

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53751)

May 2, 2006

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Declaration of Effectiveness of the Fingerprint Plan of the National Association of Securities Dealers, Inc.

On May 1, 2006, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("Commission" or "SEC") an amended fingerprinting plan ("Amended Plan") pursuant to Rule 17f-2(c)¹ under the Securities Exchange Act of 1934 ("Act").² The Amended Plan³ supersedes and replaces the NASD's current fingerprinting plan.⁴

The NASD believes that the Amended Plan will be an improvement over the current NASD fingerprinting plan. It permits the NASD to record in the Central Registration Depository ("CRD") the status of fingerprints submitted to the Attorney General. Through the CRD system, NASD makes available to a member or other securities industry participant that has submitted fingerprints the status and results of such fingerprints after submission to the Attorney General. In addition, the NASD has made other minor clarifying and typographical revisions.

Under the NASD's current fingerprinting plan, members or other securities industry participants submit fingerprints and identifying information, on paper or electronically, to the NASD, which then forwards the cards to the Federal Bureau of

¹ 17 CFR 240.17f-2(c).

² 15 U.S.C. 78a et seq.

³ Attached hereto as Exhibit A.

⁴ The Commission declared the current fingerprint plan of the NASD effective in 1988.

Investigation ("FBI") (the fingerprint processing arm of the Office of the Attorney General of the United States). The FBI identifies submitted fingerprints, retrieves relevant criminal history information, and returns fingerprint reports (including the original paper fingerprint cards, if any) to the NASD. Under the terms of the Amended Plan, the member or other securities industry participant will be able to view the status and results of fingerprints, including any relevant criminal history information, through the CRD system.

The Commission has reviewed the procedures detailed in the Amended Plan and believes that the Amended Plan is consistent with the public interest and the protection of investors. Enabling members or other securities industry participants to view the status and results of fingerprints, including relevant criminal history information, through the CRD system should improve the efficiency of members or other securities industry participants in identifying persons who may be subject to statutory disqualification more rapidly. Thus, the Commission declares the Amended Plan to be effective.

The Commission notes that securities industry fingerprinting procedures are in a state of flux due to rapidly advancing technology. In the event that an industry-wide standard is adopted or becomes prevalent and in the event that this Amended Plan substantially differs therefrom, the Commission would expect the NASD to revise its fingerprinting plan to incorporate the industry-wide standard.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Nancy M. Morris
Secretary

⁵ 17 CFR 200.30-3(a)(17)(iii).

Exhibit A

National Association of Securities Dealers, Incorporated; Fingerprint Plan

National Association of Securities Dealers, Inc. (“NASD”) submits this Fingerprint Plan (“Plan”) pursuant to Rule 17f-2(c) under the Securities Exchange Act of 1934 (“Exchange Act”). This Plan supersedes and replaces the NASD’s Fingerprint Plan approved by the Securities and Exchange Commission (“Commission”) on June 22, 1976, and as amended thereafter.

The purpose of this Plan is to facilitate securities industry participants’ compliance with Section 17(f)(2) of the Exchange Act and Rule 17f-2 thereunder, by providing a facility for securities industry participants to have the fingerprints of their partners, directors, officers, and employees processed by the Attorney General of the United States or his designee (hereinafter “Attorney General”) as required by Section 17(f)(2) and Rule 17f-2, thereunder. NASD, pursuant to a Plan filed with and declared effective by the Commission, processes fingerprint records of securities industry participants as described herein consistent with those provisions.

NASD accepts fingerprints and identifying information from member firms and other securities industry participants required to be fingerprinted pursuant to Rule 17f-2. Securities industry participants may submit fingerprints and identifying information on paper or electronically, provided such submissions are consistent with protocols and requirements established by the Attorney General.

NASD accepts a single set of fingerprints and identifying information for an associated person in lieu of separate fingerprint submissions by affiliated NASD member firms with which the individual is associated in satisfaction of the Section 17(f)(2)

fingerprinting requirement, provided that the NASD affiliate member firms are under common ownership or control as reported on Form BD, and that affiliate information is provided with the initial application for registration.

NASD transmits fingerprints and identifying information, on paper or electronically, to the Attorney General for identification and processing, consistent with protocols and requirements established by the Attorney General.

NASD receives processed results from the Attorney General (on paper or electronically) and transmits those results via paper or electronic means to authorized recipients (i.e., to a member or other securities industry participant that submitted the fingerprints and to regulators for licensing, registration and other regulatory purposes), consistent with protocols and requirements established by the Attorney General. In cases where the Attorney General's search on the fingerprints submitted fails to disclose prior arrest data, NASD transmits that result to the securities industry participant that submitted the fingerprints. In cases where the Attorney General's search yields Criminal History Record Information (CHRI), NASD transmits that information to the securities industry participant that submitted the fingerprints. With respect to members, NASD also reviews any CHRI returned by the Attorney General to identify persons who may be subject to statutory disqualification under the Exchange Act and to take action, as appropriate, with respect to such persons.

NASD advises its members and member applicants of the availability of fingerprint services and any fees charged by NASD in connection with those services and the processing of fingerprints pursuant to this Plan. NASD will file any such NASD member fees with the Commission pursuant to Section 19(b) of the Exchange Act.

NASD maintains copies of fingerprint processing results received from the Attorney General with respect to fingerprints submitted by NASD pursuant to this Plan, in accordance with NASD's Record Retention Plan filed with the Commission. Any maintenance of fingerprint records by NASD shall be for NASD's own administrative purposes, and NASD is not undertaking to maintain fingerprint records on behalf of NASD members pursuant to Rule 17f-2(d)(2). NASD records in the Central Registration Depository (CRD[®]) the status of fingerprints submitted to the Attorney General. Through the CRD system, NASD makes available to a member that has submitted fingerprints the status and results of such fingerprints after submission to the Attorney General.

NASD shall not be liable for losses or damages of any kind in connection with its fingerprinting services, as a result of its failure to follow, or properly to follow, the procedures described above, or as a result of lost or delayed fingerprint cards, electronic fingerprint records, or fingerprint reports, or as a result of any action by NASD or NASD's failure to take action in connection with this Plan.