

OMB APPROVAL

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

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

File No. SR - 2007 - 020
Amendment No.

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

Initial ☒	Amendment ☐	Withdrawal ☐	Section 19(b)(2) ☐	Section 19(b)(3)(A) ☒	Section 19(b)(3)(B) ☐
Pilot ☐			Rule		
Extension of Time Period for Commission Action ☐			☐ 19b-4(f)(1) ☐ 19b-4(f)(4) ☐ 19b-4(f)(2) ☐ 19b-4(f)(5) ☐ 19b-4(f)(3) ☒ 19b-4(f)(6)		
Date Expires 					

Exhibit 2 Sent As Paper Document
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Exhibit 3 Sent As Paper Document
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Description

Provide a brief description of the proposed rule change (limit 250 characters).

Proposed Rule Change to Revise the Implementation Date of Previously Proposed Amendments to NASD Rules 4632(f) and 6130(e)

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 Associate 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 03/05/2007

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 EDFS website.

Form 19b-4 Information

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

Exhibit 1 - Notice of Proposed Rule Change

Add

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

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

Add

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

Exhibit Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

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Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ the National Association of Securities Dealers, Inc. (“NASD”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to revise the implementation date of certain amendments to the NASD/Nasdaq Trade Reporting Facility (the “NASD/Nasdaq TRF”) rules that were previously proposed by NASD pursuant to SR-NASD-2007-002.² Specifically, NASD is proposing to implement the amendments to Rule 4632(f) and Rule 6130(e) regarding aggregation of trades for purposes of reporting to the NASD/Nasdaq TRF on the Regulation NMS Trading Phase Date, March 5, 2007.³

Below is the text of the proposed rule change, as it appeared in SR-NASD-2007-002.⁴ Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4632. Transaction Reporting

(a) through (e) No Change.

(f) Prohibition on Aggregation of Transaction Reports

¹ 15 U.S.C. 78s(b)(1).

² See Securities Exchange Act Release No. 55101 (January 12, 2007), 72 FR 2568 (January 19, 2007) (notice of filing and immediate effectiveness of SR-NASD-2007-002).

³ See Securities Exchange Act Release No. 55160 (January 24, 2007), 72 FR 4202 (January 30, 2007) (SEC File No. S7-10-04).

⁴ See Securities Exchange Act Release No. 55101 (January 12, 2007), 72 FR 2568 (January 19, 2007) (notice of filing and immediate effectiveness of SR-NASD-2007-002).

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

[(1) Under the following conditions, individual executions of orders in a security at the same price may be aggregated, for transaction reporting purposes, into a single transaction report. Individual transactions in convertible debt securities cannot be aggregated pursuant to this paragraph.]

[(A) Orders received prior to the opening of the reporting member's market in the security and simultaneously executed at the opening. Also, orders received during a trading or quotation halt in the security and executed simultaneously when trading or quotations resume. In no event shall a member delay its opening or resumption of quotations for the purpose of aggregating transactions.]

[Example:]

[A firm receives, prior to its market opening, several market orders to sell which total 10,000 shares. All such orders are simultaneously executed at the opening at a reported price of 40.]

[REPORT 10,000 shares at 40.]

[(B) Simultaneous executions by the member of customer transactions at the same price, e.g., a number of limit orders being executed at the same time when a limit price has been reached.]

[Example:]

[A firm has several customer limit orders to sell that total 10,000 shares at a limit price of 40. That price is reached and all such orders are executed simultaneously.]

[REPORT 10,000 shares at 40.]

[(C) Orders relayed to the trading department of the reporting member for simultaneous execution at the same price.]

[Example:]

[A firm purchases a block of 50,000 shares from an institution at a reported price of 40.]

[REPORT 50,000 at 40.]

[Subsequently, one of the firm's branch offices transmits to the firm's trading department for execution customer buy orders in the security totaling 12,500 shares at a reported price of 40.]

[REPORT 12,500 at 40.]

[Subsequently, another branch office transmits to the firm's trading department for execution customer buy orders totaling 15,000 shares in the security at a reported price of 40.]

[REPORT 15,000 at 40.]

[Example:]

[Due to a major change in market conditions, a firm's trading department receives from a branch office for execution customer market orders to sell totaling 10,000 shares. All are executed at a reported price of 40.]

[REPORT 10,000 at 40.]

[(D) Orders received or initiated by the reporting member that are impractical to report individually and are executed at the same price within 60 seconds of execution of the initial transaction; provided however, that no individual order of 10,000 shares or more may be aggregated in a transaction report and that the aggregated transaction report shall be made within 90 seconds of the initial execution reported therein. Furthermore, it is not permissible for a member to withhold reporting a trade in anticipation of aggregating the transaction with other transactions. The limitation on aggregating individual orders of 10,000 shares or more for a particular security shall not apply on the first day of secondary market trading of an IPO for that security.]

[Examples:]

[A reporting member receives and executes the following orders at the following times and desires to aggregate reports to the maximum extent permitted under this Rule.]

[First Example]

[11:01:00 500 shares at 40]

[11:01:05 500 shares at 40]

[11:01:10 9,000 shares at 40]

[11:01:15 500 shares at 40]

[REPORT 10,500 shares at 40 within ninety seconds of 11:01.]

[Second Example]

[11:01:00 100 shares at 40]

[11:01:10 11,000 shares at 40]

[11:01:30 300 shares at 40]

[REPORT 400 shares within ninety seconds of 11:01 and 11,000 shares within ninety seconds of 11:01:10 (individual transactions of 10,000 shares or more must be reported separately).]

[Third Example]

[11:01:00 100 shares at 40]

[11:01:15 500 shares at 40]

[11:01:30 200 shares at 40]

[11:02:30 400 shares at 40]

[REPORT 800 shares at 40 within ninety seconds of 11:01 and 400 shares at 40 within ninety seconds of 11:02:30 (the last trade is not within sixty seconds of the first and must, therefore, be reported separately).]

[(2) The reporting member shall identify aggregated transaction reports and order tickets of aggregated trades in a manner directed by NASD.]

(g) No Change.

* * * * *

6130. Trade Report Input

(a) through (d) No Change.

(e) Aggregation of Transaction Reports for Clearing Purposes Only

Individual executions of orders in a security at the same price and with the identical contra party may be aggregated[, for System reporting purposes,] into a single report and submitted to the System for purposes of clearing only [if the transactions are with the identical contra party]; provided, however, that a Reporting Party may not withhold reporting a trade in anticipation of aggregating the transaction with other transactions.

(f) through (g) No Change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved and authorized for filing with the Commission by the NASD Markets, Services and Information Committee at its meeting on February 1, 2006. The Board of Governors of NASD had an opportunity to review the proposed rule change at its meeting on February 1, 2006. No other action by NASD is necessary for the filing of the proposed rule change. Section 1(a)(ii) of Article VII of the NASD By-Laws permits the Board of Governors of NASD to adopt amendments to NASD rules without recourse to the membership for approval.

NASD has filed the proposed rule change for immediate effectiveness. NASD proposes to implement the amendments to Rules 4632(f) and 6130(e) on the Regulation NMS Trading Phase Date, March 5, 2007.

3. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

Background

On January 8, 2007, NASD filed proposed rule change SR-NASD-2007-002, which proposed to make conforming changes to the transaction reporting rules relating to the NASD/Nasdaq TRF consistent with the new requirements of Regulation NMS under the Act. Among other changes, NASD proposed to amend Rule 4632(f) to expressly prohibit a member from aggregating individual executions of orders in a security at the same price into a single transaction report for tape purposes. As stated in SR-NASD-2007-002, NASD has determined that prohibiting the bunching of transactions when reporting to an NASD facility helps ensure greater transparency of individual transactions. However, for purposes of trades that are not printed to the tape, NASD proposed to amend Rule 6130(e) to continue to permit members – for clearing purposes only – to aggregate individual executions of orders in a security at the same price with the identical contra party and submit a single report to the System.⁵

These amendments are consistent with recent amendments to the reporting rules relating to NASD's Alternative Display Facility ("ADF"). Pursuant to SR-NASD-2006-091, NASD proposed to amend Rule 4632A(f) to expressly prohibit aggregation of individual execution of orders in a security at the same price into a single transaction report. The effective date of SR-NASD-2006-091 is the Regulation NMS Trading Phase

⁵ "System" is defined in Rule 6110 to mean the NASD/Nasdaq TRF, the OTC Reporting Facility and the ITS/CAES System.

Date.⁶

To ensure consistency across NASD facilities, NASD is proposing to implement the amendments to Rules 4632(f) and 6130(e) on the Regulation NMS Trading Phase Date, which, as noted above, is the implementation date for similar amendments to the ADF rules.⁷ All other changes that were proposed in SR-NASD-2007-002 will become effective on the Pilot Stocks Phase Date, as set forth in that filing.

NASD is clarifying that proposed Rule 4632(f) is intended to prohibit only the aggregation of multiple executions into a single transaction report using the “.B” modifier for purposes of transaction reporting to the NASD/Nasdaq TRF. It will not apply to the matching or crossing of multiple orders in a single execution (e.g., via an ATS or broker-dealer order management system). Today, such single executions are not submitted to the NASD/Nasdaq TRF as bunched or aggregated transaction reports using the “.B” modifier and thus, are not affected by the proposed rule change.

As noted in Item 2 of this filing, NASD has filed the proposed rule change for immediate effectiveness. NASD proposes to implement the amendments to Rules 4632(f) and 6130(e) on the Regulation NMS Trading Phase Date, March 5, 2007.

(b) Statutory Basis

⁶ See Securities Exchange Act Release No. 54537 (September 28, 2006), 71 FR 59173 (October 6, 2006) (order approving SR-NASD-2006-091). See also NASD Notice to Members 06-67 (November 2006) announcing the effective date of SR-NASD-2006-091.

⁷ The rules relating to the NASD/NSX Trade Reporting Facility, the NASD/BSE Trade Reporting Facility and the NASD/NYSE Trade Reporting Facility prohibit the aggregation of trades for purposes of reporting.

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ which requires, among other things, that NASD rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that the proposed rule will enhance the consistency of the trade reporting rules applicable to NASD facilities and will ensure greater transparency of individual transactions.

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

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

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act and paragraph (f)(6) of Rule 19b-4 thereunder,⁹ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days

⁸ 15 U.S.C. 78o-3(b)(6).

⁹ 17 CFR 240.19b-4(f)(6).

after filing. NASD believes that the filing is appropriately designated as “non-controversial” because the proposed implementation date is consistent with the implementation date of similar amendments to the ADF rules relating to the aggregation of trades for trade reporting purposes, which were subject to notice and comment and approved by the SEC on September 28, 2006.¹⁰

In accordance with Rule 19b-4, NASD submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing. NASD requests that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii).¹¹ If such waiver is granted by the Commission, the amendments to Rules 4632(f) and 6130(e) will be operative on the Regulation NMS Trading Phase Date, March 5, 2007.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

¹⁰ See Securities Exchange Act Release No. 34-54537 (September 28, 2006), 71 FR 59173 (October 6, 2006) (order approving SR-NASD-2006-091).

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2007-020)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise the Implementation Date of Previously Proposed Amendments to NASD Rules 4632(f) and 6130(e)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on , the National Association of Securities Dealers, Inc. (“NASD”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD. NASD has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

NASD is proposing to revise the implementation date of certain amendments to the NASD/Nasdaq Trade Reporting Facility (the “NASD/Nasdaq TRF”) rules that were

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4.

previously proposed by NASD pursuant to SR-NASD-2007-002.⁴ Specifically, NASD is proposing to implement the amendments to Rule 4632(f) and Rule 6130(e) regarding aggregation of trades for purposes of reporting to the NASD/Nasdaq TRF on the Regulation NMS Trading Phase Date, March 5, 2007.⁵

Below is the text of the proposed rule change, as it appeared in SR-NASD-2007-002.⁶ Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4632. Transaction Reporting

(a) through (e) No Change.

(f) 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/Nasdaq Trade Reporting Facility, into a single transaction report.

[(1) Under the following conditions, individual executions of orders in a security at the same price may be aggregated, for transaction reporting purposes, into a single transaction report. Individual transactions in convertible debt securities cannot be aggregated pursuant to this paragraph.]

⁴ See Securities Exchange Act Release No. 55101 (January 12, 2007), 72 FR 2568 (January 19, 2007) (notice of filing and immediate effectiveness of SR-NASD-2007-002).

⁵ See Securities Exchange Act Release No. 55160 (January 24, 2007), 72 FR 4202 (January 30, 2007) (SEC File No. S7-10-04).

⁶ See Securities Exchange Act Release No. 55101 (January 12, 2007), 72 FR 2568 (January 19, 2007) (notice of filing and immediate effectiveness of SR-NASD-2007-002).

[(A) Orders received prior to the opening of the reporting member's market in the security and simultaneously executed at the opening. Also, orders received during a trading or quotation halt in the security and executed simultaneously when trading or quotations resume. In no event shall a member delay its opening or resumption of quotations for the purpose of aggregating transactions.]

[Example:]

[A firm receives, prior to its market opening, several market orders to sell which total 10,000 shares. All such orders are simultaneously executed at the opening at a reported price of 40.]

[REPORT 10,000 shares at 40.]

[(B) Simultaneous executions by the member of customer transactions at the same price, e.g., a number of limit orders being executed at the same time when a limit price has been reached.]

[Example:]

[A firm has several customer limit orders to sell that total 10,000 shares at a limit price of 40. That price is reached and all such orders are executed simultaneously.]

[REPORT 10,000 shares at 40.]

[(C) Orders relayed to the trading department of the reporting member for simultaneous execution at the same price.]

[Example:]

[A firm purchases a block of 50,000 shares from an institution at a reported price of 40.]

[REPORT 50,000 at 40.]

[Subsequently, one of the firm's branch offices transmits to the firm's trading department for execution customer buy orders in the security totaling 12,500 shares at a reported price of 40.]

[REPORT 12,500 at 40.]

[Subsequently, another branch office transmits to the firm's trading department for execution customer buy orders totaling 15,000 shares in the security at a reported price of 40.]

[REPORT 15,000 at 40.]

[Example:]

[Due to a major change in market conditions, a firm's trading department receives from a branch office for execution customer market orders to sell totaling 10,000 shares. All are executed at a reported price of 40.]

[REPORT 10,000 at 40.]

[(D) Orders received or initiated by the reporting member that are impractical to report individually and are executed at the same price within 60 seconds of execution of the initial transaction; provided however, that no individual order of 10,000 shares or more may be aggregated in a transaction report and that the aggregated transaction report shall be made within 90 seconds of the initial execution reported

therein. Furthermore, it is not permissible for a member to withhold reporting a trade in anticipation of aggregating the transaction with other transactions. The limitation on aggregating individual orders of 10,000 shares or more for a particular security shall not apply on the first day of secondary market trading of an IPO for that security.]

[Examples:]

[A reporting member receives and executes the following orders at the following times and desires to aggregate reports to the maximum extent permitted under this Rule.]

[First Example]

[11:01:00 500 shares at 40]

[11:01:05 500 shares at 40]

[11:01:10 9,000 shares at 40]

[11:01:15 500 shares at 40]

[REPORT 10,500 shares at 40 within ninety seconds of 11:01.]

[Second Example]

[11:01:00 100 shares at 40]

[11:01:10 11,000 shares at 40]

[11:01:30 300 shares at 40]

[REPORT 400 shares within ninety seconds of 11:01 and 11,000 shares within ninety seconds of 11:01:10 (individual transactions of 10,000 shares or more must be reported separately).]

[Third Example]

[11:01:00 100 shares at 40]

[11:01:15 500 shares at 40]

[11:01:30 200 shares at 40]

[11:02:30 400 shares at 40]

[REPORT 800 shares at 40 within ninety seconds of 11:01 and 400 shares at 40 within ninety seconds of 11:02:30 (the last trade is not within sixty seconds of the first and must, therefore, be reported separately).]

[(2) The reporting member shall identify aggregated transaction reports and order tickets of aggregated trades in a manner directed by NASD.]

(g) No Change.

* * * * *

6130. Trade Report Input

(a) through (d) No Change.

(e) Aggregation of Transaction Reports for Clearing Purposes Only

Individual executions of orders in a security at the same price and with the identical contra party may be aggregated[, for System reporting purposes,] into a single report and submitted to the System for purposes of clearing only [if the transactions are with the identical contra party]; provided, however, that a Reporting Party may not withhold reporting a trade in anticipation of aggregating the transaction with other transactions.

(f) through (g) No Change.

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NASD included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NASD has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On January 8, 2007, NASD filed proposed rule change SR-NASD-2007-002, which proposed to make conforming changes to the transaction reporting rules relating to the NASD/Nasdaq TRF consistent with the new requirements of Regulation NMS under the Act. Among other changes, NASD proposed to amend Rule 4632(f) to expressly prohibit a member from aggregating individual executions of orders in a security at the same price into a single transaction report for tape purposes. As stated in SR-NASD-2007-002, NASD has determined that prohibiting the bunching of transactions when reporting to an NASD facility helps ensure greater transparency of individual transactions. However, for purposes of trades that are not printed to the tape, NASD proposed to amend Rule 6130(e) to continue to permit members – for clearing purposes only – to aggregate individual executions of orders in a security at the same price with the identical contra party and submit a single report to the System.⁷

These amendments are consistent with recent amendments to the reporting rules

⁷ “System” is defined in Rule 6110 to mean the NASD/Nasdaq TRF, the OTC Reporting Facility and the ITS/CAES System.

relating to NASD's Alternative Display Facility ("ADF"). Pursuant to SR-NASD-2006-091, NASD proposed to amend Rule 4632A(f) to expressly prohibit aggregation of individual execution of orders in a security at the same price into a single transaction report. The effective date of SR-NASD-2006-091 is the Regulation NMS Trading Phase Date.⁸

To ensure consistency across NASD facilities, NASD is proposing to implement the amendments to Rules 4632(f) and 6130(e) on the Regulation NMS Trading Phase Date, which, as noted above, is the implementation date for similar amendments to the ADF rules.⁹ All other changes that were proposed in SR-NASD-2007-002 will become effective on the Pilot Stocks Phase Date, as set forth in that filing.

NASD is clarifying that proposed Rule 4632(f) is intended to prohibit only the aggregation of multiple executions into a single transaction report using the ".B" modifier for purposes of transaction reporting to the NASD/Nasdaq TRF. It will not apply to the matching or crossing of multiple orders in a single execution (e.g., via an ATS or broker-dealer order management system). Today, such single executions are not submitted to the NASD/Nasdaq TRF as bunched or aggregated transaction reports using the ".B" modifier and thus, are not affected by the proposed rule change.

⁸ See Securities Exchange Act Release No. 54537 (September 28, 2006), 71 FR 59173 (October 6, 2006) (order approving SR-NASD-2006-091). See also NASD Notice to Members 06-67 (November 2006) announcing the effective date of SR-NASD-2006-091.

⁹ The rules relating to the NASD/NSX Trade Reporting Facility, the NASD/BSE Trade Reporting Facility and the NASD/NYSE Trade Reporting Facility prohibit the aggregation of trades for purposes of reporting.

NASD has filed the proposed rule change for immediate effectiveness. NASD proposes to implement the amendments to Rules 4632(f) and 6130(e) on the Regulation NMS Trading Phase Date, March 5, 2007.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁰ which requires, among other things, that NASD rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that the proposed rule will enhance the consistency of the trade reporting rules applicable to NASD facilities and will ensure greater transparency of individual transactions.

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

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

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed,

¹⁰ 15 U.S.C. 78o-3(b)(6).

or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.¹¹ NASD believes that the filing is appropriately designated as “non-controversial” because the proposed implementation date is consistent with the implementation date of similar amendments to the ADF rules relating to the aggregation of trades for trade reporting purposes, which were subject to notice and comment and approved by the SEC on September 28, 2006.¹²

In accordance with Rule 19b-4, NASD submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing. NASD has requested that the Commission waive the requirement that the rule change, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii).¹³ If such waiver is granted by the Commission, the amendments to Rules 4632(f) and 6130(e) will be operative on the Regulation NMS Trading Phase Date, March 5, 2007.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with

¹¹ 17 CFR 240.19b-4(f)(6).

¹² See Securities Exchange Act Release No. 34-54537 (September 28, 2006), 71 FR 59173 (October 6, 2006) (order approving SR-NASD-2006-091).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASD-2007-020 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NASD-2007-020. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of NASD.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only

information that you wish to make available publicly. All submissions should refer to File Number SR-NASD-2007-020 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Nancy M. Morris

Secretary

¹⁴ 17 CFR 200.30-3(a)(12).