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April 17, 2007

Via Electronic Submission

Nancy Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Notice of Filing of Proposed Rule Change to Amend the By-Laws of NASD to Implement
Governance and Related Changes to Accommodate the Consolidation of the Member Firm

Dear Ms. Morris:

The Vanguard Group¹ appreciates the opportunity to comment on NASD's proposal to amend its By-Laws to achieve consolidation of the member firm regulatory functions of NASD and NYSE Regulation, Inc. The notice of NASD's filing of its proposed rule change² identifies how consolidation of NASD and NYSE Regulation will encourage efficiency and cost savings and eliminate overlap and inconsistency. Vanguard believes that the proposed regulatory consolidation of NASD and NYSE Regulation will benefit investors by streamlining regulation and simplifying compliance with a unified set of regulations.

As discussed in the Notice, the securities industry has changed in significant ways that have compelled a reassessment of the self-regulatory organization ("SRO") model as it applies to broker-dealers in the U.S. In today's environment, the dual regulator structure with two distinct rulebooks has caused unnecessary redundancy, complication and, at times, conflict, undermining basic SRO objectives of effectively and efficiently protecting the capital markets and investors.

The entity merger and associated rule harmonization set forth in the Notice, establishing a uniform regulatory standard with one set of rules, will eliminate inconsistent interpretations of regulations and create greater efficiency for large and small firms. Balanced representation of industry and non-industry members, as well as large and small firms, will reflect a broad spectrum of industry experience and preserve the constructive feedback of non-industry participants. Investors will be beneficiaries of these changes.

¹ The Vanguard Group, Inc. ("Vanguard") headquartered in Valley Forge, Pennsylvania, is the nation's second largest mutual fund firm. Vanguard manages more than \$1.15 trillion in U.S. mutual fund assets, including \$300 billion in employer sponsored retirement plans. Vanguard offers more than 140 funds to U.S. investors and 40 additional funds in foreign markets.

² *Notice of Filing of Proposed Rule Change to Amend the By-Laws of NASD to Implement Governance and Related Changes to Accommodate the Consolidation of the Member Firm Regulatory Functions of NASD and NYSE Regulation, Inc.*, Securities Exchange Act Release 34-55495 (hereinafter "Notice").

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We look forward to the initiation of this unified SRO. If you would like to discuss these comments further, or if you have any questions, please feel free to contact me at (610) 503-5663.

Sincerely,

Ari Gabinet
Principal, Securities Regulation

cc: John J. Brennan, Chairman and Chief Executive Officer
Heidi Stam, Esq., General Counsel and Managing Director