

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53653; File No. SR-NASD-2006-035)

April 14, 2006

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Accelerated Approval of Proposed Rule Change Relating to Proposed Amendments to IM 2110-2 to Codify NASD's Existing Position that the Manning Rule applies to All Members, Whether Acting as a Market Maker or Not

On March 6, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change relating to proposed amendments to NASD Interpretive Material 2110-2, Trading Ahead of Customer Limit Order (commonly referred to as the Manning Rule) to state that the rule applies to all members, whether acting as a market maker or not. NASD asked the Commission to grant accelerated approval to the proposed rule change. The Commission stated it would consider granting accelerated approval at the close of a 15-day comment period, and published the proposed rule change for notice and comment in the Federal Register on March 28, 2006.³ The Commission received no comments on the proposal.

The Commission has reviewed carefully the proposed rule change and finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association⁴ and, in particular, the requirements of Section 15A(b)(6) of the Act,⁵ which requires, among other things, NASD's rules be designed to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 53527 (March 21, 2006), 71 FR 15503.

⁴ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78o-3(b)(6).

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The Commission believes that the proposed rule change will improve treatment of customer limit orders and clarify the application of the Manning Rule to non-market makers. The Commission believes the anticipated improved treatment of customer limit orders and the clarification of the application of the Manning Rule to non-market makers will benefit investors and the public interest, and therefore, the Commission finds good cause to approve the proposed rule change prior to the 30th day after publication in the Federal Register.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act⁶, that the proposed rule change (SR-NASD-2006-035) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Nancy M. Morris
Secretary

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).