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WULFF, HANSEN & Co.

ESTABLISHED 1931  
INVESTMENT BANKERS  
351 CALIFORNIA STREET, SUITE 1000  
SAN FRANCISCO 94104  
(415) 421-8900

September 7, 2006

Nancy M. Morris, Secretary,  
Securities and Exchange Commission,  
100 F Street, NE.  
Washington, DC 20549-0609.

Re: Comment on File No. SR-NASD-2006-060

Dear Ms. Morris:

We wish to comment on NASD's proposed rule regarding electronic filing. We are especially grateful to the Commission for allowing comment at this time, because **NASD gave Members no opportunity to comment before this proposal was sent to the Commission.**

While we understand and support the general purpose of this rule change, as it may apply to the filings described in the initial proposal, we believe the proposal's over-broad, vague, and open-ended language lays a foundation for future difficulties, and should be amended to avoid subsequent problems for member firms.

Specifically, we believe that an exception should be made for the filing or submission of documents which are created or exist only in paper form. Some such documents are non-electronic by their very nature, while others may be deliberately left only in non-electronic form in order to protect their highly confidential contents from undesired circulation. We realize that the proposed rule may not presently contemplate application to such documents, and may be intended to apply only to a limited range of filings, but the language as written definitely allows for its application to any and all documents, regardless of their nature, at any time in the future, with no further review. For the limited subset of documents which exist only in physical form, we believe application of the rule would be impractical and unreasonable.

To require that documents for which no electronic version exists be manually re-typed into a computer, scanned into an image such as a PDF (wherein the text would be unreadable by electronic means anyway), or otherwise converted to electronic form, simply in order to file them with NASD, would be unduly burdensome and very expensive due to the manual processes involved. In addition, in certain cases it would increase the chance of highly confidential information being improperly circulated or otherwise compromised either within a firm or outside it. If the electronic form were required to be readable by electronic means, it would also mean that firms would be forced to obtain expensive and sophisticated OCR (Optical Character Recognition) hardware and software for the sole purpose of making regulatory filings.

Once again, we recognize and acknowledge that NASD does not presently contemplate application of the rule to such material, but we are concerned that, as proposed, the rule gives it complete discretion to do so in the future. In theory, firms could in future be required to file anything or everything. Therefore, we respectfully suggest that the proposal be returned to NASD so that comments can be solicited from the general membership in order to better understand the proposal's real-world implications. Our own belief is that it should be amended to either:

- A) Apply only to the specific individual filings and documents specified in the submission, and be specifically amended in future if others should need to be added, or
- B) Specifically exclude application of the rule to any documents which do not already exist in electronic form.

We deplore NASD's decision to bypass the comment stage of the rulemaking process, and believe that such methods waste the Commission's time and resources by forcing it to consider proposals which have not been thoroughly vetted before being brought before it.

Respectfully submitted,

  
Chris Charles  
President