

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-50848; File No. SR-NASD-2004-133)

December 14, 2004

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Approval of Proposed Rule Change to Amend NASD Rule 9522 (“Initiation of Eligibility Proceeding; Member Regulation Consideration”) to give Member Regulation the Authority to Approve the MC-400 Applications of Statutorily Disqualified Persons Who Will Be Engaged Solely in Clerical and/or Ministerial Activities

On September 1, 2004, 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")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend NASD Rule 9522 (“Initiation of Eligibility Proceeding; Member Regulation Consideration”) to give Member Regulation the authority to approve the MC-400 applications of statutorily disqualified persons who will be engaged solely in clerical and/or ministerial activities. The proposed rule change was published for notice and comment in the Federal Register on November 10, 2004.<sup>3</sup> 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 association<sup>4</sup> and, in particular, the requirements of Section 15A(b)(6) of the Act,<sup>5</sup> which requires, among other things, that NASD's rules be

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 50626 (November 3, 2004), 69 FR 65238.

<sup>4</sup> 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).

<sup>5</sup> 15 U.S.C. 78o-3(b)(6).

designed to 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 also finds the proposed rule change is consistent with Section 15A(b)(8) of the Act,<sup>6</sup> which requires that NASD rules provide a fair procedure for the denial of membership to any person seeking membership therein.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act<sup>7</sup>, that the proposed rule change (SR-NASD-2004-133) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Margaret H. McFarland  
Deputy Secretary

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<sup>6</sup> 15 U.S.C. 78o-3(b)(8).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).