



May 29, 2007

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

Re: **File No. SR-NASD-2007-023 – Response to Comments**

Dear Ms. Morris:

This letter responds to comments received by the Securities and Exchange Commission (“SEC” or “Commission”) to the above-referenced filing, a proposed rule change to amend the By-Laws of NASD (“By-Laws” or “NASD By-Laws”) to implement governance and related changes to accommodate the planned consolidation of the member firm regulatory operations of NASD and NYSE Regulation, Inc. (“NYSE Regulation”) into NASD, operating under a new name (“New SRO”). The proposed rule change was published for comment in the Federal Register on March 26, 2007.¹

The Commission received 73 comment letters in response to the proposed rule change.² Commenters represented a broad spectrum of NASD membership, as well as various trade organizations, members of the public and one state securities regulator. Most of the commenters opposed the proposed rule change, addressing either the language of the proposed By-Laws or the procedures by which they were adopted. A broad cross-section of commenters supported the proposed rule change, among them several representatives of small firms, the nation’s second largest mutual fund firm, the Securities Industry and Financial Markets Association (“SIFMA”), the Financial Services Institute (“FSI”), the National Association of Independent Broker/Dealers (“NAIBD”) and the North American Securities Administrators Association (“NASAA”).

Comments directed specifically at the language of the proposed By-Laws addressed three primary issues.³ First, commenters focused most intently on whether the proposed By-Law

¹ Securities Exchange Act Release No. 55495 (March 20, 2007), 72 FR 14149 (March 26, 2007).

² See Exhibit 1. The Commission also posted to its Web site four additional letters it received prior to the filing of the proposed rule change and an NASD letter in response to the arbitration issues raised in those advance submissions. See Exhibit 2.

³ NASD and the New York Stock Exchange LLC (“NYSE”) expect to submit additional rule filings to the Commission in connection with the consolidation, including a filing by

changes would assure members of New SRO fair representation in the selection of the New SRO Board and in the administration of the entity's affairs. Those opposed to the proposal contended that the By-Law changes fall short of the fair representation mandate of Section 15A(b)(4) of the Exchange Act. Second, a few commenters asserted that NASD failed to comply with existing By-Law time period requirements to approve a By-Law change. Finally, one commenter raised concerns regarding the By-Law definitions for the two seats on the New SRO Board of Governors designated for representatives of an investment company affiliate and either an independent dealer or insurance company affiliate.

NASD has carefully considered these comments, but upon such consideration and analysis believes that they are unpersuasive and lacking as a basis for the Commission to deny approval of the proposed rule change. The proposed By-Law changes fully meet the statutory requirement for fair representation. Indeed, the proposed New SRO By-Laws would provide members with representation and participation that exceed that of members of other self-regulatory organizations whose governance rules have previously been approved by the Commission. With respect to the time periods to approve By-Law changes, NASD acted consistent with state law procedures, which provide an alternative means to propose and adopt certain corporate governance changes. Finally, language in the proxy materials and historical context clarify those eligible for the Investment Company Affiliate and Independent Dealer/Insurance Company Affiliate seats on the Board of Governors.

In addition to comments specific to the language of the proposed rule change, several letters raised other concerns about the consolidation and member approval of the By-Law changes. Some commenters contended that the proxy process lacked clarity or transparency. Other commenters questioned either the propriety or derivation of the \$35,000 payment to be made to members upon close of the transaction. And more generally, certain commenters

NASD proposing to incorporate by reference certain rules of NYSE relating to the regulation of member firm conduct; such rules would be applied solely to members of New SRO that also are members of NYSE on or after the date of closing, until such time as New SRO adopts, subject to SEC approval, a consolidated rule book. NASD and NYSE also will be submitting an Agreement pursuant to Rule 17d-2 under the Securities Exchange Act of 1934 ("Exchange Act") proposing to allocate certain regulatory responsibilities between the two organizations. In addition, assuming the SEC's approval of this proposed rule change, NASD expects to file amendments to its Certificate of Incorporation with the SEC, and amendments to the Uniform Registration Forms to reflect its new name.

NYSE recently filed a proposed rule change to provide guidance regarding new and pending arbitration claims in light of the consolidation of NYSE Regulation's arbitration department with that of NASD Dispute Resolution, Inc. *See* SR-NYSE-2007-48. NASD further anticipates NYSE's filing a proposed rule change to mandate New SRO membership for certain NYSE-only member firms.

asserted that the consolidation will result in less investor protection because it would “eliminate” a regulator. NASD takes issue with these comments and addresses them below.

Fair Representation

The proposed rule change sets forth in full detail the composition of the New SRO Board and the nomination, election and appointment processes to populate that Board and the nominating committee. For the purposes of this response to comments, the most relevant aspects of the proposed governance structure are summarized as follows:

The proposed rule change would create a New SRO Board structure that balances public and industry participation and designates certain Governor seats for firms of various sizes and with particular business models. For the first three years (the “Transitional Period”), the Board would be comprised of 23 governors: eleven “Public Governors,” ten “Industry Governors,” and the Chief Executive Officers (“CEOs”) of NASD and NYSE Regulation. The eleven Public Governors must have no material business relationship with a broker or dealer or an SRO registered under the Exchange Act. Of the ten Industry Governors: (1) three would be registered with a member that employs 500 or more registered persons (“Large Firm Governors”); (2) one would be registered with a member that employs at least 151 and no more than 499 registered persons (“Mid-Size Firm Governor”); (3) three would be registered with a member that employs at least one and no more than 150 registered persons (“Small Firm Governors”); (4) one would be associated with a floor member of the New York Stock Exchange (“Floor Member Governor”); (5) one would be associated with an independent dealer or insurance affiliate (“Independent Dealer/Insurance Affiliate Governor”); and (6) one would be associated with an investment company affiliate (“Investment Company Affiliate Governor”). After the Transitional Period, the seat for the CEO of NYSE Regulation would terminate and the authorized number of Governors would be reduced to 22. The Board could increase its size up to 25 Governors, provided that the number of Public Governors always must exceed the number of Industry Governors.⁴

Under the proposal, the Small, Mid-Size and Large Firm Governors initially would be nominated by one or both of the preexisting NASD Board of Governors (“NASD Board”) and the Board of Directors of NYSE Group (“NYSE Group Board”), depending on the category. Members of corresponding size could nominate additional candidates through a petition process and would elect the Governors in their respective category. The NASD Board and NYSE Group Board each would appoint five Public Governors; one Public Governor would be jointly appointed; the NYSE Group Board would appoint the Floor Member Governor; the NASD

⁴ The proposed By-Laws state that the Board size may be no fewer than 16 nor more than 25 Governors. However, as one commenter pointed out, as a practical matter the Board cannot have fewer than 22 Governors due to the number of designated Industry Governor seats and the requirement that Public Governors exceed the number of Industry Governors. Thus, absent the filing of a proposed rule change, there would be a minimum number of 10 Industry Governors, 11 Public Governors, plus the CEO of New SRO.

Board would appoint the Independent/Insurance Affiliate Governor; and the two Boards would jointly appoint the Investment Company Affiliate Governor.⁵ After the Transitional Period, a nominating committee determined by the then-constituted New SRO Board would be responsible for nominating persons for appointment or election to the New SRO Board, while members would retain the right to put forth alternative candidates for their designated seats.

Commenters expressed concerns with the proposed governance structure, even while many of them supported the combination of the two regulatory groups. Some commenters contended that the New SRO Board would have insufficient industry representation, while others objected to the number of Governors that would be appointed rather than elected. However, commenters complained most vehemently that the proposed rule change would abolish the current “one-member-one-vote” governance structure and the existing right to elect all of the NASD Board seats (with the exception of the Chair of the National Adjudicatory Council and NASD CEO, who hold seats based on position).

Collectively, those commenters essentially urged the Commission to require New SRO to adopt their preferred alternative governance structure, one with greater industry representation and greater voting rights for members in the selection of the Board as opposed to the carefully balanced and calibrated governance structure that was approved by a majority of the membership. The relevant inquiry for the Commission on this topic is whether the proposed governance structure adopted by the NASD Board – itself the product of a one-member-one-vote system – and approved by a majority of the membership with equal voting rights, meets the statutory requirement of “fair representation” pursuant to Section 15A(b)(4) of the Exchange Act. That provision mandates that a registered securities association “assure a fair representation of its members in the selection of its directors and the administration of its affairs and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of the association, broker, or dealer.” NASD believes that by any reasonable measure – and by all measures previously employed by the Commission to assess compliance

⁵ Effective as of closing of the transaction, the NYSE Group Board and the NASD Board in office prior to the closing will appoint the Public Governors and Industry Governors that they, either individually or jointly, have the power to appoint. The Public Governors will hold office for the Transitional Period. The three Large Firm Governors, three Small Firm Governors and one Mid-Size Governor will be elected as Governors at the first annual meeting of members following the closing, which is expected to be held within ninety days after closing of the transaction and will hold office until the first annual meeting of members following the Transitional Period. During the interim period from closing of the transaction until the annual meeting, these seven seats will be filled by three interim Industry Governors appointed by the NASD Board prior to the closing of the transaction from industry governors currently on the NASD Board, three interim Industry Governors appointed by the NYSE Group Board and one interim Industry Governor jointly appointed by the NYSE Group Board and the NASD Board prior to the closing of the transaction.

with the fair representation standard – the proposed rule change satisfies the statutory requirement.

The proposed governance structure ensures that at least 40% of the New SRO Board will be comprised of industry representatives.⁶ Thus, the proposal ensures substantial industry representation, while still maintaining the overall independence of the New SRO Board and the numerical dominance of Public Governors. The proposal further allows members to elect at least 28% of the total number of directors and maintains a one-member-one-vote system for all By-Law changes. In addition, the proposed governance structure ensures diversity of member representation on the Board by guaranteeing certain seats for different size firms and those with particular business models. In this regard, NASD notes that small firm representation will increase from one to three guaranteed seats. Moreover, the proposed composition of and selection process for the Small Firm Governors and Large Firm Governors are identical, ensuring fairness and balance between those firms that make up the largest percentage of membership and those firms that employ the largest percentage of the registered representative population. These components, together with the significant participation by members in multiple advisory capacities and the disciplinary process of New SRO, establish a governance structure that comfortably fits within the parameters the Commission has previously articulated to comply with the fair representation requirement.

The Commission previously approved governance structures that provided for less member representation in the selection of an SRO's directors and administration of its affairs than NASD has proposed here. For example, in a February 2006 order approving the business combination between the New York Stock Exchange, Inc. and Archipelago Holdings, Inc., the Commission found that a parallel fair representation standard for exchanges pursuant to Section 6(b)(3) of the Exchange Act had been met by a requirement that members elect 20% of the *wholly independent* boards of directors of New York Stock Exchange LLC and NYSE Regulation and a provision allowing members to nominate directly candidates for those seats through a petition process.⁷ In so doing, the Commission affirmed that the fair representation standard does not even preclude an exchange or association from having a board of directors without *any* direct member representation, a structure it had earlier approved with respect to a fully independent NYSE predecessor board.⁸ In marked contrast, the current proposed rule change would guarantee substantial direct member participation on the New SRO Board – a minimum of ten seats – and permit members to elect a higher percentage of the total Board seats.

⁶ NASD believes that the presence of no fewer than 11 Public Governors, none of which may have a material relationship with a broker or dealer or registered SRO, satisfies the requirement to have at least one director representative of issuers and investors.

⁷ Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11251 (March 6, 2006) (File No. SR-NYSE-2005-77) ("NYSE Regulation Approval").

⁸ Securities Exchange Act Release No. 48946 (December 17, 2003), 68 FR 74678 (December 24, 2003).

Member representation on the proposed New SRO Board also would exceed that of the Nasdaq Stock Market LLC, whose Board of Directors is similarly comprised of only 20% member representatives. In its January 13, 2006 order approving Nasdaq's exchange registration, the Commission expressly stated that 20% member representation and the means by which those directors are elected – and members do not elect directors other than the member representatives – satisfied the fair representation standard.⁹ Further, the proposed New SRO governance structure is comparable to the composition of other SRO boards of directors, such as the Chicago Stock Exchange (12 directors: six public, five “participant” and the CEO) and the International Securities Exchange (14 directors: eight non-industry and six market participants allocated by business types).

The Commission also has found relevant to the determination of compliance with the fair representation requirement member participation on advisory committees and in the organization's disciplinary processes.¹⁰ To that end, NASD notes that New SRO intends to maintain the extensive member involvement in the administration of New SRO's affairs through representation on District Committees, Standing Committees, the Advisory Council (consisting of the Chairs of the District Committees and the Market Regulation Committee), the Small Firm Advisory Board, disciplinary hearing panels and the National Adjudicatory Council.

Commenters asserting that New SRO should have more elected Board members seemingly fail to appreciate that the proposed governance structure strikes a balance between the necessity of overall independence and the desire for substantial, meaningful and diverse industry representation. The proposed rule change provides for the Small Firm, Mid-Size Firm and Large Firm Governors to be elected by firms of corresponding size, each with an equal vote; all other Governor seats would be appointed by the New SRO Board (and during the Transitional Period, by the predecessor NASD and NYSE Group Boards). The proposal further would establish a Nominating Committee that would nominate candidates for each seat other than that of the CEO. The Nominating Committee would be a subset of the Board determined in number and composition by the Board from time to time, provided that the number of Public Governors on the committee must always equal or exceed the number of Industry Governors on it.¹¹ Significantly, members also may petition to place alternative candidates on the ballot for their respective member-elected seats.

⁹ Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

¹⁰ NYSE Regulation Approval, 71 FR at 11260-61.

¹¹ The Nominating Committee must be comprised of a minority of the entire New SRO Board (i.e., at least one less than half of the New SRO Board), and the New SRO CEO may not be a member of the Nominating Committee.

In context of the overall proposed governance structure, NASD believes the election and appointment process is consistent with the fair representation standard. It reserves for members the ability to nominate and elect a percentage of the Board – at least 28% – that alone would satisfy the fair representation standard for the reasons explained above. Yet the proposed rule change provides for three additional industry seats and the potential for member-elected Governors to serve on the committee to nominate those seats. In fact, the expectation is that at least 20% of the Nominating Committee will be comprised of Industry Governors. As a trade-off to the substantial industry participation on the Board and to maintain its overall independence, NASD believes it reasonable and sensible to ensure that public members are selected by a nominating committee and that the Board is not dominated by the industry. The Investment Company Affiliate, Independent Dealer/Insurance Affiliate and Floor Member Governors represent seats with distinct business models that are important in informing the deliberations of the Board. To that end, the governance structure reflects a process of vetting by the Nominating Committee and appointment by the Board for the purpose of ensuring that the Governors serving in those seats will be in the best position to provide that subject matter expertise.

Time Period for By-Law Changes

Some commenters contended that NASD failed to follow its existing By-Law procedures for adopting amendments to those By-Laws. Article XVI of the NASD By-Laws provides that an amendment to the By-Laws be approved by a majority of the members voting within 30 days after the date of submission to the membership. These commenters noted that the proposed amendments were submitted to members on December 14, 2006 and that the vote approving the By-Law changes occurred more than 30 days later, on January 19, 2007.

While Article XVI of the NASD By-Laws provides a procedure for obtaining member approval of amendments to the By-Laws, that procedure does not purport to be the exclusive means by which member approval of amendments to the By-Laws must be obtained. Article XXI of the NASD By-Laws permits special meetings of the membership. Members of a Delaware non-stock corporation, including NASD, may take action at an annual or special meeting held pursuant to 8 Del. C. § 211(a) or, unless otherwise restricted by such corporation's certificate of incorporation, by written consent pursuant to 8 Del. C. § 228. The Article XVI By-Law procedure did not eliminate the ability of NASD members under Article XXI and other applicable law to approve changes to the By-Laws at an otherwise validly convened meeting of the members of NASD.¹²

Independent Dealer/Insurance Affiliate and Investment Company Affiliate Governors

One commenter noted confusion in the proposed rule change with respect to the eligibility for the seats of Investment Company Affiliate Governor and the Independent Dealer/Insurance Affiliate Governor. By way of clarification, those two seats are intended to ensure representation on the New SRO Board for certain segments of the securities industry,

¹² See 8 Del. C. § 109(a).

carrying forward their presence on the NASD Board since at least 1998. The proposed rule change would slightly modify the existing NASD Board structure in that the independent dealer seat would be an alternative to the insurance seat, rather than an alternative to the regional retail firm seat, which has been incorporated into the guaranteed seats for various sized firms. This change has been instituted to reflect the increasing similarity in business models between independent dealers and insurance companies, both of which typically provide their services through independent contractors. The proposed rule change would thus reserve one Board seat to represent that independent channel.

To the extent the Independent Dealer/Insurance Affiliate Governor seat is filled by an independent dealer, such firm would be a broker-dealer member of New SRO, as it has been on the NASD Board. With respect to the insurance and investment companies, NASD notes that those segments of the industry undertake their operations through a wide variety of affiliated entities, some of which have broker-dealer components. To that end, the description of those seats in the proxy document refer repeatedly to affiliates of such companies, recognizing that the most appropriate representative for those slots may come from anywhere within the insurance or investment company complex. Thus, the proposed rule change is intended to continue the presence on the New SRO Board of representatives from the particular business models of independent dealers/insurance companies and investment companies and to provide the Nominating Committee the flexibility to fill those Board seats with the best available candidates affiliated with a firm from those industry segments.

Diversity of Regulators

A few commenters asserted that the consolidation would result in less investor protection by reducing the number and diversity of regulators overseeing the industry. NASD believes those commenters give far too little weight to the substantial benefits the combination will achieve – greater efficiencies, clarity and cost savings in the regulation of the financial markets – and overstate the value of a second, duplicative regulator. Investors ultimately will be better protected by a single, more efficient regulator administering a single streamlined set of rules with the combined resources of two talent-filled and dedicated organizations. For example, rather than have two sets of examiners looking at the same conduct at the same firms, New SRO will be able to leverage the best technologies of the two existing organizations, complementary examiner expertise and a combined enforcement staff to look at more aspects of more firms – and to do so more effectively. And of course the SEC and state securities regulators will remain as additional sets of eyes to augment and, in the case of the SEC, to oversee New SRO's efforts.

Other Issues

Some commenters also raised concerns about the completeness of the proxy and certain statements by NASD management regarding the potential consequences of failing to approve the proposed By-Law changes.

These contentions lack merit. As an initial matter, NASD believes that the member vote process raised all of the issues now being raised by these commenters, and subjected all of these

issues to lively debate in advance of the member vote. The members received communications from NASD favoring the transaction, as well as communications from groups opposing the transaction. This process occurred over a five week period, and included 28 town-hall meetings, conference calls, mailings, emails and telephone calls. NASD provided access to its member contact list to groups opposing the transaction, and thereby affording these groups the opportunity to raise all of the issues to the membership. The member firms approved the By-Law amendments after being able to consider all of these same arguments in opposition.

Moreover, the proxy statement contained an extensive discussion of the negotiations with NYSE, the rationale for the \$35,000 payment, and how the By-Law changes would affect the voting rights of NASD members. Statements by NASD prior to the member vote were consistent with the proxy statement. Further, the proxy statement and NASD management properly noted that if members did not approve the By-Law amendments, the Commission could step in and address reform of SROs on its own terms. This possibility was reaffirmed in *Standard Investment Chartered, Inc. v. National Association of Securities Dealers, Inc.*,¹³ a recent decision dismissing a challenge to the pending regulatory consolidation. In holding that the plaintiff failed to exhaust its administrative remedies, the court noted that pursuant to section 19(c) of the Exchange Act, the Commission had the authority to “impose the By-Law amendments at issue here without a vote of the NASD membership, or under section 19(b) to disapprove a proposed By-Law amendment that was unanimously approved by the NASD membership.”¹⁴ Accordingly, there is nothing inaccurate or incomplete about such statements by NASD management.

Some commenters additionally questioned either the propriety or derivation of the \$35,000 payment to be made to members upon close of the transaction. These concerns are similarly misplaced. As the proxy statement clearly explained, NASD would pay each member \$35,000 based on expected future incremental cash flows that would result from the regulatory consolidation. The payments would fall within public IRS guidance, and the proxy statement made clear that the payments would be made by NASD. Thus, there is no basis for questioning the propriety or derivation of the payments.

¹³ *Standard Investment Chartered, Inc. v. National Association of Securities Dealers, Inc.*, No. 07 Civ. 2014, 2007 U.S. Dist. LEXIS 32566 (S.D.N.Y. May 2, 2007).

¹⁴ 2007 U.S. Dist. LEXIS 32566, at *18-19.

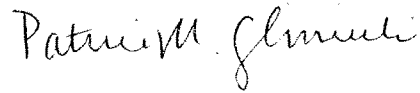
Ms. Nancy M. Morris

May 29, 2007

Page 10

NASD believes that the foregoing fully responds to the significant comments on the proposed rule change. If you have any questions, please call me at (202) 728-8014 or Philip Shaikun, Associate Vice President and Associate General Counsel, at (202) 728-8451.

Very truly yours,

A handwritten signature in cursive script, reading "Patrice M. Gliniecki".

Patrice M. Gliniecki

Senior Vice President and Deputy General Counsel

Comments Received in Response to SR-NASD-2007-023

1. Peter J. Chepucavage, General Counsel, Plexus Consulting, on behalf of the International Association of Small Broker Dealers and Advisors (March 26, 2007)
2. John B. Busacca, III, Financial Industry Association (March 28, 2007)
3. Robert Keenan, CEO, St. Bernard Financial Services, Inc. (March 28, 2007)
4. Donald R. Hawks, President, Alpha Business Control Systems (March 28, 2007)
5. Daniel W. Roberts, NASD District No. 1 Committee Member (March 29, 2007)
6. Joel Blumenschein, President, EZ Stocks, Inc. (March 29, 2007)
7. Charles Botzum, III (March 29, 2007)
8. Judith Schapiro, MBA (March 30, 2007)
9. Joseph Kosinsky, MBA (April 2, 2007)
10. Michael Jordan, Control Officer (April 4, 2007)
11. Gretchen Harriman-Thiessen (April 4, 2007)
12. Jack D. Jester (April 5, 2007)
13. Bob and Linda King (April 7, 2007)
14. Les Greenberg, Esq. (April 8, 2007)
15. Les Greenberg, Esq. (April 11, 2007)
16. Douglas W. Schriener, CEO, Harrison Douglas, Inc. (April 11, 2007)
17. Gary L. Flater, CEO (April 12, 2007)
18. Kevin J. High, CEO (April 12, 2007)
19. Chester Hebert, CEO, CIM Securities, LLC (April 12, 2007)

20. Alan Vande Weerd, CFP, Eagle One Investments, LLC (April 12, 2007)
21. Martin J. Cohen, CFP (April 12, 2007)
22. Mary M. Eitel (April 12, 2007)
23. Eric B. Arnold, CFP, EA, President, Fenwick Securities, Inc. (April 12, 2007)
24. Sennett Kirk, Kirk Securities Corporation (April 12, 2007)
25. Luke C. Schunk, Registered Representative (April 12, 2007)
26. Robert Keenan, CEO, St. Bernard Financial Services, Inc. (April 13, 2007)
27. Francis D de Leeuw (April 13, 2007)
28. Jerome S. Keenan, Vice President, International Equities Services Inc. (April 13, 2007)
29. Wayne A. Schultz, Esq. (April 13, 2007)
30. Peter M. Elish, President, Elish, Inc. (April 13, 2007)
31. John Q., NASD Member (April 13, 2007)
32. Edward A. H. Siedle, Esq., President, Benchmark Financial Services, Inc. (April 13, 2007)
33. Tom Hanson (April 13, 2007)
34. Warren R. Horney, Vice President, WFP Securities Corporation (April 13, 2007)
35. Dan Mayfield (April 13, 2007)
36. Sam P. Solomon, NASD Member (April 13, 2007)
37. Corey N. Callaway, CFP, CHfC, CFS, President, Callaway Financial Services, Inc. (April 13, 2007)
38. John E. Schooler, CFP, CHfC, CFS, President, WFP Securities (April 13, 2007)

39. Ronald Patterson, President, Southcoast Investment Group, Inc. (April 13, 2007)
40. Craig Biddick, President, Mission Securities Corporation (April 13, 2007)
41. Gary L. Haney, CEO, United Insurance Group, Inc. (April 14, 2007)
42. Mike Miller, CPA, President, Miller Financial Corp. (April 15, 2007)
43. Mike Miller, CPA, President, Miller Financial Corp. (April 15, 2007)
44. E. John Moloney, President and CEO, Moloney Securities Co., Inc. (April 15, 2007)
45. David Isolano, CEO, Max International Broker Dealer Corp. (April 16, 2007)
46. Mary M. Eitel (April 16, 2007)
47. Albert Kramer, President, Kramer Securities Corporation (April 16, 2007)
48. Johnny Q. Member (April 16, 2007)
49. Johnny Q. Member (April 16, 2007)
50. Ira D. Hammerman, Senior Managing Director and General Counsel, Securities Industry and Financial Markets Association (SIFMA) (April 16, 2007)
51. David W. Stringer, President, Prospera Financial Services, Inc. (April 16, 2007)
52. Bonnie K. Wachtel (April 16, 2007)
53. Deborah Castiglioni, CEO, Cutter & Company, Inc. (April 16, 2007)
54. Lisa Roth, Chairman, National Association of Independent Broker-Dealers (NAIBD) (April 16, 2007)
55. Donald R. Penrod, President, Penrod and Company (April 16, 2007)
56. William C. Alsover, Chairman, Centennial Securities Company, LLC (April 16, 2007)
57. William A. Johnstone, President and CEO, D.A. Davidson & Co. (April 16, 2007)

58. Mark S. Casady, Chairman and CEO, Linsco/Private Ledger Corporation (April 16, 2007)
59. Dale E. Brown, CAE, Executive Director and CEO, Financial Services Institute (April 16, 2007)
60. Steven B. Caruso, President, Public Investors Arbitration Bar Association (April 16, 2007)
61. Charlie Cray, Director, Center for Corporate Policy (April 16, 2007)
62. Kathryn L. Lundgren (April 16, 2007)
63. Howard Spindel, Senior Managing Director, Integrated Management Solutions (April 16, 2007)
64. Walter S. Robertson, III, President and CEO, Scott & Stringfellow, Inc. (April 16, 2007)
65. M. LaRae Bakerink, CEO, WBB Securities, LLC (April 16, 2007)
66. William R. Pictor, Jr., President, Trubee, Collins & Co., Inc. (April 16, 2007)
67. I.P. Daily (April 16, 2007)
68. Ari Gabinet, Principal, The Vanguard Group, Inc. (April 17, 2007)
69. Joseph P. Borg, President and Director, North American Securities Administrators Association, Inc. (NASAA), Alabama Securities Commission (April 17, 2007)
70. William F. Galvin, Secretary of the Commonwealth, Massachusetts Securities Division, Commonwealth of Massachusetts (April 18, 2007)
71. Michael J. Mungenast, CEO and President, ProEquities, Inc. (April 23, 2007)
72. Joan Hinchman, Executive Director, President and CEO, National Society of Compliance Professionals (April 26, 2007)
73. Jonathan W. Cuneo, Esq. and Richard D. Greenfield, Esq., on behalf of Benchmark Financial Services, Inc. and Standard Investment Chartered, Inc. (May 4, 2007)

Comments Received Prior to the Submission of SR-NASD-2007-023

1. Franco Mortarotti, Zermatt Capital Management (December 11, 2006)
2. Samuel F. Lek, Lek Securities Corporation (December 15, 2006)
3. Mary S. Darcy, Managing Partner, The Darcy Group, LLC (December 21, 2006)
4. The Public Members of Securities Industry Conference on Arbitration (SICA) (January 12, 2007)
5. Linda Fienberg, President, Dispute Resolution, NASD (January 26, 2007)

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