

OMB APPROVAL

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

File No. SR - 2007 - 028

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) ☐

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)

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

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).

Proposed rule change to amend Rules 6951 and 6954 to require members that transmit an intermarket sweep order ("ISO") to another member, electronic communications network, non-member, or exchange to record and report the fact that the order was an ISO.

Contact Information

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

First Name Last Name
Title
E-mail
Telephone Fax

Signature

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

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

Date

By
(Name)

(Title)

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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

Exhibit 1 - Notice of Proposed Rule Change

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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Exhibit Sent As Paper Document

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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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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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 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 amend NASD Rules 6951 and 6954 to require members that transmit an intermarket sweep order (“ISO”) to another member, electronic communications network, non-member, or exchange to record and report the fact that the order was an ISO. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.²

* * * * *

6950. ORDER AUDIT TRAIL SYSTEM

6951. Definitions

For purposes of the Rule 6950 Series:

(a) through (g) No change.

(h) “Intermarket sweep order” shall have the same meaning as contained in SEC

Rule 600(b)(30) adopted pursuant to the Act.

(h) through (n) are renumbered as (i) through (o).

¹ 15 U.S.C. 78s(b)(1).

² The following proposed rule language shows the changes proposed in this filing with the changes to NASD Rule 6951 approved by the Commission on October 10, 2006. See Exchange Act Release No. 54585 (October 10, 2006); 71 FR 61112 (October 17, 2006) (SR-NASD-2005-101). The effective date for the changes approved by the Commission on October 10, 2006, is February 4, 2008. See Exchange Act Release No. 55440 (March 9, 2007), 72 FR 12852 (March 19, 2007) (SR-NASD-2007-019).

* * * * *

6954. Recording of Order Information

(a) through (b) No change.

(c) Order Transmittal

Order information required to be recorded under this Rule when an order is transmitted includes the following.

(1) No change.

(2) When a member electronically transmits an order to another member, other than an order transmitted electronically for execution on an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (iv) No change.

(v) the date and time the order is transmitted, [and]

(vi) the number of shares to which the transmission applies, [;] and

(vii) whether the order is an intermarket sweep order; and

(B) No change.

(3) When a member electronically transmits an order for execution on an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (v) No change.

(vi) the date and time the order is transmitted, [and]

(vii) the number of shares to which the transmission applies, [;] and

(viii) whether the order is an intermarket sweep order; and

(B) No change.

(4) When a member manually transmits an order to another member, other than to an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (vi) No change.

(vii) the number of shares to which the transmission applies, [and]

(viii) for each order to be included in a bunched order, the bunched order route indicator assigned to the bunched order by the Reporting Member, [;] and

(ix) whether the order is an intermarket sweep order; and

(B) No change.

(5) When a member manually transmits an order to an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (vi) No change.

(vii) the number of shares to which the transmission applies, [and]

(viii) for each order to be included in a bunched order, the

bunched order route indicator assigned to the bunched order by the Reporting Member₁[;] and

(ix) whether the order is an intermarket sweep order; and

(B) No change.

(6) When a member transmits an order to a non-member, including but not limited to a national securities exchange, the Reporting Member shall record:

(A) through (G) No change.

(H) the routed order identifier or other unique identifier required by the non-member receiving the order, as applicable, [and]

(I) identification of the non-member where the trade was transmitted, and[.]

(J) whether the order is an intermarket sweep order.

(d) No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change to amend certain NASD rules as necessary to effectuate Regulation NMS was approved by the NASD Markets, Services and Information Committee at its meeting on February 1, 2006, which authorized the filing of the rule change with the SEC. 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 will announce the effective date of the proposed rule change in a Notice to Members to be published no later than 60 days following Commission approval. The effective date will be February 4, 2008, to coincide with other changes to the Order Audit Trail System (“OATS”) rules approved by the Commission on October 10, 2006.

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

(a) Purpose

NASD Rules 6950 through 6958 (“OATS Rules”) impose obligations on member firms to record in electronic form and report to NASD on a daily basis certain information regarding orders in Nasdaq-listed securities originated, received, transmitted, modified, canceled, or executed by NASD members.³ NASD integrates the OATS information with quote and transaction information to create a time-sequenced record of orders, quotes, and transactions. This information is critical to NASD in conducting surveillance and investigations of members for violations of NASD rules and the federal securities laws.

On June 9, 2005, the Commission adopted Regulation NMS, which established

³ Beginning on February 4, 2008, members also will be required to record and report order information regarding all OTC equity securities, as defined in NASD Rule 6951. See Exchange Act Release No. 54585 (October 10, 2006); 71 FR 61112 (October 17, 2006) (SR-NASD-2005-101); NASD Notice to Members 06-70 (December 2006); see also Exchange Act Release No. 55440 (March 9, 2007), 72 FR 12852 (March 19, 2007) (SR-NASD-2007-019).

new substantive rules designed to modernize and strengthen the regulatory structure of the U.S. equities markets.⁴ Among other things, Regulation NMS adopted an Order Protection Rule (SEC Rule 611) that requires trading centers to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution of trades at prices inferior to protected quotations displayed by automated trading centers, subject to applicable exceptions. One of the exceptions from the Order Protection Rule is when the transaction that constitutes a trade-through⁵ is “the execution of an order identified as an intermarket sweep order.”⁶

The purpose of the proposed rule change is to require member firms to record the fact that an order in an OATS-eligible security is an ISO when the member routes an ISO to another member or non-member. The member would be required to include this

⁴ Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

⁵ A “trade-through” is “the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer.” See 17 CFR 242.600(b)(77).

⁶ See 17 CFR 242.611(b)(5). The phrase “intermarket sweep order” is defined in SEC Rule 600(b)(30) as “a limit order for an NMS stock that meets the following requirements: (i) When routed to a trading center, the limit order is identified as an intermarket sweep order; and (ii) Simultaneously with the routing of the limit order identified as an intermarket sweep order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the NMS stock with a price that is superior to the limit price of the limit order identified as an intermarket sweep order. These additional routed orders must also be marked as intermarket sweep orders.” The proposed rule change adopts this same definition of intermarket sweep order for purposes of the OATS Rules.

information in the Route Report it submits to NASD pursuant to the OATS Rules.⁷ This requirement will ensure that NASD knows that the order was an ISO and can utilize that information when reviewing audit trails to ensure compliance with Regulation NMS.⁸

As noted in Item 2 of this filing, NASD will announce the effective date of the proposed rule change in a Notice to Members to be published no later than 60 days following Commission approval. The effective date will be February 4, 2008, to coincide with the changes to the OATS Rules approved by the Commission on October 10, 2006.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁹ which requires, among other things, that NASD rules must 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

⁷ When a member transmits an order in an OATS-eligible security to another member, electronic communications network, non-member, or exchange for handling or execution, the routing member is required to submit a Route Report to NASD. The categories of information that a member must include in a Route Report are set forth in NASD Rule 6954(c) and in the OATS Reporting Technical Specifications published by NASD.

⁸ Members are also required to submit New Order Reports when they receive an order in an OATS-eligible security. NASD Rule 6954(b) and the OATS Reporting Technical Specifications set forth the information that a member must include in a New Order Report. NASD Rule 6954(b)(15) already requires members to include “special handling requests, specified by [NASD] for purposes of this Rule.” Pursuant to that provision, the most recent version of the OATS Reporting Technical Specifications includes a new special handling code for ISOs in New Order Reports. Because NASD Rule 6954(b) already provides NASD with the authority to establish a new code for ISOs in New Order Reports, the proposed rule filing does not address that portion of the rule and only seeks to establish a new code for ISOs in Route Reports under NASD Rule 6954(c).

⁹ 15 U.S.C. 78o-3(b)(6).

interest. NASD believes that the proposed rule change will enhance OATS data and ensure that NASD is able to monitor compliance with Regulation NMS in a more effective manner.

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

NASD does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.¹⁰

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

Not applicable.

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 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2007-028)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing of Proposed Rule Change Relating to the Order Audit Trail System

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. 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 amend Rules 6951 and 6954 to require members that transmit an intermarket sweep order (“ISO”) to another member, electronic communications network, non-member, or exchange to record and report the fact that the order was an ISO. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The following proposed rule language shows the changes proposed in this filing with the changes to NASD Rule 6951 approved by the Commission on October 10, 2006. See Exchange Act Release No. 54585 (October 10, 2006); 71 FR 61112 (October 17, 2006) (SR-NASD-2005-101). The effective date for the changes approved by the Commission on October 10, 2006, is February 4, 2008.

* * * * *

6950. ORDER AUDIT TRAIL SYSTEM

6951. Definitions

For purposes of the Rule 6950 Series:

(a) through (g) No change.

(h) “Intermarket sweep order” shall have the same meaning as contained in SEC Rule 600(b)(30) adopted pursuant to the Act.

(h) through (n) are renumbered as (i) through (o).

* * * * *

6954. Recording of Order Information

(a) through (b) No change.

(c) Order Transmittal

Order information required to be recorded under this Rule when an order is transmitted includes the following.

(1) No change.

(2) When a member electronically transmits an order to another member, other than an order transmitted electronically for execution on an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (iv) No change.

(v) the date and time the order is transmitted, [and]

See Exchange Act Release No. 55440 (March 9, 2007), 72 FR 12852 (March 19, 2007) (SR-NASD-2007-019).

(vi) the number of shares to which the transmission applies, [;] and

(vii) whether the order is an intermarket sweep order; and

(B) No change.

(3) When a member electronically transmits an order for execution on an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (v) No change.

(vi) the date and time the order is transmitted, [and]

(vii) the number of shares to which the transmission applies, [;] and

(viii) whether the order is an intermarket sweep order; and

(B) No change.

(4) When a member manually transmits an order to another member, other than to an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (vi) No change.

(vii) the number of shares to which the transmission applies, [and]

(viii) for each order to be included in a bunched order, the bunched order route indicator assigned to the bunched order by the Reporting Member, [;] and

(ix) whether the order is an intermarket sweep order; and

(B) No change.

(5) When a member manually transmits an order to an Electronic Communications Network:

(A) the transmitting Reporting Member shall record:

(i) through (vi) No change.

(vii) the number of shares to which the transmission applies, [and]

(viii) for each order to be included in a bunched order, the bunched order route indicator assigned to the bunched order by the Reporting Member₁[:]; and

(ix) whether the order is an intermarket sweep order; and

(B) No change.

(6) When a member transmits an order to a non-member, including but not limited to a national securities exchange, the Reporting Member shall record:

(A) through (G) No change.

(H) the routed order identifier or other unique identifier required by the non-member receiving the order, as applicable, [and]

(I) identification of the non-member where the trade was transmitted, and[.]

(J) whether the order is an intermarket sweep order.

(d) 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

NASD Rules 6950 through 6958 ("OATS Rules") impose obligations on member firms to record in electronic form and report to NASD on a daily basis certain information regarding orders in Nasdaq-listed securities originated, received, transmitted, modified, canceled, or executed by NASD members.⁴ NASD integrates the OATS information with quote and transaction information to create a time-sequenced record of orders, quotes, and transactions. This information is critical to NASD in conducting surveillance and investigations of members for violations of NASD rules and the federal securities laws.

On June 9, 2005, the Commission adopted Regulation NMS, which established new substantive rules designed to modernize and strengthen the regulatory structure of

⁴ Beginning on February 4, 2008, members also will be required to record and report order information regarding all OTC equity securities, as defined in NASD Rule 6951. See Exchange Act Release No. 54585 (October 10, 2006); 71 FR 61112 (October 17, 2006) (SR-NASD-2005-101); NASD Notice to Members 06-70 (December 2006); see also Exchange Act Release No. 55440 (March 9, 2007), 72 FR 12852 (March 19, 2007) (SR-NASD-2007-019).

the U.S. equities markets.⁵ Among other things, Regulation NMS adopted an Order Protection Rule (SEC Rule 611) that requires trading centers to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution of trades at prices inferior to protected quotations displayed by automated trading centers, subject to applicable exceptions. One of the exceptions from the Order Protection Rule is when the transaction that constitutes a trade-through⁶ is “the execution of an order identified as an intermarket sweep order.”⁷

The purpose of the proposed rule change is to require member firms to record the fact that an order in an OATS-eligible security is an ISO when the member routes an ISO to another member or non-member. The member would be required to include this information in the Route Report it submits to NASD pursuant to the OATS Rules.⁸ This

⁵ Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

⁶ A “trade-through” is “the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer.” See 17 CFR 242.600(b)(77).

⁷ See 17 CFR 242.611(b)(5). The phrase “intermarket sweep order” is defined in SEC Rule 600(b)(30) as “a limit order for an NMS stock that meets the following requirements: (i) When routed to a trading center, the limit order is identified as an intermarket sweep order; and (ii) Simultaneously with the routing of the limit order identified as an intermarket sweep order, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the NMS stock with a price that is superior to the limit price of the limit order identified as an intermarket sweep order. These additional routed orders must also be marked as intermarket sweep orders.” The proposed rule change adopts this same definition of intermarket sweep order for purposes of the OATS Rules.

⁸ When a member transmits an order in an OATS-eligible security to another member, electronic communications network, non-member, or exchange for handling or execution, the routing member is required to submit a Route Report to NASD. The categories of information that a member must include in a Route

requirement will ensure that NASD knows that the order was an ISO and can utilize that information when reviewing audit trails to ensure compliance with Regulation NMS.⁹

As noted in Item 2 of this filing, NASD will announce the effective date of the proposed rule change in a Notice to Members to be published no later than 60 days following Commission approval. The effective date will be February 4, 2008, to coincide with the changes to the OATS Rules approved by the Commission on October 10, 2006.

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 must 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 change will enhance OATS data and ensure that NASD is able to monitor compliance with Regulation NMS in a more effective manner.

Report are set forth in NASD Rule 6954(c) and in the OATS Reporting Technical Specifications published by NASD.

⁹ Members are also required to submit New Order Reports when they receive an order in an OATS-eligible security. NASD Rule 6954(b) and the OATS Reporting Technical Specifications set forth the information that a member must include in a New Order Report. NASD Rule 6954(b)(15) already requires members to include “special handling requests, specified by [NASD] for purposes of this Rule.” Pursuant to that provision, the most recent version of the OATS Reporting Technical Specifications includes a new special handling code for ISOs in New Order Reports. Because NASD Rule 6954(b) already provides NASD with the authority to establish a new code for ISOs in New Order Reports, the proposed rule filing does not address that portion of the rule and only seeks to establish a new code for ISOs in Route Reports under NASD Rule 6954(c).

¹⁰ 15 U.S.C. 78o-3(b)(6).

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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 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-2007-028 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-2007-028. 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-2007-028 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.¹¹

Nancy M. Morris

Secretary

¹¹ 17 CFR 200.30-3(a)(12).