



**CANADIAN SECURITY TRADERS ASSOCIATION, INC.**  
**P.O. Box 3, 31 Adelaide Street East**  
**Toronto, Ontario M5C 2H8**

**DECEMBER 1, 2006**

**BY EMAIL**

**Ms. Nancy M. Morris**  
**Secretary**  
**U.S. Securities and Exchange Commission**  
**100 F Street, NE**  
**Washington, D.C. 20549-1090**

**Re: Notice of National Association of Securities Dealers, Inc. Filing of  
Proposed Rule Change Relating to Amendments to Rule 2320(g) and Corresponding  
Recordkeeping Requirements Under Rule 3110(b)  
[Release No. 34-54650; File No. SR-NASD-2004-130]**

**Dear Ms. Morris:**

The Canadian Securities Traders Association, Inc. (CSTA) welcomes the opportunity to comment on the proposed Amendments to NASD rules 2320(g) and 3110(b), As you know, NASD is proposing to amend and the Three Quote Rule, and the corresponding recordkeeping requirements, to exclude from the Three Quote Rule's coverage transactions in foreign securities of a foreign issuer that are part of the FTSE All-World Index. We believe this amendment to the rule will aid broker-dealers in fulfilling their obligations of best execution of customer orders. however we do have concerns with the proposed withdrawal of the present exemption, as noted in the TSX comment letter, "We believe that withdrawing the existing exemptions for Canadian securities is unwarranted and will likely make it more difficult for firms to obtain best execution for the vast majority of securities that are listed on Canadian exchanges and, under the existing exemptions, are currently not subject to the Three Quote Rule , we urge that the NASD either retain the existing exemptions from the Three Quote Rule for customer transactions in Canadian securities executed on a Canadian exchange or alternatively expand the proposed exemption to cover customer transactions in any foreign security executed on the exchange that is the primary trading market for the security". .

CSTA is a national association of over 850 professional security traders, through our affiliates, Institutional Equity Traders Assoc. of Toronto, Association des Arbitragistes Institutionnels de Montreal and Vancouver Security Traders Assoc. and represent the interests of the trading community and institutional investors and we are an affiliate of the Security Traders Association

**The CSTA endorses the comment letters from the TSX Group, the Security Traders Association and Canaccord Capital Corp and doing so respectfully urges the SEC not to approve the changes unless the exemption is maintained or that the amendment is modified to include the relief provided by the exemptions. Please don't hesitate to call me at 705 9241877 if you have any questions.**

**Yours respectfully**

*/s/ GEORGE W LENNON*

**George W Lennon  
President**