

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-54260; File No. SR-NASDAQ-2006-024)

August 1, 2006

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Technical and Conforming Changes to Nasdaq's 7000 Series Rules

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> notice is hereby given that on July 31, 2006, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. Nasdaq has filed the proposed rule change as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders it 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 Substance of the Proposed Rule Change

Nasdaq proposes to conform the Rule 7000 Series of Nasdaq's rules to certain changes made to the Rule 7000 Series of the rules of the National Association of Securities Dealers, Inc. ("NASD") since approval of Nasdaq's rules by the Commission in January 2006 and to correct certain errors in the approved rules. Nasdaq proposes to implement the proposed rule change on August 1, 2006. The text of the proposed rule change is available on Nasdaq's Web site at

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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> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<http://www.nasdaq.com>, at the principal office of Nasdaq, and at the Commission's Public Reference Room.

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 is modifying its 7000 Series Rules to reflect certain changes made to the Rule 7000 Series of the rules of NASD since approval of Nasdaq's rules by the Commission in January 2006 and to correct certain errors in the approved rules. Specifically, Nasdaq is:

- Amending Nasdaq Rule 7015 to reflect changes to NASD Rule 7010(f) by SR-NASD-2006-026, SR-NASD-2006-027, and SR-NASD-2006-043.<sup>5</sup> The amendments to Nasdaq Rule 7015 also reflect prior Commission approvals for the application of NASD Rule 7010(f) to non-members, such as service bureaus, that obtain access services from Nasdaq.
- Amending Nasdaq Rule 7017 to restore a pilot program for NQDS fees for non-professional users that had lapsed at the time of the approval of Nasdaq's exchange

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<sup>5</sup> Securities Exchange Act Release Nos. 53536 (March 21, 2006), 71 FR 15784 (March 29, 2006) (SR-NASD-2006-026); 53535 (March 21, 2006), 71 FR 15788 (March 29, 2006) (SR-NASD-2006-027); and 53617 (April 7, 2006), 71 FR 19597 (April 14, 2006) (SR-NASD-2006-043).

- registration application but that was restored under NASD rules in SR-NASD-2006-009.<sup>6</sup>
- Amending Nasdaq Rule 7021 to reflect changes to NASD Rule 7010(n) made by SR-NASD-2006-072.<sup>7</sup>
  - Adding NASDAQ Rule 7034 to reflect the addition of Inet connectivity fees to NASD Rule 7010(w) in SR-NASD-2005-147 and SR-NASD-2005-148<sup>8</sup> and subsequent amendments to the Rule by SR-NASD-2006-013, SR-NASD-2006-031 and SR-NASD-2006-032.<sup>9</sup>
  - Adding Nasdaq Rule 7035 to reflect the addition of NASD Rule 7010(x) in SR-NASD-2006-030.<sup>10</sup>
  - Adding Nasdaq Rule 7036 to reflect the addition of NASD Rule 7010(y) in SR-NASD-2006-056.<sup>11</sup>
  - Amending Nasdaq Rules 7011, 7025, 7028, and 7033 to correct typographical errors.

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<sup>6</sup> Securities Exchange Act Release No. 53255 (February 8, 2006), 71 FR 8016 (February 15, 2006) (SR-NASD-2006-009).

<sup>7</sup> Securities Exchange Act Release No. 54002 (June 16, 2006), 71 FR 36143 (June 23, 2006) (SR-NASD-2006-072).

<sup>8</sup> Securities Exchange Act Release Nos. 53005 (December 22, 2005), 70 FR 77215 (December 29, 2005) (SR-NASD-2005-147); and 53006 (December 22, 2005), 70 FR 77220 (March 29, 2006) (SR-NASD-2005-148).

<sup>9</sup> Securities Exchange Act Release Nos. 53256 (February 8, 2006), 71 FR 8020 (February 15, 2006) (SR-NASD-2006-013); 53504 (March 16, 2006), 71 FR 14760 (March 23, 2006) (SR-NASD-2006-031); and 53505 (March 16, 2006), 71 FR 14758 (March 23, 2006) (SR-NASD-2006-032).

<sup>10</sup> Securities Exchange Act Release No. 54005 (June 16, 2006), 71 FR 36145 (June 23, 2006) (SR-NASD-2006-030).

<sup>11</sup> Securities Exchange Act Release No. 54003 (June 16, 2006), 71 FR 36141 (June 23, 2006) (SR-NASD-2006-056).

## 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>12</sup> in general, and with Sections 6(b)(4) and (5) of the Act,<sup>13</sup> in particular, in that the proposal 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 Nasdaq operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Nasdaq believes the proposed rule change conforms the Rule 7000 Series of Nasdaq's rules to certain changes made to the Rule 7000 Series of NASD rules since approval of Nasdaq's rules by the Commission in January 2006 and corrects certain errors in the approved rules.

### 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.

### 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

Because the forgoing rule change does not: (1) significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3)

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<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(4) and (5).

become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>14</sup> and Rule 19b-4(f)(6) thereunder.<sup>15</sup>

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing.<sup>16</sup> However, Rule 19b-4(f)(6)(iii)<sup>17</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. Nasdaq provided the Commission with written notice of its intent to file this proposed rule change at least five business days prior to the date of filing the proposed rule change. In addition, Nasdaq has requested that the Commission waive the 30-day pre-operative delay, and the Commission hereby grants that request.<sup>18</sup> The Commission believes that waiving the 30-day pre-operative delay is consistent with the protection of investors and in the public interest because it will allow Nasdaq to implement the rule changes, which have either recently been made effective as changes to NASD rules or are technical in nature, at the time when Nasdaq begins to operate as a national securities exchange.

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 Act.

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>17</sup> Id.

<sup>18</sup> For the purposes only of waiving the 30-day pre-operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

#### 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](mailto:rule-comments@sec.gov). Please include File No. SR-NASDAQ-2006-024 on the subject line.

##### Paper comments:

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

All submissions should refer to File No. SR-NASDAQ-2006-024. 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. Copies of such filing will also be available for inspection and copying at the principal office of Nasdaq. 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 No. SR-NASDAQ-2006-024 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.<sup>19</sup>

Nancy M. Morris  
Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).