

Securities Industry and  
Financial Markets Association

November 3, 2006

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Re: File No. SR-NASD-2006-066

Dear Ms. Morris:

The Operations Committee (the “Committee”) of the Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to comment on the NASD proposed rule change that would allow institutional customers conducting a Delivery versus Payment and Receive versus Payment (“DVP/RVP”) business to elect not to receive account statements. The Committee recently commented on a proposed rule change by the New York Stock Exchange, LLC (“NYSE”) strongly supporting similar changes in that market.<sup>2</sup> Accordingly, we fully support this proposal and we urge the Commission to grant prompt approval.

As the Committee indicated in our previous comment letter, due to the nature of DVP/RVP accounts, such accounts generally do not reflect any cash balance or security positions at the end of a quarter because funds or securities are transferred to the clearing firm, prime broker or custodian on the settlement date of the transaction. There are situations, however, such as those arising from fails to receive or deliver, errors, questioned trades, dividend or bond interest entries, when securities or cash positions may appear in an account at the end of a quarter. The NASD filing makes clear that positions of a temporary nature are not deemed security or money positions for purposes

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<sup>1</sup> The Securities Industry and Financial Markets Association brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

<sup>2</sup> See Letter to Nancy M. Morris, Secretary, Securities and Exchange Commission, from Noland Cheng, Chairman, SIA Operations Committee, dated June 16, 2006.

Ms. Nancy Morris  
Secretary  
November 3, 2006  
Page 2

of the rule. It is our understanding that the NYSE intends to issue a similar interpretation in an Information Memo after their rule is adopted.

The Committee appreciates the efforts of the NASD and NYSE to achieve consistency in this important rule change. We urge the Commission to grant prompt approval. If you have questions, or would like to discuss our views further, please contact the undersigned or Richard Bommer, SIFMA Director of Operations, at 212.608.1500.

Sincerely,

Noland Cheng  
Chairman  
SIFMA Operations Committee

CC: Operations Committee