



August 31, 2006

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: SR-NASD-2006-064
Proposed Rule Change Relating to Extension of Time Requests

Dear Ms. Morris:

Cossé International Securities, Inc. appreciates the opportunity to comment on the above-referenced rule filing by the NASD. The proposed rule change would add new NASD Rule 3160 and require all clearing firm members for which NASD is the designated examining authority ("DEA") to (1) submit to NASD requests for extensions of time under Regulation T of the Federal Reserve Board and SEC Rule 15c3-3(n); and (2) file a monthly report with NASD indicating all broker-dealers for which it clears that have overall ratios of requested extensions to total transactions for the month that exceed certain percentages. We agree with the proposal to require all clearing firm members for which NASD is the DEA to submit requests for extensions of time to the NASD. This letter is being filed in order to comment about the monthly reporting requirement.

Cossé International Securities is a small self-clearing broker-dealer, located in Seattle, Washington, with no branch offices and a total staff of seven. We are a full-service retail firm that engages mostly in agency transactions in listed equities. We do not clear for any other broker-dealers, and we average about 3 requests for Reg T extensions per year.

Proposed NASD Rule 3160(b) would require each clearing firm member for which NASD is the DEA to file a monthly report disclosing information about extension requests made during the month for all broker-dealers that clear through the member. The report would give information by each introducing broker, identifying the number of extension requests made, the total number of transactions, and the percentage ratio of extensions to transactions.

It appears the NASD's intent is to more closely monitor the extensions being made by introducing firms. Much of the discussion in the proposal revolves around the lack of information currently available to the NASD about introducing firms, and what it hopes to accomplish by adopting the Rule. The proposal, however, applies the reporting requirement to all clearing firms, making no distinction between firms that clear for other broker-dealers, and those that clear solely for themselves.

Jonathan G. Katz, Secretary
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The difference is important, in that the NASD states that it already has the information it needs for solely self-clearing firms¹, rendering the reporting requirement for those firms completely unnecessary.

Since the NASD would gain no additional information from reports filed by solely self-clearing firms, we believe that this proposal imposes an undue burden on those firms, with no related benefit. We request, therefore, that the proposed rule be amended to distinguish between firms that clear for others and those that do not, and that the monthly reporting requirement be applied solely to the first type of firm, and not the second.

Thank you for the opportunity to comment on this proposed rule change. If you have questions or would like to discuss our comments further, please contact the undersigned at 206-624-6651.

Very truly yours,

Dennis A. Young
Vice President/Treasurer

¹ “NASD currently is able to compute the ratio of extensions requested to transactions for clearing firms based on information provided in the extension requests and FOCUS report data, however, NASD would use the information submitted by the clearing firms in the new monthly report to monitor introducing firms’ compliance with the anticipated 3% threshold.”