



NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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December 21, 2006

VIA E-MAIL: rule-comments@sec.gov

Nancy M. Morris
U. S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

**Re: File Number S7-18-06
Covered Securities Pursuant to Section 18 of the Securities Act of 1933 and
Rule 146(b), Securities Act Release No. 8754, 71 FR 67762 (Nov. 16, 2006)**

Dear Ms. Morris:

Please consider this a supplemental comment letter to the North American Securities Administrators Association's ("NASAA's") December 21, 2006 comment letter relating to Release 8754, which proposes under Rule 146(b) to designate securities listed on the NASDAQ Capital Market ("NCM") as "covered securities."

NASAA sends this supplemental letter in conjunction with a similar comment letter from the American Bar Association's Business Law Section and its State Regulation of Securities Committee. That contemporaneous ABA comment letter reiterates a recommendation contained on page 3 of that Committee's April 3, 2006 letter (to the original NASDAQ Petition for the NCM) suggesting that the SEC amend Rule 146(b)(1), for the sake of clarity, to provide "covered security" status not only to securities actually listed on the NCM and the other exchanges designated in Rule 146(b)(1), but also to securities which are "authorized for listing" on the NCM and the other exchanges designated by rule.

Nancy M. Morris
December 21, 2006
Page 2

The ABA Committee's letters conclude that such an amendment would correct an apparent oversight in Rule 146 and would provide equivalent language and regulatory treatment for exchanges designated under Rule 146(b) and those designated statutorily in Section 18(b)(1) under the Securities Act of 1933.

NASAA does not oppose the ABA Committee's recommendation. Most states have laws, rules, or policies that resolve this issue in a manner consistent with the approach identified in the ABA Committee's letters. Because these matters affect state law, we appreciate the opportunity to comment.

Thank you for considering these supplemental comments. Should you have any questions on this matter, please contact Rex Staples, NASAA General Counsel, at rs@nasaa.org or (202) 737-0900, or Michael Stevenson, Director of the Washington Securities Division and Chairperson of the NASAA Corporation Finance Section Committee, at mstevenson@dfi.wa.gov or (360) 902-8797.

Sincerely,

A handwritten signature in black ink, appearing to read "J. P. Borg". The signature is stylized with a large initial "J" and a long horizontal stroke at the end.

Joseph P. Borg
NASAA President and
Director, Alabama Securities Commission