

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55409; File No. SR-NASD-2007-004)

March 6, 2007

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change as Modified by Amendment No. 1 to Amend NASD Rule 7010(k) Relating to Transaction Reporting and Compliance Engine Transaction Data

On January 16, 2007, 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 to offer subscribers to its Transaction Reporting and Compliance Engine system (“TRACE”) the ability to receive, for a reduced fee, a “snapshot” of real-time TRACE transaction data once each day rather than continuously throughout the day. The proposed rule change was published for comment in the Federal Register on February 2, 2007.³ The Commission received no comments regarding the proposal. On March 2, 2007, the Exchange submitted Amendment No. 1 to the proposed rule change.⁴

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.⁵ The proposal would offer a new TRACE subscription option whereby subscribers could pay \$250/month to receive TRACE transaction data daily, once a day (“Snapshot TRACE data”) rather than paying \$1,500/month for continuous access to TRACE

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55180 (January 26, 2007), 72 FR 5095.

⁴ Amendment No. 1 made technical changes to the proposal and is not subject to notice and comment.

transaction data. NASD has identified certain market participants, namely institutional investors, who only need a single price, daily, for each security for purposes of position valuation. NASD believes that, given the limited need for TRACE transaction data for these market participants, the \$1,500/month charge for continuous access to TRACE transaction data may be unnecessarily expensive for them. NASD further believes that the proposed charge of \$250/month for Snapshot TRACE data is reasonable and more appropriate for the tailored transaction informational needs of certain institutional market participants, who are currently foregoing TRACE transaction data at the higher monthly charge for continuous data.

The Commission finds that the proposed rule change is consistent with the Act, and particularly with Section 15A(b)(5) thereof,⁶ which requires that NASD's rules provide for the equitable allocation of dues, fees, and other charges among members and issuers and other persons using any facility or system which NASD operates or controls. The Commission believes that the proposed rule change, by offering the option of tailored access to TRACE transaction data at a reduced cost, is reasonable.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that the

⁵ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78o-3(b)(5).

⁷ 15 U.S.C. 78s(b)(2).

proposed rule change (SR-NASD-2007-004), as amended, be, and hereby is, approved and declared effective.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Nancy M. Morris
Secretary

⁸ 17 CFR 200.30-3(a)(12); 17 CFR 200.30-3(a)(44).