

Ms. Katherine A. England  
Assistant Director  
Division of Market Regulation  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-02001

**RE: File No. SR-NASD-2006-060 – Proposed Rule Change to Require Members to File Regulatory Notices With NASD Electronically: Response to Comments**

Dear Ms. England:

NASD hereby responds to the two comment letters<sup>1</sup> received by the Securities and Exchange Commission (“SEC” or “Commission”) in response to the publication in the Federal Register of Notice of Filing of SR-NASD-2006-060 relating to proposed Rule 3170.<sup>2</sup> The public comment period expired on Sept. 12, 2006.

One commenter was in favor of the proposed rule change on the basis that *electronic filing is preferable over paper filing*.<sup>3</sup> The second commenter expressed support for the electronic filing of the specific notices described in the rule filing, but questioned whether the proposed rule change might create subsequent problems.<sup>4</sup> This commenter was concerned that NASD might in the future require documents initially created in paper form to be converted to electronic form. This, in the commenter’s view, could create security problems arising from “undesired circulation” and could require firms to purchase expensive hardware and software in order to comply with NASD filing requirements.

With respect to security issues, proposed Rule 3170 relates only to documents required to be filed with (or otherwise submitted to) NASD, regardless of the confidential nature of their contents. Currently, NASD members are required to file or submit many documents, whether in paper or electronic format, with NASD, either because of a regulatory requirement or a request for documents pursuant to Rule 8210. NASD

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<sup>1</sup> Frank Akridge, Jr., Cambridge Legacy Group (Aug. 31, 2006); Chris Charles, President, Wulff, Hansen & Co. (Sept. 7, 2006).

<sup>2</sup> See Exchange Act Rel. No. 54319 (Aug. 15, 2006), 71 FR 48958 (Aug. 22, 2006).

<sup>3</sup> Frank Akridge, Jr., Cambridge Legacy Group (Aug. 31, 2006).

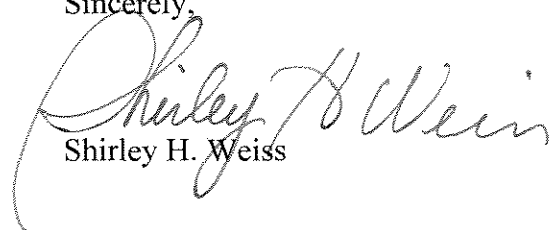
<sup>4</sup> Chris Charles, President, Wulff, Hansen & Co. (Sept. 7, 2006).

respects the confidential nature of these documents regardless of whether they are submitted in paper or electronic format.

Further, there is no basis for this commenter's contention that requiring a particular document to be filed electronically would be unduly burdensome. NASD stated in its rule filing that it believes that the electronic filing of notices is cost-saving and efficient. With respect to those documents that may need to be transmitted electronically to NASD via PDF, NASD intends to accommodate those firms that do not have access to PDF. Further, NASD cannot predict when and how technology requirements will, at some time in the future, change. When those changes occur, however, NASD will consider the economic effect of the new technologies and consult with their members regarding the effect of requiring filings that use those new technologies.

NASD believes that the foregoing fully responds to the issues raised by the commenters to the rule filing. Please feel free to call me at (202) 728-8844 if you wish to discuss this further.

Sincerely,



Shirley H. Weiss

cc: Rose Wells