

information is kept current, thereby assuring NASD's ability to contact its members in the event of an emergency, as well as supporting members' compliance with certain NASD rules.

Fintegra objected to proposed Rule 1160's 17-business-day time frame for members to verify and update their required contact information after the end of each calendar year. Fintegra suggested that the time frame be shortened to 15 days to align it with the provision in proposed Rule 1160 that would require members to promptly comply with any NASD request for such contact information, but no later than 15 days following the request. The commenter stated that consistent time frames would simplify adherence to the proposed rule and that there appeared to be no justification for the differing compliance timelines.

The two time periods, however, serve different purposes, and NASD believes that retaining the 17-business-day window for the annual verification will aid members' compliance efforts. Firms currently are required to update such information within 17 business days following each quarter,⁶ and therefore are already familiar with the proposed end of year schedule. In addition, the 17-business-day window is consistent with the requirement that a member's FOCUS report be submitted within 17 business days after the end of each calendar quarter. Currently, when members file FOCUS reports each quarter, NASD reminds them of the need to review and update their designated contact information on NCS. NASD intends to continue this practice,

⁶ See Rule 1120(a)(7); Rule 1150; IM-3011-2; Rule 3520(b) (all requiring members to update the contact information required by the respective rules within 17 business days after the end of each calendar quarter).

NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.⁸

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Commission published the proposed rule change in the Federal Register on May 31, 2007. The comment period closed on June 21, 2007. The Commission received two comments in response to the Federal Register publication of the proposal. The comments are summarized above.

6. Extension of Time Period for Commission Action

NASD does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.⁹

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 4. Exhibit 4 shows the full text of the rule change marking changes from the originally filed proposed rule change, with the original language changes shown as if

⁸ 15 U.S.C. 78a.

⁹ 15 U.S.C. 78s(b)(2).

adopted and the new language marked to show additions and deletions.

change remain a quarterly requirement, rather than the proposed 30-day requirement, stating that some firms' electronic filing systems and reminders have been programmed to accommodate a systemic quarterly update. In response, NASD notes that, at least with respect to Rule 1120, IM-3011-2, and Rule 3520, firms currently are required to "promptly" update such information in the event of a change, in addition to being required to review, and if necessary, update the designated contact information on a quarterly basis.⁵ In proposing new Rule 1160, NASD is seeking to clarify the requirement that firms both promptly update such information upon any change, as well as verify the accuracy of the required contact information on an annual basis. Further, NASD is seeking to clarify that any such updates must occur not later than 30 days following the change. As NASD indicated in the initial rule filing, having members update promptly their contact information following a change helps to ensure that such information is kept current, thereby assuring NASD's ability to contact its members in the event of an emergency, as well as supporting members' compliance with certain NASD rules.

Fintegra objected to proposed Rule 1160's 17-business-day time frame for members to verify and update their required contact information after the end of each calendar year. Fintegra suggested that the time frame be shortened to 15 days to align it with the provision in proposed Rule 1160 that would require members to promptly comply with any NASD request for such contact information, but no later than 15 days

⁵ See Rule 1120(a)(7) (Regulatory Element Contact Person), Rule 3011(d) (Anti-Money Laundering Compliance Program), and Rule 3520(b) (Emergency Contact Information). See also Article IV, Section 3 of the NASD By-Laws, addressing procedures for members to change their Executive Representatives.

All submissions should refer to File Number SR-NASD-2007-034. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NASD.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to the File Number SR-NASD-2007-034 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Nancy M. Morris

Secretary

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 4

Below is the text of the proposed rule change marking changes from the originally filed proposed rule change. The original language changes are shown as if adopted and the new language is marked to show additions. Proposed new language is underlined.

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1150. Executive Representative

Each member must identify, review, and, if necessary, update its executive representative designation and contact information as required by Article IV, Section 3 of the NASD By-Laws in the manner prescribed by Rule 1160.

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