

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56124; File No. SR-NASD-2007-042)

Self-Regulatory Organizations: National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay the Implementation of NASD Interpretive Material 2210-4, which Requires Certain Member Firms to Provide a Hyperlink to www.nasd.com

July 24, 2007

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 27, 2007, the National Association of Securities Dealers, Inc (“NASD” or “Exchange”) 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 NASD. NASD filed the proposed rule change pursuant to Section 19(b)(3)(A)(i) of the Act,³ and Rule 19b-4(f)(1) thereunder,⁴ as one constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule, which renders the proposed rule change effective upon filing with the Commission. On July 20, 2007, NASD filed Amendment No. 1 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

NASD is proposing to delay, until October 31, 2007, implementation of an

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1)

amendment to Interpretive Material 2210-4 (“IM 2210-4”)⁵ that was scheduled to be implemented on July 7, 2007.⁶ The recent amendment to IM-2210-4 requires an NASD member referring to its NASD membership on its Web site to provide a hyperlink to the internet domain www.nasd.com (“hyperlink requirement”). There are no proposed changes to the text of NASD rules.

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

In its filing with the Commission, NASD included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NASD 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

On November 9, 2006, the SEC approved an amendment to IM-2210-4 establishing the hyperlink requirement.⁷ On January 8, 2007, NASD published Notice to Members 07-02, which announced the Commission’s approval of the hyperlink

⁵ See Securities Exchange Act Release No. 54740 (November 9, 2006), 71 FR 67184 (November 20, 2006) (SR-NASD-2006-073) (Order Approving Proposed Rule Change and Amendment No. 1 thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to Amend NASD Interpretive Material 2210-4 to Require Certain Member Firms to Provide a Hyperlink to the NASD’s Internet Home Page) (“Approval Order”).

⁶ As required by the Approval Order, unless amended, the implementation date of the hyperlink requirement will be 180 days following publication of Notice to Members 07-02, which announces Commission approval of the hyperlink requirement. Notice to Members 07-02 was published on January 8, 2007.

⁷ See Approval Order.

requirement and established July 7, 2007 as its implementation date.⁸ Following SEC approval of the hyperlink requirement, NASD and NYSE Group, Inc (“NYSE”) announced a plan to consolidate their member regulation operations into a combined organization that will be the sole U.S. private-sector provider of member firm regulation for securities firms that do business with the public.⁹ To reflect this consolidation, NASD will be changing its name to the Financial Industry Regulatory Authority, Inc. (“FINRA”) and changing its internet domain. NASD is delaying implementation of the hyperlink requirement until its new name and internet domain are established and is providing sufficient time for firms to make the necessary changes to their Web sites. NASD will submit a separate rule change to amend IM-2210-4 to reflect its new corporate name and internet domain.

NASD has filed the proposed rule change for immediate effectiveness to immediately postpone, until October 31, 2007, the implementation date of the hyperlink requirement, which otherwise would have been implemented on July 7, 2007.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,¹⁰ which requires, among other things, that NASD’s rules must be designed to prevent fraudulent and manipulative acts and practices, to promote

⁸ See NASD Notice to Members 07-02 (January 2007).

⁹ See SR-NASD-2007-023, which proposes to amend the By-Laws of NASD to implement governance and related changes to accommodate the consolidation of the member firm regulatory functions of NASD and NYSE Regulation, Inc., Securities Exchange Act Release No. 55495 (March 20, 2007), 72 FR 14149 (March 26, 2007).

¹⁰ 15 U.S.C. 78o-3(b)(6).

just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD is delaying implementation of the hyperlink requirement until its new name and internet domain are established and is providing sufficient time for firms to make the necessary changes to their Web sites.

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

NASD 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.

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

The foregoing proposal has become effective pursuant to Section 19(b)(3)(A)(i) of the Act,¹¹ and Rule 19b-4(f)(1)¹² thereunder, in that it constitutes a stated policy with respect to the enforcement of an existing rule. 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.¹³

IV. Solicitation of Comments

¹¹ 15 U.S.C. 78s(b)(3)(A)(i).

¹² 17 CFR 240.19b-4(f)(1).

¹³ 15. U.S.C. 78s(b)(3)(C). For purposes of calculating the 60-day period within which the Commission may abrogate the proposal, the Commission considers the period to commence on July 20, 2007, the date on which NASD filed Amendment No. 1.

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-2007-042 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 SR-NASD-2007-042. 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 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the

principal office 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 SR-NASD-2007-042 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.¹⁴

Florence E. Harmon
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).