

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54002; File No. SR-NASD-2006-072)

June 16, 2006

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. to Modify the Fees for Trading and Compliance Data and the Data Package Available to NASD Member Firms Via NasdaqTrader.com

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 5, 2006, the National Association of Securities Dealers, Inc. (“NASD”), through its subsidiary, The Nasdaq Stock Market, Inc. (“Nasdaq”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Nasdaq. Pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ Nasdaq has designated this proposal as establishing or changing a due, fee, or other charge, which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

Nasdaq proposes to modify the fees for trading and compliance data available to NASD member firms via NasdaqTrader.com, as well as to update the information that the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

Nasdaq Trading and Compliance Data Package (“Data Package”) includes.⁵ Nasdaq will implement the new fees on July 1, 2006.

The text of the proposed rule change is below. Proposed new language is underlined; proposed deletions are in brackets.⁶

Rule 7010. System Services

(a) – (m) **No Change**

(n) NasdaqTrader.com Trading and Compliance Data Package Fee

The charge to be paid by an NASD Member Firm for each entitled user receiving Nasdaq Trading and Compliance Data Package via NasdaqTrader.com is \$130 [\$100] per month (monthly maximum of 25 Historical Research Reports) or \$160 [\$130] per month (monthly maximum of 100 Historical Research Reports). The Nasdaq Trading and Compliance Data Package includes:

[(1) Daily Share Volume Report for a Broker/Dealer (Member Firm's information only)]

⁵ March 31, 2005 was the last day that customers had access to the Daily Share Volume Report. Nasdaq notified customers via email on March 14, 2005, and posted a notice simultaneously on the NasdaqTrader.com Web site, regarding the removal of the Daily Share Volume Report from the Data Package. In addition to having no customer demand for the Daily Share Volume Report, Nasdaq received no complaints nor any customer inquiries before or after its removal from the Data Package. E-mail from Jonathan F. Cayne, Associate General Counsel, Nasdaq, to Joseph Morra, Special Counsel, Commission, dated June 14, 2006. The Commission notes that Nasdaq should have filed a proposed rule change at the time it decided to remove the Daily Share Volume Report from the Data Package.

⁶ Changes are marked to the rule text that appears in the electronic NASD Manual found at www.nasd.com. Prior to the date when The NASDAQ Stock Market LLC (“NASDAQ LLC”) commences operations, NASDAQ LLC will file a conforming change to the rules of NASDAQ LLC approved in Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006) (File No. 10-131).

(1) [(2)] Monthly Compliance Report Cards (Member Firm's information only)

(2) [(3)] Monthly Summaries

(3) [(4)] Historical Research Reports

[(i) Market Maker Price Movement Report]

[(ii) Equity Trade Journal (Member Firm's information only)]

The Association may modify the contents of the Nasdaq Trading and Compliance Data Package from time to time based on subscriber interest.

(o) – (w) **No Change**

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Nasdaq included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq proposes to modify the fees for trading and compliance data available to NASD member firms via NasdaqTrader.com, as well as to update the information that is included in the Data Package. NasdaqTrader.com allows NASD member firms to obtain data regarding their own trading volume in securities in which they report volume, as well as information concerning their compliance with NASD rules.

Specifically, NASD member firms that subscribe to the Data Package can obtain the following reports: (1) Monthly Compliance Report Cards, which outline the firm's own compliance with various NASD rules; (2) Monthly Summaries, which provide monthly trading volume statistics for the top 50 market participants broken down by industry sector, security or type of trading; and (3) Historical Research Reports, which provide a variety of historical trading data such as a market maker's quote updates for a security on a specified date. Due to the lack of customer demand, Nasdaq removed the Daily Share Volume Report from the Data Package in March 2005.⁷

Use of this service is voluntary and NASD member firms have the option of subscribing to two different levels of the Data Package. The "basic" level, which currently has a fee of \$100 per month, allows access to a maximum of 25 Historical Research Reports per month. The "premium" level, which currently has a fee of \$130 per month, allows access to a maximum of 100 Historical Research Reports per month. These fees have not increased since October 2003, even though several enhancements have been made since that time. Some of these enhancements include: (1) new OATS Compliance Report Cards; and (2) new historical research reports (e.g., Time and Sales with Inside Quotes and NASDAQ Market Center Activity Reports for Other Exchange-Listed Securities).

In order to help cover the costs associated with the maintenance of the Data Package service, as well as the implementation of additional enhancements to the service in the near future, Nasdaq proposes to increase the subscription fee for the service. Specifically, Nasdaq proposes to increase the subscription fee for the "basic" level from

⁷ See footnote 5 supra.

\$100 to \$130 per month, and increase the fee for the “premium” level from \$130 to \$160 per month. These fee increases will commence on July 1, 2006.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A of the Act,⁸ in general and with Section 15A(b)(5) of the Act,⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls. Specifically, use of the Data Package service is voluntary and the subscription fees will be imposed on all member firms equally based on the level of service selected. In addition, the increase in fees will help cover the costs associated with maintaining and enhancing the Data Package service.

B. Self-Regulatory Organization's Statement on Burden on Competition

Nasdaq 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, as amended.

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

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

⁸ 15 U.S.C. 78o-3.

⁹ 15 U.S.C. 78o-3(b)(5).

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰ and subparagraph (f)(2) of Rule 19b-4 thereunder,¹¹ because it establishes or changes a member due, fee, or other charge imposed by NASD. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASD-2006-072 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number NASD-2006-072. 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

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

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. Copies of the filing also will be available for inspection and copying at the principal offices 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 File Number

NASD-2006-072 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.¹²

Nancy M. Morris
Secretary

¹² 17 CFR 200.30-3(a)(12).