Page 1 of 5	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No. SR - 2007 - 028 Amendment No. 1

Proposed Rule Change by National Association of Securities Dealers

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial ☐	Amendment ☑	Withdrawal ☐	Section 19(b)(2) ☑	Section 19(b)(3)(A) ☐	Section 19(b)(3)(B) ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action ☐	Date Expires	19b-4(f)(1) 19b-4(f)(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 Brant   Last Name Brown

Title   Associate General Counsel

E-mail   brant.brown@nasd.com

Telephone (202) 728-6927   Fax   (202) 728-8034

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 05/18/2007

By   Stephanie Dumont   Vice President and Associate General Counsel
              (Name)

                                        (Title)

NOTE: Clicking the button at right will digitally sign and lock
this form. A digital signature is as legally binding as a physical   Stephanie Dumont,
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 EFFS website.

Form 19b-4 Information

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

Exhibit 1 - Notice of Proposed Rule Change

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

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

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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

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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

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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.

NASD is filing with the Securities and Exchange Commission ("SEC" or "Commission") Partial Amendment No. 1 to proposed rule change SR-NASD-2007-028, which was filed on April 17, 2007, to make the changes listed below.

I.   Changes to Form 19b-4

On page 8 of 20, please replace the last sentence in the carryover paragraph to read "One of the exceptions from the Order Protection Rule is when the transaction that constitutes a trade-through[5] is 'effected by a trading center that simultaneously routed an intermarket sweep order to execute against the full displayed size of any protected quotation in the NMS stock that was traded through.'[6]"

On page 8 of 20, in footnote 6, please replace the reference to 17 CFR 242.611(b)(5) with a reference to 17 CFR 242.611(b)(6).

On page 9 of 20, please add the following to the end of the first full paragraph: "Although firms will not be required to begin using the ISO routing method code on Route Reports until February 4, 2008, the code will be available for use by firms beginning on June 11, 2007. Firms are encouraged to use the ISO code on their Route Reports as soon as possible to facilitate NASD's ability to determine whether the trade was made in reliance on an ISO exception from SEC Rule 611. As noted in the December 11, 2006 version of the OATS Reporting Technical Specifications, firms will be required to use the ISO special handling code on New Order Reports upon implementation of SEC Rule 611."

On page 9 of 20, in footnote 8, please replace the next-to-last sentence to read "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,

which would be used when a member relies on the exception from the Order Protection

Rule for a transaction that 'was the execution of an order identified as an intermarket

sweep order.' <u>See</u> 17 CFR 242.611(b)(5)."

II.   <u>Changes to Exhibit 1</u>

On page 16 of 20, please replace the last sentence in the carryover paragraph to

read "One of the exceptions from the Order Protection Rule is when the transaction that

constitutes a trade-through[6] is 'effected by a trading center that simultaneously routed an

intermarket sweep order to execute against the full displayed size of any protected

quotation in the NMS stock that was traded through.'[7]"

On page 16 of 20, in footnote 7, please replace the reference to 17 CFR

242.611(b)(5) with a reference to 17 CFR 242.611(b)(6).

On page 17 of 20, please delete the phrase "As noted in Item 2 of this filing,"

from the first sentence in the first full paragraph.

On page 17 of 20, please add the following to the end of the first full paragraph:

"Although firms will not be required to begin using the ISO routing method code on

Route Reports until February 4, 2008, the code will be available for use by firms

beginning on June 11, 2007. Firms are encouraged to use the ISO code on their Route

Reports as soon as possible to facilitate NASD's ability to determine whether the trade

was made in reliance on an ISO exception from SEC Rule 611. As noted in the

December 11, 2006 version of the <u>OATS Reporting Technical Specifications</u>, firms will

be required to use the ISO special handling code on New Order Reports upon

implementation of SEC Rule 611."

On page 17 of 20, in footnote 9, please replace the next-to-last sentence to read "Pursuant to that provision, the most recent version of the <u>OATS Reporting Technical Specifications</u> includes a new special handling code for ISOs in New Order Reports, which would be used when a member relies on the exception from the Order Protection Rule for a transaction that 'was the execution of an order identified as an intermarket sweep order.' <u>See</u> 17 CFR 242.611(b)(5)."