

Mary Yeager
Assistant Secretary

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June 5, 2007

Via email to rule-comments@sec.gov

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-9303

Re: File No. SR-NASD-2007-027; Release No. 34-55697 (May 2, 2007)

Dear Ms. Morris:

The New York Stock Exchange LLC (“NYSE” or “Exchange”) appreciates this opportunity to comment on the NASD’s proposed rule change (SR-NASD-2007-027, the “Proposal”) to allow NASD member firms to voluntarily submit, within six months of the effective date of the Proposal, funds previously accumulated by member firms to satisfy their obligation to remit to the NASD fees related to the fees imposed on the NASD under Section 31 of the Securities Exchange Act of 1934 (“Act”).

The Exchange understands that the Proposal provides member firms a ready and efficient means for having any accumulated funds they hold used for the purpose for which they were originally collected from customers—that is, to permit self-regulatory organizations (“SROs”) to make payment to the Commission of amounts required by Section 31. We question, however, whether there is a nexus between amounts accumulated by NASD member firms and sales effected through facilities of the NASD or Nasdaq (prior to the separation of NASD from Nasdaq and Nasdaq’s registration as an exchange). The NASD survey of its member firms, referred to in the Proposal, identifies no connection between amounts accumulated and specific execution markets. Just as identifying individual customers that paid accumulated funds to member firms “would be virtually impossible” (as stated in the Proposal), we question whether it would be feasible for member firms to correlate each execution market with a specific portion of the accumulated funds held by the firm.¹

¹ The Exchange notes that, prior to direct billing of members and member organizations of Activity Assessment Fees under NYSE Rule 440H as of June 1, 2005, the Exchange utilized “self-reporting” on Form 120-A of amounts payable under Rule 440H, and the Exchange has accumulated amounts so paid in excess of amounts paid by the Exchange to the SEC pursuant to Section 31 of the Act. These amounts represent fees payable in

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For this reason, the Exchange believes the fairest way to address this issue is for all exchanges to adopt procedures similar to those in the Proposal, and to allow a member firm to remit accumulated funds to any SRO of which it is a member. To this end, the Exchange intends to submit a proposed rule change similar to the Proposal that would allow NYSE members and member organizations to remit all or a portion of their accumulated funds to the NYSE to permit the Exchange to make payments required by Section 31.

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If you have any questions regarding the foregoing, please feel free to contact James F. Duffy, Executive Vice President and General Counsel, NYSE Regulation, at (212) 656-5855 or Patrick F. Boyle, Treasurer, NYSE Group, Inc., at (212) 656-5280.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Yeager".

Mary Yeager
Assistant Secretary

connection with sales on the NYSE and, in contrast to member firm accumulated funds, are readily identifiable as to executing market.