in this Partial Amendment No. 1 to adopt new paragraph (f) of proposed Rule 6130D relating to the reporting of odd-lot transactions, sales where the buyer and seller have agreed to a price substantially unrelated to the current market for the security (also referred to as "away from the market sales"), and purchases or sales of securities effected upon the exercise of an over-the-counter ("OTC") option. Pursuant to SR-NASD-2006-055,[2] NASD amended its By-Laws to require members to report to NASD in an automated manner all transactions that must be reported to NASD and that are subject to a regulatory transaction fee pursuant to Section 3 of Schedule A to the NASD By-Laws ("Section 3").[3] The proposed rule change would require that members reporting such transactions to the NASD/BSE TRF include a special indicator denoting that such transactions are reported in accordance with Section 3. Specifically, proposed new paragraph (f) of Rule 6130D specifies the trade report modifiers that members must use when reporting these transactions: (1) .RO for

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[1] See Exchange Act Release No. 53977 (June 12, 2006), 71 FR 34976 (June 16, 2006) (order approving SR-NASD-2006-055); and Exchange Act Release No. 54318 (August 15, 2006), 71 FR 48959 (August 22, 2006) (notice of filing and immediate effectiveness of SR-NASD-2006-098).

[2] See Exchange Act Release No. 53977 (June 12, 2006), 71 FR 34976 (June 16, 2006) (order approving SR-NASD-2006-055).

[3] Pursuant to Section 31 of the Act, NASD and the national securities exchanges are required to pay transaction fees and assessments to the SEC that are designed to recover the costs related to the government's supervision and regulation of the securities markets and securities professionals. NASD obtains its Section 31 fees and assessments from its membership, in accordance with Section 3.

transactions of less than a normal unit of trading; (2) .RA for away from the market sales; and (3) .RX for transactions effected pursuant to the exercise of an OTC option. The proposed new paragraph also specifies that transactions may be entered as clearing or non-clearing. Pursuant to Rule 4632D(f), which was proposed in the original filing, these transactions are not to be reported to the NASD/BSE TRF for purposes of publication.

Proposed Technical Changes

NASD is proposing technical changes to certain proposed rules to correct typographical errors in the original filing. In Exhibit 5 of the original filing, the text of proposed Rule 6190D included an incorrect reference to an “Applicant Participation Agreement” rather than a “Participant Application Agreement.” Also in Exhibit 5 of the original filing, the final reference to “Reporting Members” in proposed rule 4632D(d)(1) inadvertently was not capitalized.

NASD is also proposing to amend proposed Rule 4632D(d)(1) to refer to “Reporting ECNs,” which is a defined term in Rule 6110D, rather than “Registered ECNs,” which is not defined in the NASD/BSE TRF rules.

In addition, NASD is proposing a technical non-substantive change to proposed new Rule 6130D(d)(2) to clarify that trade reports submitted to the NASD/BSE TRF should include the number of shares or bonds.

NASD is proposing to amend proposed Rule 4632D to add new paragraph (g)(2)(G) for purposes of determining the deadline by which a trade cancellation must be reported to the NASD/BSE TRF. The proposed new paragraph is identical to Rule 4632(g)(2)(G) of the NASD/Nasdaq TRF rules and was inadvertently omitted from Rule 4632D(g)(2) in the original filing.

NASD also is proposing technical changes to proposed new Rule 4632D to (1) clarify the reference to a Non-Reporting Member or “other” contra party in paragraph (c) and (2) use the term “Security Identification Symbol” rather than “stock symbol” in paragraphs (c) and (d) to more closely parallel the ADF rules upon which the two and three party trade report rules are based.

Proposed Amendment Relating to Aggregation for Trade Reporting Purposes

NASD is proposing amendments to proposed Rules 4632D and 6130D to include an express prohibition on aggregating trades for purposes of trade reporting to the NASD/BSE TRF. As discussed in the original filing, members will not be permitted to aggregate individual executions of orders in a security at the same price into a single transaction report submitted to the NASD/BSE TRF. NASD has determined for the sake of clarity to make this prohibition express in the proposed rules.

Similarly, aggregation is not permitted for purposes of trade reporting to the

NASD/NSX TRF.[4] To maintain consistency in the rules for the NASD Trade Reporting Facilities, NASD also is proposing to amend Rules 4632C and 6130C to include an identical provision prohibiting aggregation for purposes of reporting to the NASD/NSX TRF.

Clarification of Certain Proposed Rules

As noted in the original filing, proposed Rules 4632D(c) and (d) mirror the existing ADF reporting requirements relating to two and three party trade reports (see Rules 4632A(c) and (d)). However, as proposed in the original filing, new Rules 4632D(c) and (d) omit the ADF rules relating to a member's obligations with respect to inaccurate or incomplete trade information.[5]

In response to SEC staff comments, NASD is clarifying that pursuant to proposed new Rule 6170D, which was proposed in the original filing, members have an ongoing obligation to input trade report information to the NASD/BSE TRF accurately and completely. This proposed new rule is identical to current Rule 6170 relating to the NASD/Nasdaq TRF,[6] as well as new Rule 6170C relating to the NASD/NSX TRF, which was recently approved by the Commission.[7] NASD notes that incomplete or inaccurate trade reports are also considered by NASD to be a violation of the substantive trade reporting rules (e.g., 6130(d) or 4632(c)).

Final NASD Action

As set forth in the original filing, the proposed rule change was approved and authorized for filing with the Commission by the NASD Markets, Services and Information Committee ("Committee") of the Board of Governors of NASD ("Board") pursuant to a delegation of authority granted by the Committee at its meeting on July 19, 2006. The Executive Committee of the Board of Governors of NASD approved and

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4 See Exchange Act Release No. 54715 (November 6, 2006), 71 FR 66354 (November 14, 2006) (order approving SR-NASD-2006-108).

5 Rules 4632A(c)(3)(A) and 4632A(d)(3)(A) provide that in the event the MMID side or the OEID side determines that information provided pursuant to certain enumerated provisions of Rule 4632A is inaccurate or incomplete, the MMID or OEID side, as applicable, must submit a trade report addendum to the ADF within fifteen minutes of the submission of the original trade report to correct or provide some or all of the following: (1) short sale indicator, (2) volume related to short sale indicator, (3) capacity indicator, (4) volume related to capacity indicator, or (5) branch sequence number.

6 Rule 6170, by its terms, applies to the System (which is defined to include the NASD/Nasdaq TRF, NASD's OTC Reporting Facility and the ITS/CAES System) and thus is not applicable to trade reporting on the ADF.

7 See Securities Exchange Act Release No. 54715 (November 6, 2006), 71 FR 66354 (November 14, 2006) (order approving SR-NASD-2006-108).

authorized the proposed rule change for filing via Unanimous Written Consent on November 15, 2006. As such, this constitutes final action by NASD for purposes of this rule filing.

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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].

* * * * *

4000C. THE NASD/NSX TRADE REPORTING FACILITY

* * * * *

4632C. Transaction Reporting

(a) through (g) No Change.

(h) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the NASD/NSX TRF, into a single transaction report.

* * * * *

4000D. THE NASD/BSE TRADE REPORTING FACILITY

4100D. GENERAL

Members may use the NASD/BSE Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in Rule 600(b)(47) of Regulation NMS under the Act ("designated securities"). Members that use the NASD/BSE Trade Reporting Facility must comply with the Rule 4000D and 6[1]000D Series, as well as all other applicable rules. The Rule 4000D and 6[1]000D Series shall apply only to members using the NASD/BSE Trade Reporting Facility.

* * * * *

4632D. Transaction Reporting

(a) When and How Transactions are Reported

(1) through (3) No Change.

(4) All members shall append the .W trade report modifier to transaction reports occurring at prices based on average-weighting, or other special pricing formulae.

[(4)] (5) All trade tickets for transactions in designated securities shall be time-stamped at the time of execution based on Eastern Time.

[(5)] (6) Transactions not reported within 90 seconds after execution shall be designated as late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of Rule 2110.

(7) All members shall append the .PRP trade report modifier to transaction reports that reflect a price different from the current market when the execution price is based on a prior reference point in time. The transaction report shall include the prior reference time in lieu of the actual time the trade was executed. The .PRP modifier shall not be appended to a report of a transaction whose price is based on a prior reference point in time if the trade is executed and reported within 90 seconds from the prior reference point in time.

[(6)] (8) The NASD/BSE Trade Reporting Facility will append the .T modifier or the .SLD modifier, as appropriate, to those reports submitted to the NASD/BSE Trade Reporting Facility that contain the time of execution, but that do not contain the appropriate modifier.

[(7) Stop Stock Transactions (as such term is defined in Rule 4200D), transactions occurring at prices based on average-weighting or other special pricing formulae, or transactions that reflect a price different from the current market when the execution price is based on a prior reference point in time cannot be reported to the NASD/BSE Trade Reporting Facility. Participants must use an alternative electronic mechanism to report these types of transactions to NASD.]

(9) Members shall append the .W trade report modifier to reports of Stop Stock Transactions (as such term is defined in Rule 4200D) and include the time at which the member and the other party agreed to the Stop Stock Price in lieu of including the time of execution on the trade report. The .W modifier shall not be appended to a report of a Stop Stock Transaction if the Stop Stock Transaction is executed and reported within 90 seconds of the time the member and the other party agree to the Stop Price.

[(8)] (10) To identify pre-opening and after-hours trades reported late, the NASD/BSE Trade Reporting Facility will convert the .T modifier to .ST for any report submitted to the NASD/BSE Trade Reporting Facility more than 90 seconds after execution.

(b) No Change.

(c) Information To Be Reported — Two Party Trade Reports

(1) A two party trade report is a last sale report that denotes a trade between one Reporting Member (i.e., the member with the obligation to report the trade under Rule 4632D(b)) and one Non-Reporting Member (or other contra party). The Reporting Member is denoted as the (“MMID”) side of the trade

report and the Non-Reporting Member is denoted as the ("OEID") side of the report.

(2) Each two party last sale report submitted by a Reporting Member shall contain the following information:

(A) [Stock symbol] Security Identification Symbol (SECID) of the designated security;

(B) through (D) No Change.

(E) If known, a designated symbol indicating whether the transaction, from the perspective of the Non-Reporting Member (or other contra [side] party), is a buy, sell, sell short, or sell short exempt;

(F) No Change.

(G) If known, a designated symbol indicating whether the transaction, from the perspective of the Non-Reporting Member (or other contra [side] party), is a principal, riskless principal, or agent;

(H) through (Q) No Change.

(d) Information To Be Reported — Three Party Trade Reports

(1) A three party trade report is a single last sale trade report that denotes one Reporting Member and two contra parties. The Reporting Member is denoted as the MMID side of the trade report and the two non-reporting sides are denoted as the OEID side of the trade report. In a three party trade report, the Reporting Member is the buyer to one OEID and the seller to the other OEID. [Registered] Reporting ECNs, as defined in Rule 6110D, may submit three party trade reports. Riskless principal trades also may be submitted by [r]Reporting [m]Members as three party trade reports.

(2) Each three party trade report submitted by a Reporting Member shall contain the following information:

(A) [Stock symbol] Security Identification Symbol (SECID) of the designated security;

(B) through (X) No Change.

(e) through (f) No Change.

(g) Reporting Cancelled Trades

(1) No Change.

(2) Deadlines for Reporting Cancelled Trades

(A) through (F) No Change.

(G) For purposes of determining the deadline by which a trade cancellation must be reported pursuant to subparagraph (g) of this rule, the term “cancelled” shall mean the time at which (i) the member with the reporting responsibility informs its contra party, or is informed by its contra party, that a trade is being cancelled, (ii) the member with the reporting responsibility and its contra party agree to cancel a trade if neither party can unilaterally cancel the trade, or (iii) the member with the reporting responsibility takes an action to cancel the trade on its books and records, whichever event occurs first.

(h) No Change.

(i) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the NASD/BSE TRF, into a single transaction report.

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6000C. NASD/NSX TRADE REPORTING FACILITY SYSTEMS AND PROGRAMS

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6130C. Trade Report Input

(a) through (f) No Change.

(g) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated for System reporting purposes.

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6000D. NASD/BSE TRADE REPORTING FACILITY SYSTEMS AND PROGRAMS

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6130D. Trade Report Input

(a) through (c) No Change.

(d) Trade Information To Be Input

Each report to the System shall contain the following information:

(1) No Change.

(2) Number of shares or bonds;

(3) through (13) No Change.

(e) No Change.

(f) Reporting Certain Transactions for Purposes of Regulatory Transaction Fee Assessment

Reports submitted to the System for the following types of transactions that are assessed a regulatory transaction fee in accordance with Section 3 of Schedule A to the NASD By-Laws must comply with the requirements set forth below. Transactions must be submitted by 6:30 p.m. Eastern Time (or the end of the System reporting session that is in effect at that time).

(1) Odd-Lot Transactions

Reports of transactions for less than a normal unit of trading shall include a modifier of .RO to designate the transaction as submitted for purposes of the regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. Transactions may be entered as clearing or non-clearing.

(2) Away From the Market Sales

Reports of transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, and consideration is given, shall include a modifier of .RA to designate the transaction as submitted for purposes of the regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. Transactions may be entered as clearing or non-clearing.

(3) Exercises of OTC Options

Reports of transactions effected pursuant to the exercise of an OTC option shall include a modifier of .RX to designate the transaction as submitted for purposes of the regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. Transactions may be entered as clearing or non-clearing.

(g) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated for System reporting purposes.

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6190D. Termination of Access

NASD may, upon notice, terminate access to the trade reporting service of the System as to a Participant in the event that a Participant fails to abide by any of the rules or operating procedures of the trade reporting service of the System or NASD, or fails to honor contractual agreements entered into with NASD or its subsidiaries or the [Applicant Participation] Participant Application Agreement, or fails to pay promptly for services rendered by the trade reporting service of the System.

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EXHIBIT 5

Below is the text of the proposed rule change. Proposed new language is underlined.

* * * * *

LIMITED LIABILITY COMPANY AGREEMENT

OF

NASD/BSE TRADE REPORTING FACILITY LLC

This Limited Liability Company Agreement (together with the schedules attached hereto, this "Agreement") of NASD/BSE Trade Reporting Facility LLC (the "Company"), dated as of [date], is entered into by and between The Boston Stock Exchange, Inc., with a principal place of business at 100 Franklin Street, Boston, MA 02110 (the "Business Member"), and National Association of Securities Dealers, Inc., a Delaware non-stock corporation (the "SRO Member" or "NASD" and, together with the Business Member, the "Members" and each a "Member"). Capitalized terms used herein and not otherwise defined have the meanings set forth on Schedule A hereto.

The Members, by execution of this Agreement, (i) hereby form and continue the Company as a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended from time to time (the "Act"), and (ii) hereby agree as follows:

1. Name.

The name of the limited liability company formed hereby is NASD/BSE Trade Reporting Facility LLC.

2. Principal Business Office.

The principal business office of the Company shall be located at such location as may hereafter be determined by the Members.

3. Registered Office.

The address of the registered office of the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801.

4. Registered Agent.

The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801.

5. Members.

The name and the mailing address of the Members are set forth on Schedule B attached hereto.

6. Certificates.

William C. Meehan, as an "authorized person" within the meaning of the Act, shall execute, deliver and file the Certificate of Formation with the Secretary of State of the State of Delaware. Upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware, his powers as an "authorized person" shall cease, and each Member thereupon shall become a designated "authorized person" and each Member shall continue as a designated "authorized person" within the meaning of the Act. The Members or an Officer shall execute, deliver and file any other certificates (and any amendments thereto and/or restatements thereof) necessary for the Company to qualify to do business in any jurisdiction in which the Company may wish to conduct business.

7. Purposes.

The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, to operate a facility for Non-System Trading and to engage in all related activities arising therefrom or relating thereto or necessary, desirable, advisable, convenient or appropriate in connection therewith as the Members may determine. The Company may not undertake material business activities unrelated to the business of Non-System Trading without obtaining the approval required by Section 10(e).

8. Powers.

The Company (a) shall have and exercise all powers necessary, convenient or incidental to accomplish its purposes as set forth in Section 7 and (b) shall have and exercise all of the powers and rights conferred upon limited liability companies formed pursuant to the Act.

9. Roles of Members.

(a) *SRO Member*. The SRO Member shall have the sole regulatory responsibility for the activities of the Company. In furtherance of its regulatory responsibility and pursuant to the Statement of Work, SRO Member shall perform SRO Responsibilities for the Company which shall include, but not be limited to, actions relating to:

(i) adoption, amendment and interpretation of policies arising out of and regarding:

(A) any aspect of the operation of the facility considered material by SRO Member;

(B) any statement made generally available to membership of, to all participants in, or to Persons having or seeking access to facilities of the SRO Member, or to a group or category of specified Persons, that establishes or changes any standard, limit, or guideline with respect to (1) the rights, obligations, or privileges of specified Persons or, Persons associated with specific Persons, or (2) the meaning, administration, or enforcement of an existing rule of the SRO Member, including any generally applicable exemption from such a rule;

(ii) approval of rule filings of the SRO Member prior to filing with the SEC;

(iii) regulation of the Company's activities of or relating to SRO Responsibilities, including the right to review and approve in SRO Member's sole reasonable discretion all budgets relating to the provision of SRO Responsibilities for the Company.

(iv) securities regulation and any other matter implicating SRO Responsibilities; and

(v) real-time market surveillance and trading activity reported to the Company.

(b) *Business Member*. The Business Member shall be primarily responsible for the management of the Company's business affairs. Pursuant to the

Facility Services Agreement, the Business Member shall provide those services relating to:

(i) executing on matters regarding business policy;

(ii) approval of business decisions, including budgets, capital expenditures, technology changes, marketing and product changes;

(iii) identification and creation of management team and officer positions necessary to manage the Company pursuant to Section 11 hereof and appointment or termination of the officers of the Company;

(iv) management and control of day-to-day operations, including business management, technology operations and enhancements, accounting, finance, human resources, pricing recommendations and market operations;

(v) incurrence, issuance, assumption, guarantee or refinancing of any debt of the Company;

(vi) acquisition of assets consistent with the purpose set forth in Section 7;

(vii) engaging or terminating an independent auditor;

(viii) declaration and payment of any distributions;

(ix) commencement, defense or settlement of litigation or claims not related to SRO Responsibilities or the SRO Member’s responsibilities (Business Member shall follow the direction of SRO Member which, in the operation of its sole reasonable discretion, shall direct Business Member on the disposition of all claims relating to SRO Responsibilities or the SRO Member’s responsibilities);

(x) internal audits and business risk review; and

(xi) other operations of the Company.

(c) *Consultation with Business Member*. Notwithstanding anything to the contrary contained in this Section 9 or elsewhere in this Agreement, the SRO Member shall endeavor to carry out its material regulatory obligations, pursuant to Section 9(a), in consultation with the Business Member. Such consultation shall, to the extent reasonably practicable, include providing the Business Member with the opportunity to review and comment in advance upon nonroutine information relating to the Company that appears in filings, statements or applications submitted to the SEC or another governmental or regulatory authority on behalf of the Company that are material to ensuring that the Company complies with applicable federal securities laws and keeping the Company and the Business Member apprised, in a regular and timely manner, of nonroutine notices or orders relating to the Company received by the SRO Member from the SEC or another governmental or regulatory authority. Nothing in this Section 9(c) shall be construed to allow the Business Member to require the SRO Member to act or fail to act in a manner that the SRO Member believes to be inconsistent with its regulatory obligations.

(d) *Compliance with Securities Laws.* Each Member agrees to comply with the federal securities laws and the rules and regulations thereunder and to cooperate with the SEC pursuant to its regulatory authority and the provisions of this Agreement.

10. Board of Directors.

(a) *Number and Composition*. The Company shall be managed by or under the direction of the board of directors (the “Board of Directors” or “Board”), which shall be established by the Members. The Board shall initially be comprised of three (3) Directors. The Business Member shall be initially entitled to designate two (2) Directors, each of whom must be a director, officer or employee of the Business Member or an Affiliate thereof. The SRO Member shall be initially entitled to designate one (1) Director (the "SRO Member Director") who shall be a member of the SRO Member's Board of Governors or an officer or employee of the SRO Member designated by the SRO Member's Board of Governors. Each Director elected, designated or appointed to the Board shall hold office until a successor is elected and qualified or until such Director's earlier death, resignation or removal. Each Director shall execute and deliver a Management Agreement or other instrument pursuant to which such Director shall accept its appointment and duties as a Director and agree to be bound by the terms of this Agreement. Subject to Section 10(e) of this Agreement, the Board may change the number of the Directors and the composition of the Board from time to time at its discretion; provided, however, that the Board shall, at all times, include at least one SRO Member Director. No person that is subject to any statutory disqualification (as defined in Section 3(a)(39) of the Exchange Act) may be a Director.

(b) *Authority and Conduct*. The Board shall have the authority to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise. Subject to Section 10(e), the Board shall have the authority to bind the Company. Each Director agrees to comply with the federal securities laws and the rules and regulations thereunder and to cooperate with the SEC and the SRO Member pursuant to their regulatory authority and the provisions of this Agreement. Furthermore, in discharging his or her responsibilities as a member of the Board, each Director shall take into consideration whether his or her actions as a Director would cause the Company or either Member to engage in conduct that would be consistent with the purposes of the Exchange Act.

(c) *Meetings*. The Board may hold meetings, both regular and special, within or outside the State of Delaware. Regular or special meetings of the Board may be held at such time and at such place as shall from time to time be determined by the Board. Regular meetings of the Board may be held without notice. The President or other Officer of the Company as designated by the Board may call special meetings of the Board on not less than one day's notice to each Director of the Board by telephone, facsimile, mail, telegram or any other means of communication, and special meetings of the Board shall be called by the President or other Officer of the Company as designated by the Board in like manner and with like notice upon the written request of any one or more of the Directors of the Board.

(d) *Quorum; Acts of the Board*. At all meetings of the Board, a majority of the Directors of the Board shall constitute a quorum for the transaction of business and, except as otherwise provided in any other provision of this Agreement, the act of a majority of the Directors of the Board present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the Directors of the Board present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee. Notwithstanding the foregoing, any act of the Board shall be subject to the limitations set forth in Section 10(e).

(e) *Special Voting Requirements; Major Actions*. Notwithstanding the provisions set forth in Section 10(d) regarding voting requirements, no action with respect to any Major Action (as defined below), shall be effective unless approved by consent of the SRO Member Director. Additionally, unless approved by the SRO Member Director, neither Member on behalf of the Company shall enter into or permit the Company to enter into any Major Action. For purposes of this Agreement, "Major Action" means any of the following:

(i) approving pricing decisions that are subject to the SEC filing process;

(ii) approving contracts between the Company and the Business Member, any of its Affiliates, directors, officers or employees;

(iii) approving Director compensation;

(iv) selling, licensing, leasing or otherwise transferring material assets used in the operation of the Company's business outside of the ordinary course of business with an aggregate value in excess of $3 million;

(v) approving or undertaking a merger, consolidation or reorganization of the Company with any other entity;

(vi) entering into any partnership, joint venture or other similar joint business undertaking;

(vii) making any fundamental change in the market structure of the Company from that contemplated by the Members as of the date hereof;

(viii) to the fullest extent permitted by law, taking any action to effect the voluntary, or which would precipitate an involuntary, dissolution or winding up of the Company, other than as contemplated by Section 21;

(ix) conversion of the Company from a Delaware limited liability company into any other type of entity;

(x) expansion of or modification to the business which results in the Company engaging in material business unrelated to the business of Non-System Trading;

(xi) changing the number of Directors on or composition of the Board; and,

(xii) adopting or amending policies regarding access and credit matters affecting the Company.

(f) *Electronic Communications*. Directors on the Board, or any committee of the Board, may participate in meetings of the Board, or any committee, by means of telephone conference or similar communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

(g) *Committees of Directors*. The Board may, by resolution passed by the unanimous vote of the Board, designate one or more committees thereof, each committee to consist of one or more of the Directors. The Board may designate one or more Directors as alternate members of any committee thereof, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board designating such committee, shall have and may exercise all the powers and authority of the Board in the management of the affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board when required. Notwithstanding the foregoing, committees of the Board shall not have any power or authority to approve or transact any Major Action.

(h) *Compensation of Directors; Expenses*. Subject to Section 10(e) hereof, the Board shall have the authority to fix the compensation of the Company's Directors. The Directors may be paid their expenses, if any, associated with attendance at Board meetings, which may be a fixed sum for attendance at each such meeting or a stated Director salary. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

(i) *Removal of Directors*. Unless otherwise restricted by law and notwithstanding any other provision of this Agreement, any Director may be removed, with or without cause, by the Member that had appointed such Director, and any vacancy caused by any such removal may be filled by action of such Member.

(j) *Directors as Agents*. To the extent of their powers set forth in this Agreement, the Directors are agents of the Company for the purpose of the Company's business, and the actions of the Directors taken in accordance with such powers set forth in this Agreement shall bind the Company. Except as provided in this Agreement or pursuant to an authorization from the Board, an individual Director may not bind the Company.

(k) *Duties of Directors*. Except as provided in this Agreement, in exercising their rights and performing their duties under this Agreement, the Directors shall have a fiduciary duty of loyalty and care similar to that of a director of a business corporation organized under the General Corporation Law of the State of Delaware.

11. Officers.

The Officers of the Company shall be appointed by the Business Member and approved by a majority of the Board and shall consist of at least a President, Secretary and Treasurer. In addition, the Business Member may appoint subject to the Board's approval one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person. Any Officer or Director of the Company may also serve as an officer or director of the Business Member or the SRO Member. The Business Member may appoint subject to the Board's approval such other Officers and agents as it shall deem necessary or advisable who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. The salaries of all Officers and agents of the Company appointed by the Business Member subject to the Board's approval shall be fixed by or in the manner prescribed by the Board. The Officers of the Company shall hold office until their successors are chosen and qualified. Any Officer may be removed at any time, with or without cause, by the Board. Any vacancy occurring in any office of the Company shall be filled by the Business Member subject to the Board's approval. No person that is subject to any statutory disqualification (as defined in Section 3(a)(39) of the Exchange Act) may be an Officer.

(a) *President.* The President shall be the chief executive officer of the Company, shall preside at all meetings of the Members, if any, and of the Board, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Company's Board are carried into effect. The President shall execute all bonds, mortgages and other contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed; (ii) where signing and execution thereof shall be expressly delegated by the Company's Directors to some other Officer or agent of the Company; and (iii) as otherwise permitted in Section 11(b).

(b) *Vice President*. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(c) *Secretary and Assistant Secretary*. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Board and all meetings of the Members, if any, and record all the proceedings of the meetings of the Board and the Members in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Members, if any, and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, in the order determined by the Board (or if there be no such determination, then in order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(d) *Treasurer and Assistant Treasurer*. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and to the Board, at their regular meetings or when the Board so requires, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(e) *Officers as Agents*. The Officers, to the extent of their powers set forth in this Agreement or otherwise vested in them by action of the Board not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business, and, the actions of the Officers taken in accordance with such powers shall bind the Company.

(f) *Duties of Officers*. Except to the extent otherwise provided herein, each Officer shall have a fiduciary duty of loyalty and care similar to that of officers of business corporations organized under the General Corporation Law of the State of Delaware.

12. Limited Liability.

Except as otherwise expressly provided by this Agreement or the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be the debts, obligations and liabilities solely of the Company and neither the SRO Member, Business Member nor any Director of the Company shall be obligated personally for any debt, obligation or liability of the Company solely by reason of being a Member or Director of the Company. Notwithstanding the foregoing, Business Member shall ensure that the Company has funds sufficient to satisfy its regulatory obligations and shall guarantee the Company's payment obligations relating to the costs associated with those SRO Responsibilities performed for the Company pursuant to the Statement of Work.

13. Capital Contributions.

The Business Member shall contribute the property, rights and other assets and liabilities to the Company listed on Schedule B attached hereto. The SRO Member shall not make any capital contribution to the Company and shall have no claim to any assets, tangible or intangible, of the Company.

14. Additional Contributions.

The Members are not required to make any capital contributions to the Company in addition to those specifically set forth in this Agreement. However, the Business Member may make additional capital contributions to the Company at any time upon the written consent of such Member. To the extent that the Business Member makes an additional capital contribution to the Company, the Business Member shall revise Schedule B of this Agreement. The SRO Member may not make and shall not be required to make any capital contribution to the Company. The provisions of this Agreement, including this Section 14, are intended solely to benefit the Members and, to the fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor of the Company shall be a third-party beneficiary of this Agreement) and no Member shall have any duty or obligation to any creditor of the Company to make any contribution to the Company or to issue any call for capital pursuant to this Agreement.

15. Allocation of Profits and Losses.

The Company's profits and losses shall be allocated solely to the Business Member.

16. Distributions.

Distributions shall be made to the Business Member at the times and in the aggregate amounts determined by the Business Member. Other than as specifically set forth herein, distributions shall not be made to the SRO Member. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not be required to make a distribution to any Member on account of its interest in the Company if such distribution would violate the Act or any other applicable law.

17. Books, Records and Jurisdiction.

(a) The Board shall keep or cause to be kept complete and accurate books of account and records with respect to the Company's business. The books of the Company shall at all times be maintained by the Board in compliance with Section 17(a)(1) of the Exchange Act and the rules thereunder. Each Member and its duly authorized representatives and the SEC shall have the right to examine the Company books, records and documents during normal business hours. At the request of the SEC, the Company shall provide to the SEC copies of the Company books and the costs associated with such copies shall be borne by the Company. The Company, and the Board on behalf of the Company, shall not have the right to keep confidential from any Member information that the Board would otherwise be permitted to keep confidential from any Member pursuant to Section 18-305(c) of the Act. The Company's books of account shall be kept using the method of accounting determined by the Business

Member. The Company's independent auditor shall be an independent public accounting firm selected by the Business Member.

(b) The Members acknowledge that to the extent directly related to the Company's activities, the books, records, premises, officers, directors, governors, agents and employees of the Members shall be deemed to be the books, records, premises, officers, directors, governors, agents and employees of NASD and its Affiliates for the purpose of and subject to oversight pursuant to the Exchange Act. Notwithstanding the foregoing, with respect to all other employment matters or concerns, other than as set forth above, employees of the Company are not employees of SRO Member.

(c) The Members and the officers, directors, governors, agents and employees of the Members irrevocably submit to the jurisdiction of the U.S. federal courts, SEC and NASD for the purpose of any suit, action or proceeding pursuant to U.S. federal securities laws, and the rules or regulations thereunder, arising from, or relating to, the Company's activities or Section 17(b) hereof (except that such jurisdictions shall include Delaware for any such matter relating to the organization or internal affairs of the Company, provided that such matter is not related to trading on, or the regulation of, the market operated by the Company), and hereby waive and agree not to assert by way of motion, as a defense or otherwise, in any such suit, action or proceeding any claims that they are not personally subject to the jurisdiction of the SEC, that the suit, action or proceeding is an inconvenient forum or that the venue of the suit, action or proceeding is improper, or that the subject matter hereof may not be enforced in or by such courts or agency.

(d) During the term of this Agreement, none of the Company, any Member or their respective Affiliates shall reveal to any Person any confidential or proprietary information or trade secrets of the Company or any of the Members or their respective Affiliates ("Confidential Information"); provided, however, that such Confidential Information may be disclosed (i) to any employee and subcontractor involved in the performance of this Agreement provided they are under an obligation of confidentiality that is no less restrictive that is set out herein, (ii) to any Person who is a director, officer, employee of, or counsel or advisor to, the Company or any of the Members or any of their respective Affiliates, (iii) to any person who is an official or employee of, or counsel to, any regulatory body or agency having jurisdiction over the Company or its Affiliates, (iv) for the purpose of furthering the aims and interests of the Company as determined by its Board, or (v) pursuant to a subpoena or order issued by a court of competent jurisdiction or as otherwise required by law. The obligations of this Section 17(d) shall survive for a period of five years from termination of this Agreement with the exception of Confidential Information which is comprised of trade secrets which shall be subject to the confidentiality obligations set out in this Agreement in perpetuity.

(e) The Company and each Member shall cause its respective Affiliates, officers, directors, governors, employees, representatives and agents to comply with this Section 17.

18. Exculpation, Indemnification and Limitation on Liability.

(a) Unless specifically set forth herein, to the fullest extent permitted by law, no Member, Officer, Director, employee or agent of the Company and no officer, director, governor, employee, representative, agent or Affiliate of any Member (collectively, the "Covered Persons") shall be liable to the Company or any other Person who is bound by this Agreement for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence or willful misconduct.

(b) To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by a Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 18, other than as specifically set forth herein, shall be provided out of and to the extent of Company assets only, and no Member, unless such Member has committed gross negligence or willful misconduct, or unless specifically set forth in this Agreement, shall have personal liability on account thereof. The Covered Person shall provide the indemnifying party with prompt, written notice of any such claim, sole control of the defense and settlement of such claim, and all reasonable assistance to defend such claim at the indemnifying party's cost. The Covered Person may appear in such action with counsel of its choice, at its own expense. The indemnifying party shall have no obligations under this section up to and to the extent any such claims, damages and liabilities result from the Covered Person's material breach of any term of the agreement under which such indemnification is sought, and up to and to the extent such breach prejudices the indemnifying party's ability to provide the indemnification set out in this section.

(c) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in this Section 18.

(d) Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, or any other facts pertinent to the existence and amount of assets from which distributions to any Member might properly be paid.

(e) Except as otherwise set forth in this Agreement or the Facilities Agreement, to the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered

Person, a Covered Person acting under this Agreement shall not be liable to the Company or to any other Covered Person bound by this Agreement for its good faith reliance on the provisions of this Agreement or any approval or authorization granted by the Company or any other Covered Person that does not contradict any agreements between the parties put in place to effectuate Section 7. The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(f) The foregoing provisions of this Section 18 shall survive any termination of this Agreement.

19. Assignment.

Neither Member may transfer or assign in whole or in part its limited liability Company interest in the Company without the prior written permission of the other Member(s).

20. Termination.

(a) *For Breach.* Any Member may terminate this Agreement for material breach of another Member if the breach is not cured within 30 days.

(b) *For Bankruptcy.* Either party will have the right to terminate this Agreement upon a Member's bankruptcy or insolvency on 30 days notice.

(c) *By SRO Member for maintenance of its status as a preeminent SRO.* In the event Business Member or the Company take any action or fail to take any action that SRO Member determines in the exercise of its business judgment, could or does in fact jeopardize SRO Member status or reputation as an SRO, that cannot be cured or that has not been cured within thirty (30) days, SRO Member shall be entitled to immediate dissolution of the Company without notice and/or opportunity to cure. In such an event, the Company shall immediately suspend all operations and SRO Member shall have no further obligations to the Company but shall be entitled to any and all amounts due to SRO Member under the then current term in which the dissolution was commenced, in addition to any other damages provided for under common law or the agreements between the parties.

(d) *For Convenience*. In the event the Company does not reach Substantial Trade Volume (as defined below), Business Member may terminate this Agreement, Statement of Work, the Facilities Agreement and any other agreement between the parties executed to effectuate the Purpose of the Company as set out in Section 2 upon sixty (60) days prior written notice. Notwithstanding anything to the contrary, Business Member shall not terminate the Facilities Agreement prior to termination or dissolution of this Agreement without SRO Member's prior written approval. SRO Member shall not terminate for convenience in the first year of this Agreement. Thereafter, if the Company has not reach Substantial Trade Volume, NASD may terminate for convenience with 180 days prior written notice.

(e) *Upon Substantial Trade Volume.* In the event the Company averages 250,000 trades or more per day for three consecutive months ("Substantial Trade Volume"), other than as provided for under Sections (b) through (d) above, a Member may only dissolve the Company by providing to the non-terminating Member with at least one year's prior written notice. Notwithstanding the foregoing, neither Member may deliver such notice of dissolution to the other Member before the second anniversary of the effective date of this Agreement. Unless the notice is revoked prior to the date of dissolution or as otherwise agreed to by the Members, the Company shall dissolve in accordance with the terms of this Agreement one year from the date notice of such dissolution is received by the non-terminating Member or at such later time as expressly set forth in the notice (the "Dissolution Date").

21. Dissolution and Winding Up.

(a) The Company shall be dissolved, and its affairs shall be wound up upon the first to occur of the following: (i) an action by either Member in accordance with and pursuant to Section 20 herein, (ii) the occurrence of any event which terminates the continued membership of the last remaining Member in the Company unless the Company is continued in a manner permitted by the Act or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) In the event of dissolution, the Business Member shall be responsible for the winding up of the Company and the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the Act.

(c) The Company and, except as otherwise provided herein, this Agreement shall each terminate when (i) all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Business Member in the manner provided for in this Agreement and (ii) the Certificate of Formation shall have been canceled in the manner required by the Act.

(d) All other agreements between the Members to effectuate the operation of a facility for Non-System Trading and to engage in all related activities arising therefrom or relating thereto or necessary, desirable, advisable, convenient or appropriate in connection therewith shall automatically terminate on the date of termination of this Agreement, should this Agreement be terminated for any reason.

22. Waiver of Partition.

Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, the SRO Member hereby irrevocably waives any right or power that such Member might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company.

23. Related Party Transactions.

Subject to Section 10(e) hereof, the Company may enter into transactions with its Members.

24. Severability of Provisions.

Each provision of this Agreement shall be considered severable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof.

26. Governing Law.

This Agreement shall be governed by and construed under the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

27. Amendments.

This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by both Members.

28. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement and all of which together shall constitute one and the same instrument.

29. Notices.

Any notices required to be delivered hereunder shall be in writing and personally delivered, mailed or sent by telecopy, electronic mail, or other similar form of rapid transmission, and shall be deemed to have been duly given upon receipt (a) in the case of the Company, to the Company at its address determined pursuant to Section 2, (b) in the case of a Member, to such Member at its address as listed on Schedule B attached hereto and (c) in the case of either of the foregoing, at such other address as may be designated by written notice to the other party.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of the date first written herein.

BOSTON STOCK EXCHANGE, INC.

By: ________________________________
Name:
Title:

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

By: ________________________________
Name:
Title:

SCHEDULE A

Definitions and Rules of Construction

A. Definitions

When used in this Agreement, the following terms not otherwise defined herein have the following meanings:

"Act" has the meaning set forth in the preamble to this Agreement.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such Person.

"Agreement" means this Limited Liability Company Agreement of the Company, together with the schedules attached hereto, as amended, restated or supplemented from time to time.

"Board" or "Board of Directors" has the meaning set forth in Section 10(a).

"Business Member" means The Boston Stock Exchange, Inc., a Delaware corporation, in its capacity as a member of the Company, and includes any of its permitted successors or assigns admitted to the Company as such pursuant to this Agreement.

"Certificate of Formation" means the Certificate of Formation of the Company to be filed with the Secretary of State of the State of Delaware on [date], as amended or amended and restated from time to time.

"Confidential Information" has the meaning set forth in Section 17(d) of this Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise. “Controlling” and “Controlled” shall have correlative meanings. Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, a majority of the ownership interests.

“Covered Persons” has the meaning set forth in Section 18(a) of this Agreement.

“Directors” means the directors elected, designated or appointed to the Board from time to time by the Members. A Director is hereby designated as a “manager” of the Company within the meaning of Section 18-101(10) of the Act.

“Dissolution Date” has the meaning set forth in Section 20(d) of this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Facility Services Agreement” means the Facility Services Agreement to be entered into between the Company and the Business Member or an Affiliate thereof, as such agreement may from time to time be amended.

“Major Action” has the meaning set forth in Section 10(e) of this Agreement.

“Management Agreement” means the agreement of the Directors in substantially the form attached hereto as Schedule C.

“Member” has the meaning set forth in the preamble to this Agreement.

“NASD” has the meaning set forth in the preamble to this Agreement.

“Non-System Trading” means trading otherwise than on an exchange of securities for which the SEC has approved a transaction reporting plan pursuant to SEC Rule 601 under Regulation NMS under the Act.

“Officer” means an officer of the Company described in Section 11. The initial Officers are listed on Schedule D hereto.

“Person” means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority.

“Registered Securities Association” means a “registered securities association” within the meaning of the Exchange Act.

“SEC” means the Securities and Exchange Commission.

“SIP” means Securities Information Processor.

“SRO” means a “self-regulatory organization” within the meaning of the Exchange Act.

“SRO Member” means National Association of Securities Dealers, Inc., a Delaware non-stock corporation, in its capacity as a member of the Company, and includes any of its permitted successors or assigns admitted to the Company pursuant to this Agreement.

“SRO Member Director” has the meaning set forth in Section 10(a) of this Agreement.

"SRO Responsibilities" means those duties or responsibilities of an SRO pursuant to the Exchange Act and the rules promulgated thereunder, including but not limited to those set out in Section 9(a) *supra*.

"Statement of Work" means the written statement to be delivered to the Company by NASD or an Affiliate thereof setting forth the SRO Responsibilities that SRO Member or an Affiliate thereof will perform for the Company.

"Third Party" means any person other than (i) the Company or any Affiliate thereof or (ii) either Member or any Affiliate thereof.

B. Rules of Construction

Definitions in this Agreement apply equally to both the singular and plural forms of the defined terms. The words "include" and "including" shall be deemed to be followed by the phrase "without limitation." The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, paragraph or subdivision. The Section titles appear as a matter of convenience only and shall not affect the interpretation of this Agreement. All Section, paragraph, clause, Exhibit or Schedule references not attributed to a particular document shall be references to such parts of this Agreement.

SCHEDULE B

Members

Name	Mailing Address	Capital Contribution
Boston Stock Exchange, Inc.	100 Franklin Street Boston, MA 02110	$150,000
National Association of Securities Dealers, Inc.	1735 K Street, N.W. Washington D.C. 20006	None

SCHEDULE C

Management Agreement

[Date]

NASD/BSE Trade Reporting Facility LLC

Re: Management Agreement NASD/BSE Trade Reporting Facility LLC

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned persons, who have been designated as directors of the Board of Directors (the "Board") of NASD/BSE Trade Reporting Facility LLC, a Delaware limited liability company (the "Company"), in accordance with the Limited Liability Company Agreement of the Company, dated as of [date], as it may be amended or restated from time to time (the "LLC Agreement"), hereby agree as follows:

1. Each of the undersigned accepts such person's rights and authority as a Director (as defined in the LLC Agreement) of the Board of the Company under the LLC Agreement and agrees to perform and discharge such person's duties and obligations as a Director of such Board under the LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the LLC Agreement shall continue until such person's successor as a Director is designated or until such person's resignation or removal as a Director in accordance with the LLC Agreement. Each of the undersigned agrees and acknowledges that it has been designated as a "manager" of the Company within the meaning of the Delaware Limited Liability Company Act.

2. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF

DELAWARE, AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

Name: Business Member Representative

Name: Business Member Representative

Name: SRO Member Representative

Name: Douglas H. Shulman

SCHEDULE D

Initial Officers of NASD/BSE Trade Reporting Facility LLC

Name	Title
______________________	President
______________________	Vice President and Chief Operating Officer
______________________	Vice President
______________________	Secretary
______________________	Treasurer

* * * * *

4000C. THE NASD/NSX TRADE REPORTING FACILITY

* * * * *

4632C. Transaction Reporting

(a) through (g) No Change.

(h) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the NASD/NSX TRF, into a single transaction report.

* * * * *

4000D. THE NASD/BSE TRADE REPORTING FACILITY

4100D. GENERAL

Members may use the NASD/BSE Trade Reporting Facility to report transactions executed otherwise than on an exchange in all NMS stocks as defined in Rule 600(b)(47) of Regulation NMS under the Act ("designated securities"). Members that use the NASD/BSE Trade Reporting Facility must comply with the Rule 4000D and 6000D Series, as well as all other applicable rules. The Rule 4000D and 6000D Series shall apply only to members using the NASD/BSE Trade Reporting Facility.

4110D. Use of NASD/BSE Trade Reporting Facility on a Test Basis

NASD may at any time authorize the use of the NASD/BSE Trade Reporting Facility on a test basis for whatever studies it considers necessary and appropriate.

4200D. DEFINITIONS

(a) For purposes of the Rule 4000D Series, unless the context requires otherwise:

(1) "Act" means the Securities Exchange Act of 1934.

(2) "BSE" means the Boston Stock Exchange and its facilities.

(3) "Designated securities" means all NMS stocks as defined in Rule 600(b)(47) of Regulation NMS under the Act.

(4) "Member" means a broker or dealer admitted to NASD membership.

(5) "Market Maker" means an "exchange market maker" or "OTC market maker," as those terms are defined in Rule 600(b) of Regulation NMS under the Act, that is registered in a particular designated security as such with an exchange or a registered securities association or a facility thereof. A member is considered a Market Maker only in those designated securities for which it is registered as such.

(6) "Normal market hours" means 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time.

(7) "Normal unit of trading" means 100 shares of a security unless, with respect to a particular security, NASD determines that a normal unit of trading shall constitute other than 100 shares.

(8) "Otherwise than on an exchange" means a trade effected by an NASD member otherwise than on or through a national securities exchange. The determination of what constitutes a trade "on or through" a particular national securities exchange shall be determined by that exchange in accordance with all applicable statutes, rules and regulations, and with any necessary SEC approval.

(9) "Round lot holder" means a holder of a normal unit of trading.

(10) "Stop Stock Price" means the specified price at which a member and

another party agree a Stop Stock Transaction shall be executed, and which price is based upon the prices at which the security is trading at the time the order is received by the member, taking into consideration that the specified price may deviate from the current market prices to factor in the size of the order and the number of shares available at those prices.

(11) "Stop Stock Transaction" means any transaction that meets both of the following conditions:

(A) the transaction is the result of an order in which a member and another party agree that the order will be executed at a Stop Stock Price or better; and

(B) the order is executed at the Stop Stock Price or better.

(12) "Trade Reporting Facility Participant" or "Participant" means any member of NASD in good standing that uses the NASD/BSE Trade Reporting Facility.

4616D. Reports

A Trade Reporting Facility Participant shall make such reports to NASD as may be prescribed from time to time by NASD.

4618D. Clearance and Settlement

(a) A Trade Reporting Facility Participant shall clear and settle transactions in designated securities through the facilities of a registered clearing agency that uses a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with another member that clears trades through such an agency.

(b) Notwithstanding paragraph (a), transactions in designated securities may be settled "ex-clearing" provided that both parties to the transaction agree.

4621D. Suspension and Termination by NASD Action

NASD may, pursuant to the procedures set forth in the Rule 9000 Series, suspend, condition, limit, prohibit or terminate a Trade Reporting Facility Participant's ability to use NASD/BSE Trade Reporting Facility services in one or more designated securities for violations of applicable requirements or prohibitions.

4622D. Termination of NASD/BSE Trade Reporting Facility Service

NASD may, upon notice, terminate NASD/BSE Trade Reporting Facility service in the event that a Trade Reporting Facility Participant fails to qualify under specified standards of eligibility or fails to pay promptly for services rendered.

4630D. Reporting Transactions in Designated Securities

This Rule 4630D Series applies to the reporting by members of transactions in designated securities to the NASD/BSE Trade Reporting Facility.

4631D. Definitions

Terms used in this Rule 4630D Series shall have the meaning as defined in NASD's By-Laws and Rules, Rule 600(b) of Regulation NMS under the Act and the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, unless otherwise defined herein.

4632D. Transaction Reporting

(a) When and How Transactions are Reported

(1) Trade Reporting Facility Participants shall, within 90 seconds after execution, transmit to the NASD/BSE Trade Reporting Facility or, if the NASD/BSE Trade Reporting Facility is unavailable due to system or transmission failure, by telephone to the NASD/BSE TRF Operations Department, last sale reports of transactions in designated securities executed during normal market hours. Transactions not reported within 90 seconds after execution shall be designated as late.

(2) Transaction Reporting to the NASD/BSE Trade Reporting Facility Outside Normal Market Hours

(A) Last sale reports of transactions in designated securities executed between 8:00 a.m. and 9:30 a.m. Eastern Time shall be reported within 90 seconds after execution and shall be designated as ".T" trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds also shall be designated as .T trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before 6:30 p.m. as .T trades.

(B) Last sale reports of transactions in designated securities executed between the hours of 4:00 p.m. and 6:30 p.m. Eastern Time shall be reported within 90 seconds after execution and be designated as ".T" trades to denote their execution outside normal market hours. Transactions not reported within 90 seconds also shall be designated as .T trades. Transactions not reported before 6:30 p.m. cannot be reported through the NASD/BSE Trade Reporting Facility. Participants must use an alternative electronic mechanism to report these trades to NASD.

(C) Last sale reports of transactions executed between midnight and 8:00 a.m. Eastern Time shall be reported between 8:00 a.m. and 9:30 a.m. on trade date as ".T" trades. Transactions not reported before 9:30 a.m. shall be reported after 4:00 p.m. and before 6:30 p.m. as .T trades.

(D) Last sale reports of transactions executed between 6:30 p.m. and midnight Eastern Time cannot be reported through the NASD/BSE Trade Reporting Facility. Participants must use an alternative electronic mechanism to report these trades to NASD.

(3) Participants must use an alternative electronic mechanism, and comply with all rules applicable to such alternative mechanism, to report transactions to NASD in designated securities for which electronic submission to the NASD/BSE Trade Reporting Facility is not possible. Where last sale reports of transactions in designated securities cannot be submitted to NASD via an alternative electronic mechanism (e.g., the ticker symbol for the security is no longer available or a market participant identifier is no longer active), members shall report such transactions as soon as practicable to the NASD Market Regulation Department on Form T. Transactions that can be reported to NASD electronically, whether on trade date or on a subsequent date on an "as of" basis (T+N), shall not be reported on Form T.

(4) All members shall append the .W trade report modifier to transaction reports occurring at prices based on average-weighting, or other special pricing formulae.

(5) All trade tickets for transactions in designated securities shall be time-stamped at the time of execution based on Eastern Time.

(6) Transactions not reported within 90 seconds after execution shall be designated as late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade in violation of Rule 2110.

(7) All members shall append the .PRP trade report modifier to transaction reports that reflect a price different from the current market when the execution price is based on a prior reference point in time. The transaction report shall include the prior reference time in lieu of the actual time the trade was executed. The .PRP modifier shall not be appended to a report of a transaction whose price is based on a prior reference point in time if the trade is executed and reported within 90 seconds from the prior reference point in time.

(8) The NASD/BSE Trade Reporting Facility will append the .T modifier or the .SLD modifier, as appropriate, to those reports submitted to the NASD/BSE Trade Reporting Facility that contain the time of execution, but that do not contain the appropriate modifier.

(9) Members shall append the .W trade report modifier to reports of Stop Stock Transactions (as such term is defined in Rule 4200D) and include the time at which the member and the other party agreed to the Stop Stock Price in lieu of including the time of execution on the trade report. The .W modifier shall not be appended to a report of a Stop Stock Transaction if the Stop Stock Transaction is

executed and reported within 90 seconds of the time the member and the other party agree to the Stop Price.

(10) To identify pre-opening and after-hours trades reported late, the NASD/BSE Trade Reporting Facility will convert the .T modifier to .ST for any report submitted to the NASD/BSE Trade Reporting Facility more than 90 seconds after execution.

(b) Which Party Reports the Transaction

(1) In transactions between two Market Makers, the member representing the sell side shall report the trade.

(2) In transactions between a Market Maker and a Non-Market Maker, the Market Maker shall report the trade.

(3) In transactions between two Non-Market Makers, the member representing the sell side shall report the trade.

(4) In transactions between a member and a non-member or customer, the member shall report the trade.

(5) In transactions conducted through a Reporting ECN (as defined in Rule 6110D) that are reported to the NASD/BSE Trade Reporting Facility, the Reporting ECN shall ensure that transactions are reported in accordance with Rule 6130D(c).

(c) Information To Be Reported — Two Party Trade Reports

(1) A two party trade report is a last sale report that denotes a trade between one Reporting Member (i.e., the member with the obligation to report the trade under Rule 4632D(b)) and one Non-Reporting Member (or other contra party). The Reporting Member is denoted as the (“MMID”) side of the trade

report and the Non-Reporting Member is denoted as the (“OEID”) side of the report.

(2) Each two party last sale report submitted by a Reporting Member shall contain the following information:

(A) Security Identification Symbol (SECID) of the designated security;

(B) Number of shares or bonds;

(C) Price of the transaction as required by paragraph (e) below;

(D) A symbol indicating whether the transaction, from the perspective of the Reporting Member, is a buy, sell, sell short, sell short exempt or cross;

(E) If known, a designated symbol indicating whether the transaction, from the perspective of the Non-Reporting Member (or other contra party), is a buy, sell, sell short, or sell short exempt;

(F) A designated symbol indicating whether the transaction, from the perspective of the Reporting Member, is a principal, riskless principal, or agent;

(G) If known, a designated symbol indicating whether the transaction, from the perspective of the Non-Reporting Member (or other contra party), is a principal, riskless principal, or agent;

(H) For any transaction in an order for which a member has recording and reporting obligations under Rules 6954 and 6955, the trade report must include an order identifier, meeting such parameters as may be prescribed by NASD, assigned to the order that uniquely identifies the order for the date it was received (see Rule 6954(b)(1));

(I) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of NASD rules requires that a different time be included in the report;

(J) The market participant identifier of the Reporting Member and the Non-Reporting Member, unless the contra side to the trade report is a customer of the Reporting Member or a non-NASD member, in which case, the Reporting Member shall indicate in a manner prescribed by NASD that the contra side is a customer or non-member;

(K) Reporting Member clearing broker;

(L) Reporting Member Executing Broker in the case of a give up agreement, as defined in Rule 4632D(h);

(M) Non-Reporting Member Executing Broker;

(N) Non-Reporting Member introducing broker in the case of a give up agreement, as defined in Rule 4632D(h);

(O) Non-Reporting Member clearing broker;

(P) A designated symbol indicating whether the trade report should be published; and

(Q) For two party trade reports submitted pursuant to a give up agreement, as defined in Rule 4632D(h), or a Qualified Service Representative ("QSR") Agreement, disclosure of the information set forth in subparagraphs (e)(2)(E) and (G) is mandatory.

(d) Information To Be Reported — Three Party Trade Reports

(1) A three party trade report is a single last sale trade report that denotes one Reporting Member and two contra parties. The Reporting Member is denoted as the MMID side of the trade report and the two non-reporting sides are denoted as the OEID side of the trade report. In a three party trade report, the Reporting Member is the buyer to one OEID and the seller to the other OEID. Reporting ECNs, as defined in Rule 6110D, may submit three party trade reports. Riskless principal trades also may be submitted by Reporting Members as three party trade reports.

(2) Each three party trade report submitted by a Reporting Member shall contain the following information:

(A) Security Identification Symbol (SECID) of the designated security;

(B) Number of shares or bonds;

(C) Price of the transaction as required by paragraph (e) below;

(D) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of NASD rules requires that a different time be included in the report;

(E) The market participant identifier of the Reporting Member and the two Non-Reporting Members, unless the contra side to the trade report is a customer of the Reporting Member or a non-NASD member, in which case, the Reporting Member shall indicate in a manner prescribed by NASD that the contra side is a customer or non-member;

(F) A designated symbol indicating whether the trade should be published;

(G) For any transaction in an order for which a member has recording and reporting obligations under Rules 6954 and 6955, the trade report must include an order identifier, meeting such parameters as may be prescribed by NASD, assigned to the order that uniquely identifies the order for the date it was received (see Rule 6954(b)(1)).

MMID Side

(H) All three party trade reports from ECNs must be marked as agency cross transactions;

(I) All three party trade reports from non-ECNs must be denoted as riskless principal trade reports and shall include a designated symbol indicating whether the trade between the non-ECN and the buy-side OEID is a sell, sell short, or sell short exempt transaction;

(J) Reporting Member clearing broker;

(K) Reporting Member Executing Broker in the case of a give up agreement, as defined in Rule 4632D(h);

Buy Side OEID

(L) Buy Side OEID executing broker;

(M) Buy Side OEID introducing broker in case of a give up agreement, as defined in Rule 4632D(h);

(N) Buy Side OEID clearing broker;

(O) If known, a designated symbol indicating whether the trade, from the Buy Side OEID's perspective, is as principal, riskless principal, or agent;

(P) If the Buy Side OEID is a customer of the Reporting Member or a non-NASD member, the Reporting Member shall indicate in a manner prescribed by NASD that the Buy Side OEID is a customer or non-member;

Sell Side OEID

(Q) Sell Side OEID executing broker;

(R) Sell Side OEID introducing broker in case of a give up agreement, as defined in Rule 4632D(h);

(S) Sell Side OEID clearing broker;

(T) If known, a designated symbol indicating whether the trade, from the Sell Side OEID’s perspective, is as principal, riskless principal, or agent;

(U) If known, a symbol indicating whether the trade, from the Sell Side OEID’s perspective, is a sell, sell short, or sell short exempt transaction;

(V) If the Sell Side OEID is a customer of the Reporting Member or a non-NASD member, the Reporting Member shall indicate in a manner prescribed by NASD that the Sell Side OEID is a customer or non-member;

(W) If the transaction between the Buy Side OEID and the Reporting Member is reported pursuant to a give up agreement, as defined in Rule 4632D(h), or a QSR agreement, disclosure of the information set forth in subparagraph (d)(2)(O) is mandatory; and

(X) If the transaction between the Sell Side OEID and the Reporting Member is reported pursuant to a give up agreement, as defined in Rule 4632D(h),or a QSR agreement, disclosure of the information set forth in subparagraphs (d)(2)(T) and (U) is mandatory.

(e) Procedures for Reporting Price and Volume

Members that report transactions to the NASD/BSE Trade Reporting Facility, pursuant to paragraph (b) above, shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

(1) For agency transactions, report the number of shares or bonds and the price excluding the commission charged.

Example:

SELL as agent 100 shares at 40 less a commission of $12.50;

REPORT 100 shares at 40.

(2) For dual agency transactions, report the number of shares or bonds only once, and report the price excluding the commission charged.

Example:

SELL as agent 100 shares at 40 less a commission of $12.50;

BUY as agent 100 shares at 40 plus a commission of $12.50;

REPORT 100 shares at 40.

(3) (A) For principal transactions, except as provided below, report each purchase and sale transaction separately and report the number of

shares or bonds and the price. For principal transactions that are executed at a price that includes a mark-up, mark-down or service charge, the price reported shall exclude the mark-up, mark-down or service charge. Such reported price shall be reasonably related to the prevailing market, taking into consideration all relevant circumstances including, but not limited to, market conditions with respect to the security, the number of shares or bonds involved in the transaction, the published bids and offers with size at the time of the execution (including the reporting firm's own quotation), the cost of execution and the expenses involved in clearing the transaction.

Example:

BUY as principal 100 shares from another member at 40 (no mark-down included);

REPORT 100 shares at 40.

Example:

BUY as principal 100 shares from a customer at 39.90 which includes a $0.10 mark-down from prevailing market at 40;

REPORT 100 shares at 40.

Example:

SELL as principal 100 shares to a customer at 40.10, which includes a $0.10 mark-up from the prevailing market of 40;

REPORT 100 shares at 40.

Example:

BUY as principal 10,000 shares from a customer at 39.75, which includes a $0.25 mark-down or service charge from the prevailing market of 40;

REPORT 10,000 shares at 40.

(B) Exception: A “riskless” principal transaction in which a member after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported to the NASD/BSE Trade Reporting Facility as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction to the NASD/BSE Trade Reporting Facility by submitting the following report(s):

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Where the initial leg of the transaction has been reported to the NASD/BSE Trade Reporting Facility, regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, “riskless” portion of the transaction, either:

a. a clearing-only report with a capacity indicator of “riskless principal,” if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

Example:

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of $12.50;

REPORT 100 shares at 40 by submitting to the NASD/BSE Trade Reporting Facility either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

In a riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order, the order will be reported by the exchange. A member may, however, submit to the

NASD/BSE Trade Reporting Facility a clearing only report or a non-tape, non-clearing report for the “riskless” leg of a riskless principal transaction where the initial leg has been reported on or through an exchange. Any such report submitted to the NASD/BSE Trade Reporting Facility shall comply with all applicable requirements for trade reports set forth in this Rule 4632D.

Example:

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

DO NOT REPORT this leg (will be reported by exchange).

SELL as principal 100 shares to a customer at 40 plus a mark-up of $12.50.

A member MAY submit to the NASD/BSE Trade Reporting Facility either a non-tape, non-clearing report or a clearing-only report for this leg marked with a "riskless principal" capacity indicator.

(f) Transactions Not To Be Reported for Publication Purposes

The following types of transactions shall not be reported to the NASD/BSE Trade Reporting Facility for publication purposes:

(1) odd-lot transactions (except in the case of bonds);

(2) transactions that are part of a primary distribution by an issuer or of a registered secondary distribution (other than “shelf distributions”) or of an unregistered secondary distribution;

(3) transactions made in reliance on Section 4(2) of the Securities Act of 1933;

(4) transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, e.g., to enable the seller to make a gift;

(5) purchases or sales of securities effected upon the exercise of an option pursuant to the terms thereof or the exercise of any other right to acquire securities at a pre-established consideration unrelated to the current market;

(6) transactions reported on or through an exchange;

(7) the acquisition of securities by a member as principal in anticipation of making an immediate exchange distribution or exchange offering on an exchange; and

(8) purchases of securities off the floor of an exchange pursuant to a tender offer.

(g) Reporting Cancelled Trades

(1) Obligation and Party Responsible for Reporting Cancelled Trades

With the exception of trades cancelled in accordance with Rule 11890, members shall report to the NASD/BSE Trade Reporting Facility the cancellation of any trade previously submitted to the NASD/BSE Trade Reporting Facility. The member responsible for submitting the original trade report shall submit the cancellation report in accordance with the procedures set forth in paragraph (g)(2).

(2) Deadlines for Reporting Cancelled Trades

(A) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled before 4:00 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation within 90 seconds of the time the trade is cancelled by contacting NASD/BSE Trade Reporting Facility Operations.

(B) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 4:00 p.m., but before 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall use its best efforts to report the cancellation not later than 6:30 p.m. on the date of execution by contacting NASD/BSE Trade Reporting Facility Operations, and otherwise it shall report the cancellation on the following business day by 6:30 p.m. by contacting NASD/BSE Trade Reporting Facility Operations.

(C) For trades executed between 9:30 a.m. and 4:00 p.m. Eastern Time and cancelled after 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 6:30 p.m. by contacting NASD/BSE Trade Reporting Facility Operations.

(D) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled prior to 6:30 p.m. on the date of execution, the member responsible for reporting under paragraph (g)(1) shall report the cancellation by 6:30 p.m. by contacting NASD/BSE Trade Reporting Facility Operations.

(E) For trades executed outside the hours of 9:30 a.m. to 4:00 p.m. Eastern Time and cancelled after 6:30 p.m. on the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation on the following business day by 6:30 p.m. by contacting NASD/BSE Trade Reporting Facility Operations.

(F) For any trade cancelled on any date after the date of execution, the member responsible under paragraph (g)(1) shall report the cancellation (i) by 6:30 p.m. on the date of cancellation if the trade is cancelled before 6:30 p.m., or (ii) by 6:30 p.m. on the following business day if the trade is cancelled at or after 6:30 p.m. by contacting NASD/BSE Trade Reporting Facility Operations.

(G) For purposes of determining the deadline by which a trade cancellation must be reported pursuant to subparagraph (g) of this rule, the term "cancelled" shall mean the time at which (i) the member with the reporting responsibility informs its contra party, or is informed by its contra party, that a trade is being cancelled, (ii) the member with the reporting responsibility and its contra party agree to cancel a trade if neither party can unilaterally cancel the trade, or (iii) the member with the reporting responsibility takes an action to cancel the trade on its books and records, whichever event occurs first.

(h) A member may agree to allow a Participant to report and lock-in trades on its behalf, if both parties have completed an agreement to that effect (a "give up agreement") as specified by NASD and submitted it to the NASD/BSE Trade Reporting Facility.

However, the member with the reporting obligation remains responsible for the transaction submitted on its behalf. Further, both the member with the reporting obligation and the member submitting the trade to the NASD/BSE Trade Reporting Facility are responsible for ensuring that the information submitted is in compliance with all applicable rules and regulations.

(i) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated, for purposes of transaction reporting to the NASD/BSE TRF, into a single transaction report.

IM-4632D-1 Transaction Reporting

NASD emphasizes the obligations of members to report securities transactions within 90 seconds after execution. All reportable transactions not reported within 90 seconds after execution shall be reported as late, and NASD routinely monitors members' compliance with the 90-second requirement. If NASD finds a pattern or practice of unexcused late reporting, that is, repeated reports of executions after 90 seconds without reasonable justification or exceptional circumstances, the member may be found to be in violation of Rule 2110. Exceptional circumstances will be determined on a case-by-case basis and may include instances of system failure by a member or service bureau, or unusual market conditions, such as extreme volatility in a security, or in the market as a whole. Timely reporting of all transactions is necessary and appropriate for the fair and orderly operation of the marketplace, and the NASD will view noncompliance as a rule violation.

4633D. Trading Halts

(a) Authority to Initiate Halts In Trading of Designated Securities Reported to the NASD/BSE Trade Reporting Facility

NASD, pursuant to the procedures set forth in paragraph (b):

(1) shall halt trading otherwise than on an exchange reported to the NASD/BSE Trade Reporting Facility in a designated security whenever any market that has the authority to call a regulatory halt in the security imposes a trading halt, or suspends the listing, to:

(A) permit dissemination of material news;

(B) obtain information from the issuer relating to material news;

(C) obtain information relating to the issuer's ability to meet listing qualification requirements; or

(D) obtain any other information that is necessary to protect investors and the public interest.

(2) shall halt trading otherwise than on an exchange reported to the NASD/BSE Trade Reporting Facility in a designated security when:

(A) extraordinary market activity in the security is occurring, such as the execution of a series of transactions for a significant dollar value at prices substantially unrelated to the current market for the security, as measured by the national best bid and offer, and

(B) NASD determines that such extraordinary market activity is likely to have a material effect on the market for the security; and

(C) (i) NASD determines that such extraordinary market activity is caused by the misuse or malfunction of an electronic quotation, communication, reporting, or execution system operated by, or linked to, NASD; or

(ii) After consultation with a national securities exchange trading the security, NASD determines that such extraordinary market activity is caused by the misuse or malfunction of an electronic quotation, communication, reporting, or execution system operated by, or linked to, such other national securities exchange.

(3) shall close the NASD/BSE Trade Reporting Facility to trade reporting activity whenever the NASD/BSE Trade Reporting Facility is unable to transmit real-time trade reporting information to the applicable Securities Information Processor. If the NASD/BSE Trade Reporting Facility closes trading pursuant to this subparagraph (3), members would not be prohibited from trading on other markets for which trading is not halted.

Members shall promptly notify NASD whenever they have knowledge of any matter related to a designated security or the issuer thereof that has not been adequately disclosed to the public or where they have knowledge of a regulatory problem relating to such security.

(b) Commencement and Termination of a Trading Halt

(1) In the event NASD determines that a basis exists under Rule 4633D(a) to initiate a trading halt or close the NASD/BSE Trade Reporting Facility, the commencement of the trading halt or closure will be effective simultaneously with appropriate notice.

(2) Trading shall resume upon appropriate notice that a trading halt or closure is no longer in effect.

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6000C. NASD/NSX TRADE REPORTING FACILITY SYSTEMS AND PROGRAMS

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6130C. Trade Report Input

(a) through (f) No Change.

(g) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated for System reporting purposes.

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6000D. NASD/BSE TRADE REPORTING FACILITY SYSTEMS AND PROGRAMS

6100D. CLEARING AND COMPARISON RULES

6110D. Definitions

(a) The term “Clearing Broker/Dealer” or “Clearing Broker” shall mean the member firm that has been identified in the System as principal for clearing and settling a trade, whether for its own account or for a correspondent firm.

(b) The term “Correspondent Executing Broker/Dealer” or “Correspondent Executing Broker” shall mean the member firm that has been identified in the System as having a correspondent relationship with a clearing firm whereby it executes trades and the clearing function is the responsibility of the clearing firm.

(c) The term “Introducing Broker/Dealer” or “Introducing Broker” shall mean the member firm that has been identified in the System as a party to the transaction, but does not execute or clear trades.

(d) The term “Parties to the Transaction” shall mean the executing brokers, Introducing Brokers and Clearing Brokers, if any.

(e) The term “Reportable Security” shall mean all designated securities as defined in Rule 4200D.

(f) The term “Reportable System Transaction” shall mean those transactions in Reportable Securities that are eligible to be submitted using the System pursuant to NASD rules. The term also shall include transactions in Reportable Securities that are for less than one round lot.

(g) The term “Reporting ECN” shall mean a member of NASD that is an electronic communications network or alternative trading system, as those terms are defined in Rule 600 of Regulation NMS under the Act, that is a participant of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a participant, to the extent that transactions executed through it are reported to the System.

(h) The term “Reporting Market Maker” shall mean a member of NASD that meets the definition of Market Maker in Rule 4200D and is a member of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a member.

(i) The term “Reporting Order Entry Firm” shall mean a member of NASD that is a firm that executes orders but does not act as a market maker in the instant transaction and is a member of a registered clearing agency for clearing or comparison purposes or has a clearing arrangement with such a member.

(j) The term "Reporting Party" shall mean the Participant that is required to input the trade information, according to the requirements of the trade report input rules applicable to the System contained in Rule 6130D.

(k) The term "System" shall mean the NASD/BSE Trade Reporting Facility for purposes of trades in designated securities as defined in Rule 4200D.

(l) The term "Trade Reporting Participant" or "Participant" shall mean any member of NASD in good standing that uses the System.

6120D. Trade Reporting Participation Requirements

(a) Participation Requirements

(1) Only members of NASD in good standing may participate in the System.

(2) Participation in the System shall be conditioned upon the initial and continuing compliance with the following requirements:

(A) execution of, and continuing compliance with, a Participant Application Agreement;

(B) membership in, or maintenance of an effective clearing arrangement with a participant of, a clearing agency registered pursuant to the Act;

(C) compliance with all applicable rules and operating procedures of NASD and the Commission;

(D) maintenance of the physical security of the equipment located on the premises of the participant to prevent unauthorized entry of information into the System; and

(E) acceptance and settlement of each trade that the System identifies as having been effected by such participant, or if settlement is to be made through a clearing member, guarantee or the acceptance and settlement of each System identified trade by the clearing member on the regularly scheduled settlement date.

(3) Participation in the System as a Clearing Broker shall be conditioned upon the Clearing Broker's initial and continuing compliance with the following requirements:

(A) execution of, and continuing compliance with, a Participant Application Agreement;

(B) membership in a clearing agency registered pursuant to the Act;

(C) compliance with all applicable rules and operating procedures of NASD and the Commission;

(D) maintenance of the physical security of the equipment located on the premises of the Clearing Broker to prevent the unauthorized entry of information into the System; and

(E) acceptance and settlement of each trade that the System identifies as having been effected by itself or any of its correspondents on the regularly scheduled settlement date.

(4) Each Participant shall be obligated to inform NASD of non-

compliance with any of the participation requirements set forth above.

(b) Participant Obligations

(1) Access

Upon execution and receipt by the NASD/BSE Trade Reporting Facility of a Participant Application Agreement, a Participant may commence input and validation of trade information in Reportable Securities. Participants may access the service through computer interface or such other service as may be designated by the NASD/BSE Trade Reporting Facility during the hours of operation specified by the NASD/BSE Trade Reporting Facility. Prior to such input, all Participants, including those that have trade report information submitted by any third party, must obtain from NASD Operations a unique identifying Market Participant Symbol ("MPID"), and use that identifier for trade reporting and audit trail purposes.

(2) System Participant Obligations

(A) Participants shall commence participation in the System by initially contacting the System Operation Center to verify authorization for submitting trade data to the System for Reportable Securities.

(B) A Participant that is a self-clearing firm shall be obligated to accept and clear each trade that the System identifies as having been effected by that Participant.

(C) A Participant that is an Introducing Broker or a Correspondent Executing Broker shall identify its Clearing Broker when it becomes a Participant and notify the System Operation Center if its Clearing Broker is to be changed; this may necessitate execution of a revised Participant

Application Agreement.

(D) If at any time a Participant fails to maintain a clearing arrangement, it shall be removed from the System until such time as a clearing arrangement is reestablished and notice of such arrangement, with an amended Reporting Participant Application Agreement, is filed, as applicable.

(3) Clearing Broker Obligations

(A) System Clearing Brokers shall be obligated to accept and clear as a party to the transaction each trade that the System identifies as having been effected by itself or any of its Correspondent Executing Brokers. Clearing Brokers may cease to act as principal for a Correspondent Executing Broker at any time provided that notification has been given to, received and acknowledged by the System Operation Center and affirmative action has been completed by the Center to remove the Clearing Broker from the System for that Correspondent Executing Broker. The Clearing Broker's obligation to accept and clear trades for its correspondents shall not cease prior to the completion of all of the steps detailed in this subparagraph (3).

(B) If at any time a System Clearing Broker fails to maintain a clearing arrangement, it shall be removed from the System until such time as a clearing arrangement is reestablished, and notice of such arrangement, with an amended Participant Application Agreement, is filed, as applicable.

6130D. Trade Report Input

(a) Reportable Transactions

Members shall comply with the Rule 6100D Series when reporting transactions to the System, including executions of less than one round lot. All trades that are reportable transactions will be processed pursuant to an effective transaction reporting plan. Trades that are not already locked-in trades or trades reported as other than regular way settlement (i.e., Cash, Next-Day, Seller's Option) will not be accepted by the System. Participants must use an alternative electronic mechanism to report and clear these trades.

(b) When and How Trade Reports are Submitted

Participants shall transmit trade reports to the System for transactions in Reportable Securities within 90 seconds after execution, according to the requirements of paragraph (c) of this Rule.

(c) Which Party Inputs Trade Reports

Participants shall, subject to the input requirements below, input trade reports. Trade data input obligations are as follows:

(1) in transactions between a Reporting Market Maker and a Reporting Order Entry Firm, the Reporting Market Maker shall be required to submit a trade report to the System;

(2) in transactions between two Reporting Market Makers, the member representing the sell side shall be required to submit a trade report to the System;

(3) in transactions between two Reporting Order Entry Firms, the member representing the sell side shall be required to submit a trade report to the System;

(4) in transactions between a member and a non-member or customer, the

member shall be required to submit a trade report to the System;

(5) in transactions conducted through a Reporting ECN that are reported to the System, the Reporting ECN shall ensure that transactions are reported in accordance with one of the following methods:

(A) the Reporting ECN shall submit the trade reports to the System and identify itself as the Reporting Party;

(B) the Reporting ECN shall submit the trade reports to the System on behalf of the Reporting Party and identify the Reporting Party in accordance with the rules for determining Reporting Parties reflected in paragraphs (1), (2), (3), and (4) above; or

(C) the Reporting ECN shall require one of the parties, determined in accordance with the rules for determining Reporting Parties reflected in paragraphs (1), (2), (3), and (4) above, to submit the trade reports to the System.

When a Reporting ECN reports transactions in accordance with subparagraph (A), the Reporting ECN shall be responsible for ensuring that the trade reports are accurate and contain all information required by subsection (d) of this rule for both the Reporting ECN and the identified non-reporting party.

When a Reporting ECN reports transactions in accordance with subparagraph (B), both the Reporting ECN and the party identified as the Reporting Party shall be responsible for ensuring that the trade reports are accurate and contain all information required by subsection (d) of this rule for both the Reporting ECN and the identified Reporting Party.

When a Reporting ECN requires reporting of transactions in accordance with subparagraph (C), the Reporting Party shall be responsible for ensuring the accuracy and completeness of the trade report.

A Reporting ECN shall provide written notice to NASD of the method of trade reporting used by the Reporting ECN for each of its subscribers, including whether it intends to use the three party trade report under Rule 4632D(d), and may change the method of trade reporting used for a subscriber by providing advance written notice of the change to NASD;

(6) in transactions conducted through two Reporting ECNs or a Reporting ECN and an ECN that is not a Reporting ECN, a Reporting ECN shall be responsible for complying with the requirements of paragraph (5) above for reporting a transaction executed through its facilities, and an ECN that routed an order to it for execution shall be deemed to be a Reporting Order Entry Firm and a member for purposes of the rules for determining Reporting Parties reflected in paragraphs (1), (3), and (4) above; and

(7) in transactions conducted through a Reporting ECN in which neither of the parties is a member, the Reporting ECN shall report the transaction in accordance with the requirements of subparagraph (5)(A) above.

(d) Trade Information To Be Input

Each report to the System shall contain the following information:

(1) Security identification symbol of the eligible security (SECID);

(2) Number of shares or bonds;

(3) Unit price, excluding commissions, mark-ups or mark-downs;

(4) The time of execution expressed in hours, minutes and seconds based on Eastern Time in military format, unless another provision of NASD's rules requires that a different time be included on the report;

(5) A symbol indicating whether the party submitting the trade report represents the Market Maker side or the Order Entry side;

(6) A symbol indicating whether the transaction is a buy, sell, sell short, sell short exempt or cross;

(7) A symbol indicating whether the trade is as principal, riskless principal, or agent;

(8) Reporting side Clearing Broker (if other than normal Clearing Broker);

(9) Reporting side executing broker in the case of a give up agreement, as defined in Rule 4632D(h);

(10) Contra side executing broker;

(11) Contra side Introducing Broker in the case of a give up agreement, as defined in Rule 4632D(h);

(12) Contra side Clearing Broker (if other than normal Clearing Broker).

(13) For any transaction in an order for which a member has recording and reporting obligations under Rules 6954 and 6955, the trade report must include an order identifier, meeting such parameters as may be prescribed by NASD, assigned to the order that uniquely identifies the order for the date it was received (see Rule 6954(b)(1)).

(e) Reporting Cancelled Trades

(1) Obligation and Party Responsible for Reporting Cancelled Trades

With the exception of trades cancelled by NASD staff in accordance with Rule 11890, members shall report to the System the cancellation of any trade previously submitted to the System. The member responsible under NASD Rules for submitting the original trade report shall submit the cancellation report in accordance with the requirements set forth in paragraph (e)(2).

(2) Deadlines for Reporting Cancelled Trades

Members shall comply with deadlines set forth in Rule 4632D for reporting cancelled trades.

(f) Reporting Certain Transactions for Purposes of Regulatory Transaction Fee Assessment

Reports submitted to the System for the following types of transactions that are assessed a regulatory transaction fee in accordance with Section 3 of Schedule A to the NASD By-Laws must comply with the requirements set forth below. Transactions must be submitted by 6:30 p.m. Eastern Time (or the end of the System reporting session that is in effect at that time).

(1) Odd-Lot Transactions

Reports of transactions for less than a normal unit of trading shall include a modifier of .RO to designate the transaction as submitted for purposes of the regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. Transactions may be entered as clearing or non-clearing.

(2) Away From the Market Sales

Reports of transactions where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security, and consideration is given, shall include a modifier of .RA to designate the transaction as submitted for purposes of the regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. Transactions may be entered as clearing or non-clearing.

(3) Exercises of OTC Options

Reports of transactions effected pursuant to the exercise of an OTC option shall include a modifier of .RX to designate the transaction as submitted for purposes of the regulatory transaction fee under Section 3 of Schedule A to the NASD By-Laws. Transactions may be entered as clearing or non-clearing.

(g) Prohibition on Aggregation of Transaction Reports

Individual executions of orders in a security at the same price may not be aggregated for System reporting purposes.

IM-6130D. Trade Reporting of Short Sales

NASD's short sale rule (Short Sale Rule or Rule 5100) generally prohibits members from effecting short sales in Nasdaq Global Market ("NGM") securities at or below the inside bid when the current inside bid is below the previous inside bid. Rule 6130D(d)(6) requires that members indicate on System reports whether a transaction is a short sale or a short sale exempt transaction ("short sale reporting requirements"). Rule 6130D applies to members that submit reports to the NASD/BSE Trade Reporting Facility not just for NGM securities transactions, but for transactions in all exchange-listed securities. Thus, all short sale transactions in these securities reported to the System must carry a "short sale" indicator (or a "short sale exempt" indicator if it is a short sale transaction in any exchange-listed security that qualifies for an exemption from Rule 5100 or SEC Rule 10a-1).

6140D. Trade Report Processing

All trades submitted to the System must be locked-in trades prior to entry into the System.

6160D. Obligation to Honor Trades

If a Participant is reported by the System as a party to a trade that has been treated as locked-in and sent to DTCC, notwithstanding any other agreement to the contrary, that party shall be obligated to act as a principal to the trade and shall honor such trade on the scheduled settlement date.

6170D. Audit Trail Requirements

The data elements specified in Rule 6130D(d) are critical to NASD's compilation of a transaction audit trail for regulatory purposes. As such, all member firms utilizing the trade reporting service of the System have an ongoing obligation to input 6130D(d) information accurately and completely.

6180D. Violation of Reporting Rules

Failure of a Participant or person associated with a Participant to comply with any of the rules or requirements of the System may be considered conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of Rule 2110.

6190D. Termination of Access

NASD may, upon notice, terminate access to the trade reporting service of the System as to a Participant in the event that a Participant fails to abide by any of the rules or operating procedures of the trade reporting service of the System or NASD, or fails to honor contractual agreements entered into with NASD or its subsidiaries or the Participant Application Agreement, or fails to pay promptly for services rendered by the trade reporting service of the System.

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